

GREEN FINANCING FRAMEWORK

June 2024



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1.

Introduction



1. Introduction

AGSM AIM S.p.A. (hereinafter also the “Issuer” or the “Company”) is responsible for the preparation and fair presentation of this Green Financing Framework (“Framework”) as of June 2024. The Framework is an integral part of the long-term sustainability vision of the Company and provides a direct link from financing to the relevant AGSM AIM Group’s activities developing positive environmental impacts and solutions. The protection of the environment and the commitment to a sustainable development have been AGSM AIM’s priorities over the past years and so on it will be for the future. This Framework therefore provides guidance for identifying, measuring, and communicating the Issuer’s environmental impacts and helps ensuring greater transparency, accountability, and responsibility in investments and sustainable initiatives.



We are close to customers and the territories served.
We interpret their needs and support their growth
by offering quality services through
integrated management of energy resources.
We are guided by innovation, reliability,
respect and relentless attention to people,
the environment and society.

The AGSM AIM Group (hereinafter also “AGSM AIM” or “Group”) believes that sustainable development and more generally sustainability, expressed in the three dimensions included under the acronym ESG (Environmental, Social and Governance), have a role fundamental in today's economic landscape.

The ambition to pursue sustainable success and the daily commitment to guarantee the integration of environmental, social, and good governance principles into our business model constitute essential elements for creating value for the benefit of our stakeholders, with particular attention to the community and to the territory in which the Group operates.

AGSM AIM intends to combine the creation of economic value with the containment of the impacts generated, through a growth path in which the promotion of personal well-being, the protection of the environment and the protection of the territory, the profitability of investments and of the economic activities carried out coexist, the commitment to the transition towards an inclusive, resilient, and sustainable development model.

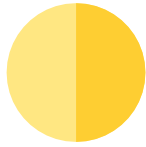
1.1. AGSM AIM: overview on the business

The AGSM AIM Group is a multi-utility group resulting from the takeover and merger, on January 1st, 2021, of AGSM Verona S.p.A. and AIM Vicenza S.p.A., which gave rise to the parent company AGSM AIM S.p.A. (the “Company”), a wholly publicly owned company. The company is 61.2% owned by the Municipality of Verona and 38.8% by the Municipality of Vicenza, territories in which the new Group is historically and deeply rooted.

AGSM AIM operates in the North-East of the country and is mainly active in the following sectors: gas and electricity sale, electricity production, distribution of electricity and gas, district heating, energy efficiency, public lighting, telecommunications services, electric mobility, environmental hygiene, and waste collection services, etc. The Company's activities are broken down through six business units and related subsidiaries. AGSM AIM's goals include investments to generate direct benefits to territories, improve the quality of service provided, and to respond to the challenges facing the utility sector, while at the same time supporting green and digital transitions, circular transformation, and decarbonization.



The Group aims to consolidate its leadership role in the multi-utility sector as an aggregating hub, especially in the North-East Italy, and, thanks to a more solid fundamentals, plans to invest three times more than in the last five years, with direct benefits for the Territories, a better quality of the service provided and the objective of responding effectively to the challenges that await the public utility services sector, in front of the main hot topics to be managed: energy transition, circular economy, role evolution of the grid operators, etc.



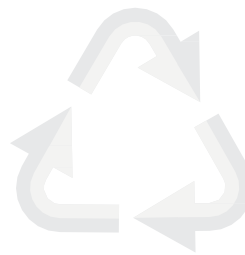
agsm aim
Power

Power generation from
renewable sources with AGSM
AIM Power s.r.l. and some
subsidiaries



agsm aim
Ambiente

Waste management (collection and
treatment) with AGSM AIM Ambiente
S.r.l. and some subsidiaries.



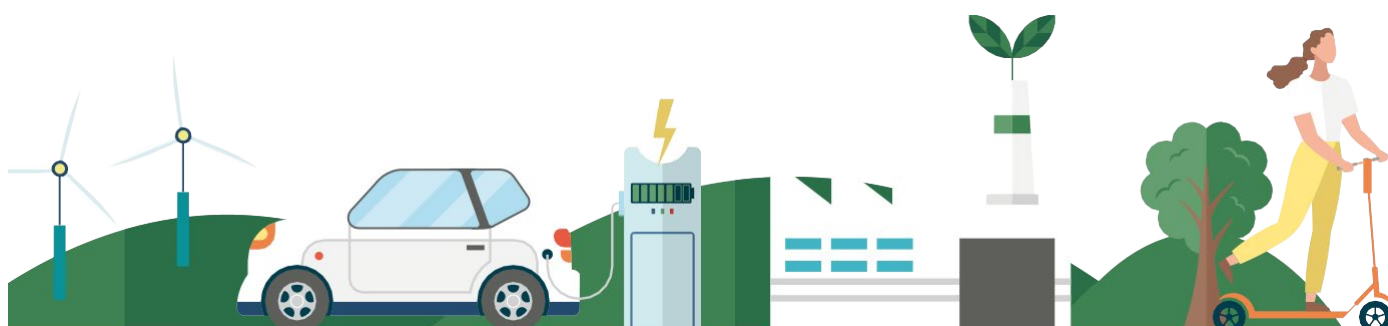
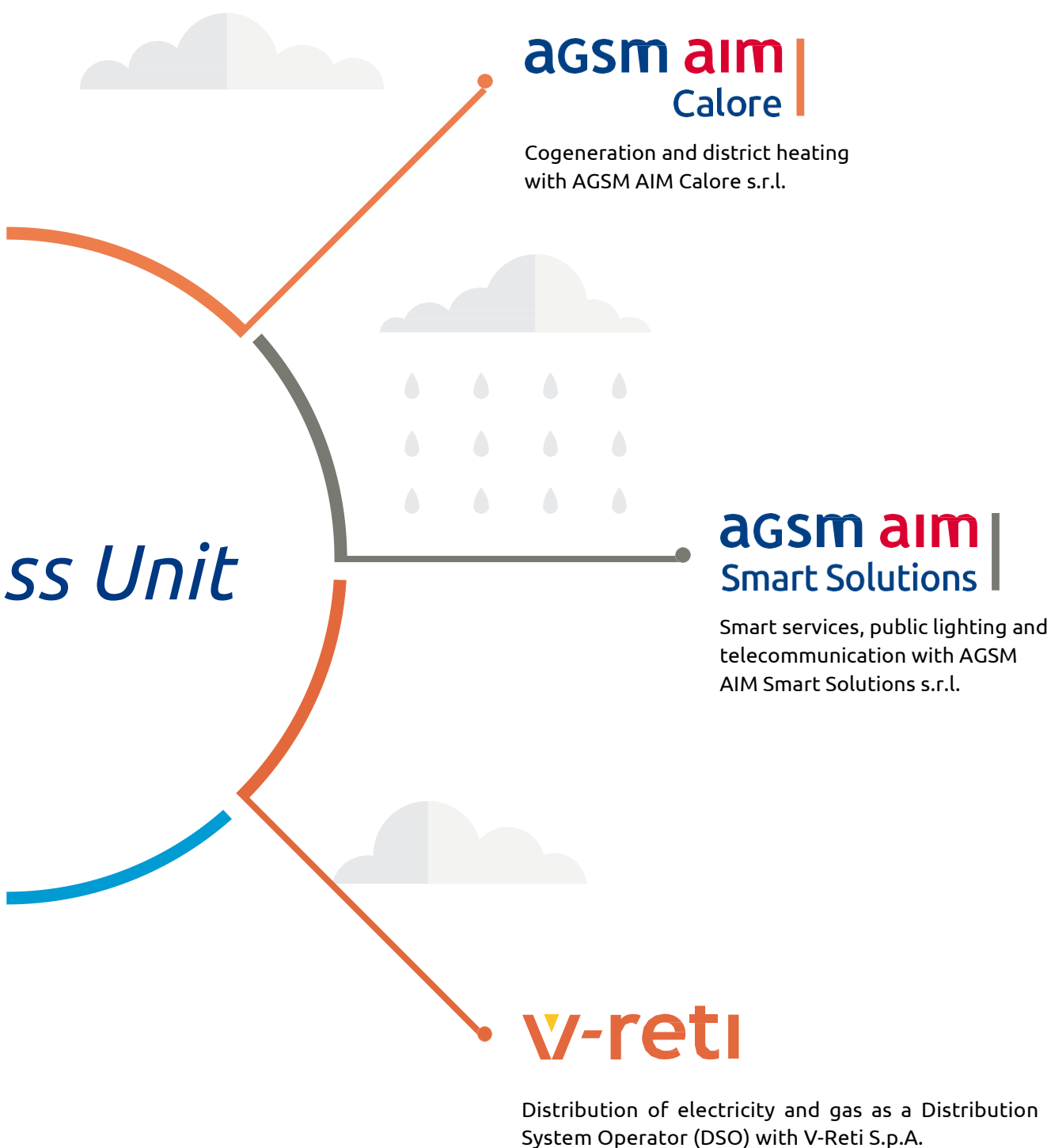
agsm aim
Energia

Sale of electricity and natural
gas with AGSM AIM
Energia S.p.A.



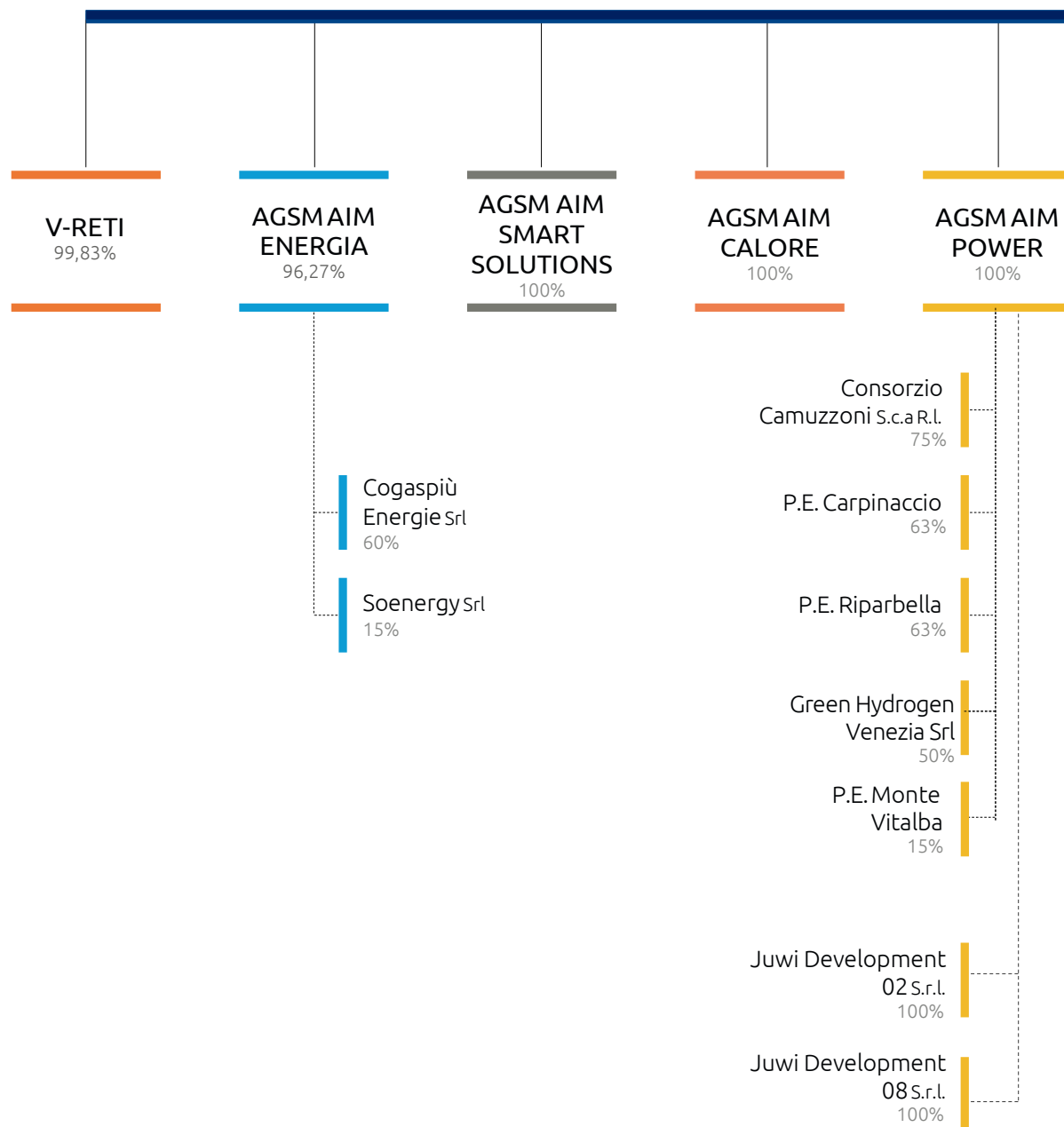
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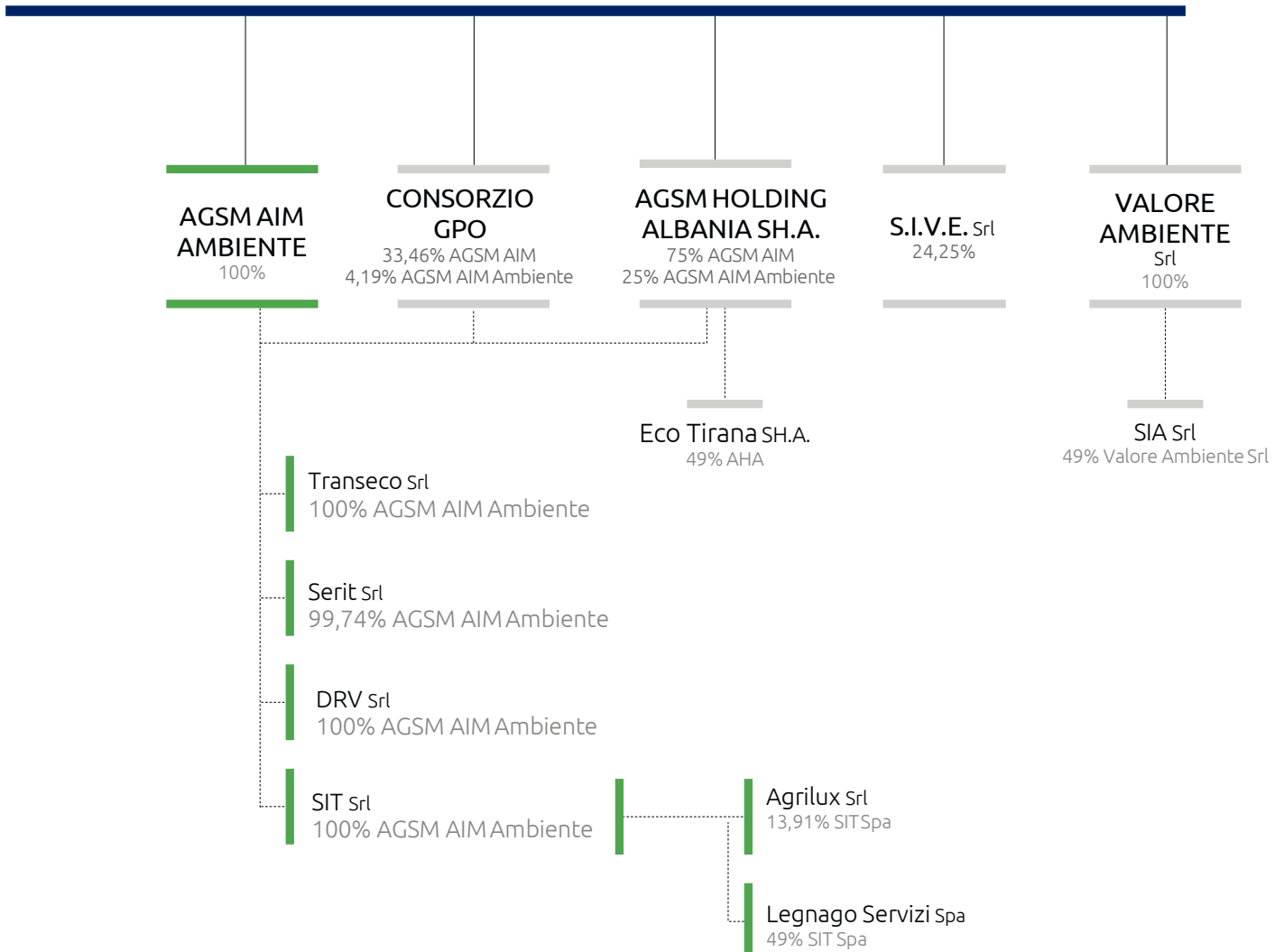
Below is the Group organization chart updated to June 2024.

agsm aim



----- Indirectly owned companies

----- Directly owned companies



For further information about the Company and the AGSM AIM Group financial and ESG performances please refer to 2023 individual and consolidate Financial Report (prepared in accordance with IFRS standards) and Sustainability Report (prepared in accordance with GRI standards) that can be consulted on the institutional website (www.agsmaim.it – Investors section).

1.2. AGSM AIM Sustainability Commitment and Approach

AGSM AIM has sustainability issues at its core and strongly believes in integrating Environmental, Social and Governance (ESG) criteria. Sustainability is the guiding star for our Group's future development which, in its 2022-2025 Business Plan, envisages most of the Euro 600 million in investments being allocated to projects aimed at supporting the transformation strides envisaged for the sector, regarding green and digital transitions, circular transformation and decarbonization.

Aware of the commitment necessary to promote sustainable development, the Group defines its growth route, called "The Pathway to Sustainability", with the aim of encouraging the construction of solid foundations for a cultural change capable of permeating the choices of business and lifestyle of customers and of the people who work and collaborate, directly and indirectly, with our organisation.

AGSM AIM's commitment is inspired by the 17 Sustainable Development Goals (SDGs) approved by the United Nations, to the achievement of which the Group actively contributes through the development lines defined within its strategic planning and through every declination of company operations.

AGSM AIM also adheres to the "Global Compact" initiative and bases its actions on the ten principles of the United Nations Global Compact (UNGC) on human rights, labour, the environment, and anti-corruption. In 2024, the Group continued to adhere to this United Nations' initiative for the promotion of a corporate citizenship culture that encourages enterprises throughout the world to create an economic, social, and environmental framework designed to promote a sound, sustainable global economy¹. Therefore, the Group annually presents the COP (Communication on Progress), through which it maintains a transparent relationship with the Global Compact and its stakeholders at a national and international level, reporting its contribution to the spreading and compliance with the fundamental principles.

For further information, please refer to the [Group Sustainability Management Policy](#)² adopted by the AGSM AIM Group which can be consulted in the sustainability section of the institutional website (<https://www.agsmaim.it/sostenibilita>).

¹ More details at www.globalcompactnetwork.org

² The Group Sustainability Management Policy is available at the following link: https://www.agsmaim.it/documents/43075/749361/Politica_Gestione_Sostenibilit%C3%A0.pdf/d808d424-08b7-51a9-27e4-a59a35315a94?t=1708939092127. Please also refer below to paragraph "1.4.1 Group Sustainability Management Policy".

The objective to be pursued by the Group has become the following.



Objectives, strategies, and measures envisaged in the 2022-2025 Business and Strategic Plan, are based on sustainability, chosen as a pillar of the Group's growth strategy by 2025.

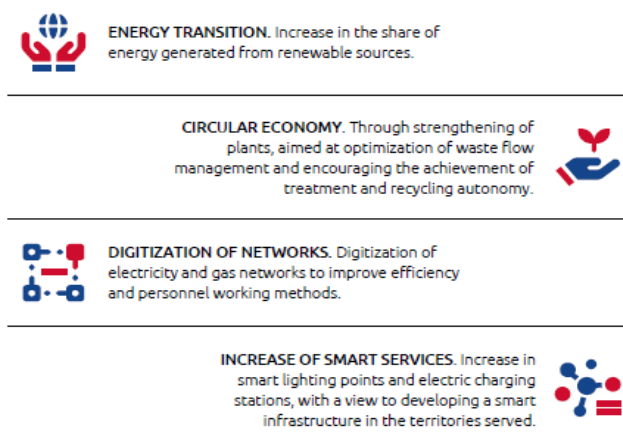
Please consider that 2022-2025 Business Plan represents the updated version of the original 2021-2024 Business Plan approved by the current Board of Directors of the Company on March 2021. The Company's competent department and functions in charge are updating and drafting the new 2024-2027 Business Plan (with an overview to 2030) that will be properly and preliminarily evaluated and, in the end, approved by the new components of the Board of Directors to be appointed by the shareholders meeting in June 2024.

1.2.1. Growth Drivers and Strategic Approach Guidelines

The following **Growth Drivers** have been identified:

- Strengthening of the green vocation, with almost 100% of the investments in the generation from renewable sources, development of the circular economy and extension of the district heating networks.
- Continuous improvement of the commercial offer with the expansion of smart and innovative services.
- Investments in the digitization of gas and electricity networks.
- Increasing energy customers by 2025.

The identified **Strategic Approaches Guidelines** are the following:



ENERGY TRANSITION

The Group aims to contribute to the country's energy transition by increasing the share of electricity generated from renewable sources and the coverage of energy needs. AGSM AIM has planned investments for the installation of new nominal power which will allow reaching at least 51% of renewable energy sources (for a total of 198 MW of installed capacity net of cogeneration plants) within the next 3-5 years.



Furthermore, the Group is committed in the following other example of renewable energy projects:

- Construction of greenfield renewable energy plants (PV and Wind onshore).
- Installation of photovoltaic systems in urban areas to facilitate the energy transition of buildings and transport.
- Creation of a network of electric charging stations to encourage e-mobility.
- Creation of institutional Energy Communities.
- Etc.

CIRCULAR ECONOMY

The AGSM AIM Group's commitment to reducing environmental impacts is also reflected in the sustainable and efficient management of energy, water and other natural resources used. AGSM AIM pays close attention to optimizing the use of natural resources by limiting waste and minimizing the generation of waste during the performance of its operational activities.



The Group actively contributes to achieving the Sustainable Development Goal relating to "Responsible Consumption and Production" (SDG no. 12) by promoting initiatives aimed at encouraging the reduction of waste and the collection, reuse and recycling of materials and products.

- Revamping of the Ca' Del Bue site in Verona to transform it into a circular economy hub by creating specific systems for the selection and recovery of different waste fractions (mechanical treatment, multi-material selection and non-hazardous special waste).

DIGITALIZATION OF NETWORKS

The AGSM AIM Group is committed to making its infrastructures increasingly resilient and capable of remaining available even in times of climate emergency, guaranteeing the continuity of the provision of essential services and contributing to mitigating the effects of climate change in the territories where it is present with its assets.



- Extension, strengthening and revamping of the medium voltage (MV) electricity distribution network in the Municipalities of Verona and Vicenza.
- Implementation of a new software system for the remote management of the electricity grid.

EXPANSION OF SMART SERVICES

The AGSM AIM Group aims at innovation and the green economy by proposing solid development models for all the services offered with the aim of accompanying the public administration in the energy and digital transition and putting its effectiveness in managing efficiency projects at the service of local communities' energy and its skills for managing complex projects such as the revamping of public buildings.

- Renewal of public lighting systems replaced with LED light points.
- Development of projects for sustainable mobility for private and public transport.
- Evolution of the video surveillance service, wi-fi and Smart City services for the city of Verona.

1.2.2. Adherence to Sustainable Development Goals

The Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, set out in 169 targets to be achieved by 2030, aim to address a wide range of issues relating to the socio-economic development and environmental protection of the planet. AGSM AIM has decided to make its own contribution to achieving these goals: in declaring its charter of commitments for the coming years, AGSM AIM has chosen to link its actions with the SDGs most akin to its core business and strategic lines of action.



The strategies and actions envisaged in the AGSM AIM Group's Business Plan are aimed at sustainability and traced back to 10 of the 17 SDGs. During 2023, AGSM AIM started defining its Sustainability Plan to represent the organization's strategic vision in an organic and integrated manner, combining business growth and economic-financial performance with environmental and social sustainability, so as to enable the creation of value and sustainable success in the long term.

Once completed, the Sustainability Plan will be integrated in the new Strategic Plan to be issued soon, where will be considered both ESG and economic-industrial targets.

Furthermore, as part of a continuous improvement process set out in The Pathway to Sustainability, during 2023 AGSM AIM carried out a preliminary assessment to start reporting Scope 3 emissions, in particular, with reference to the following three categories: i) activities related to fuels and energy; ii) employee commuting; iii) use of sold products. These three Scope 3 categories were reported in the 2023 Sustainability Report together with Scope 1 and 2 emissions (as already reported in previous years), while further categories of Scope 3 emissions will be reported in the coming years, according to Greenhouse Gas (GHG) Protocol principles.

Furthermore, in the second half of 2023 the Company has established an integrated working group specifically dedicated to performing a preliminary impact assessment and gap analysis aimed to define and implement a detailed action plan to comply with the new regulation on sustainability reporting according to EU Reg. 2022/2464 (CSRD – Corporate Social Responsibility Directive).

Based on the results that will derive from the preliminary assessment and evaluation of its overall emissions, AGSM AIM is committed to define and pursuing specific decarbonization targets and, therefore, its net zero strategy in the very next future (2-3 years progressively), considering all categories of emissions.

1.3. AGSM AIM Corporate Governance for Sustainability

The AGSM AIM Group's corporate governance system is oriented towards ensuring sustainable success and the creation of economic, social, and environmental value for shareholders and the community, in a medium-long term horizon, in awareness of the ESG impacts of business activities in which it is engaged and respecting the interests of all stakeholders involved in carrying out its activity.

The Corporate Governance structure is represented by the set of rules and behaviours adopted by AGSM AIM to ensure the correct, effective, and transparent functioning of the governance bodies and control systems of the parent Company and of the companies directly controlled by it, in compliance with the "Management and Coordination Guidelines" adopted at Group level in May 2022.

The organizational model of the AGSM AIM Group is composed of a complex system of delegations and powers of attorney in relation to the acts and operations concerning the individual company departments.

The operating subsidiaries of the Group take care, in concert with the parent Company, of the management of the "technical-specialist" aspects of the projects and services performed – marketing and distribution of gas, electricity and district heating and environmental hygiene services, charging stations, parking, public lighting and telecommunications – also through consultation with the various administrative, regulatory and control bodies.

As parent Company, AGSM AIM S.p.A. centralizes the typical operative and structural activities, providing services to a significant part of the subsidiaries belonging to the Group. In addition to activities directly connected to the production of electricity, the Company is responsible for administrative and financial activities, the management of human resources, legal and corporate affairs, compliance and quality, safety, and environment, of the property assets, in addition to risk management, communication and marketing, design and development activities.

The subsidiaries belonging to the AGSM AIM Group have adopted a traditional administration and control system which is made up of the typical administration, management and control bodies required by current Italian legislation, integrated by the provisions present in the respective company statutes.

With specific reference to sustainability governance, it is to be highlighted that the administrative bodies (board of directors or sole director) of the Company and of the other Group subsidiaries play a central role as they are responsible for all the strategic and organizational choices necessary to achieve the corporate purpose, included sustainability strategy embedded in every choice and resolution.



1.3.1. Group Administrative Bodies

Pursuant to the bylaws adopted individually by the Company and Group subsidiary, the administrative body is invested with all the broadest powers for the ordinary and extraordinary management of the company. At the same time, all necessary and appropriate acts for the implementation of the corporate purpose are delegated, excluding only those reserved, by law or by the statute, to the assembly.

The Board of Directors of the Company is in charge to evaluate and, eventually, approve the annual budget and the Strategic Business Plan where sustainable initiatives are specifically identified and marked in accordance with Growth Drivers and Strategic Approach Guidelines listed above.

1.3.2. Risk and Control Committee (RCC)

The Risk and Control Committee (RCC) is composed of three non-executive and independent members of the board of directors of the parent Company (one of which has the role of Chairman of the committee itself), and has the task of assisting, with investigative, propositional and consultative functions, the Board of Directors and, to the extent relevant, the President and the Managing Director of the Company, in assessments and decisions relating to the Internal Control and Risk Management System and in the approval of periodic reports of a financial and non-financial nature.

1.3.3. Renewable Energy Sources Committee (RES Committee)

The AGSM AIM Group also has the RES Committee (Renewable Energy Sources) is made up of the Managing Director of the parent Company, the Managing Director and the head of PMO and Coordination of Business Management Office of the AGSM AIM Power subsidiary, the Engineering and Research Director, the Head of the Risk Management and ESG Function as well as by the Head of the Planning, Control and Business Development Function in the role of secretary of the Committee.

The RES Committee has the task of examining and evaluating initiatives aimed at increasing the share of energy generated from renewable sources.

1.3.4. Risk Management and Internal Control System

The AGSM AIM Group has defined a Risk Management and Internal Control System (hereinafter also "RMICS") inspired by the national and international reference good practices regarding risk management and corporate governance processes, which divides the company organization in the traditional three lines of defence:

- The first line of defence is represented by the Business Units (BUs) and the organisation's operational support functions. The representatives of the BUs and the various organizational structures are involved in the risk management process, with reference to the identification, management, evaluation, and monitoring of risks, including the definition of the most appropriate treatment to implement to mitigate them.

- The second line of defence is made up of the Risk Management function, established within the Strategic Planning, Risk Management and IT Department, and the Compliance function, established within the Legal Affairs and Compliance Department, both present at the parent Company with the responsibility of supervising the risk & compliance management process and supervise the application of enterprise risk management methodologies (strategic, reporting, operational, compliance), also declined with reference to both the reputational component and the so-called areas ESG (Environmental, Social & Governance).
- The third line of defence is constituted by the Group Internal Audit Function, established at AGSM AIM S.p.A. in charge of planning and conducting verification activities on the effective implementation of the company regulations and procedures adopted by the Group, and of supporting the Board of Directors of the parent Company in assessing the adequacy of the RMICS.

The so-called Enterprise Risk Management Process is adopted at Group level and integrated into the corporate governance system and the Group's RMICS. This process contributes to the definition of the strategic and operational choices adopted, supporting management in the identification of risks and opportunities and in the evaluation of potentially negative impacts, both from a financial point of view and with reference to the ESG areas relevant to sustainability, which could derive, thus promoting the creation of value and the achievement of sustainable success for the Group and its stakeholders.

Through the adoption and constant improvement of its RMICS, the Group aims to develop and implement a solid risk culture, consistent with the values, strategies and corporate objectives defined by the Board of Directors, encouraging the adoption of conscious and informed decisions.

1.3.5. Group Risk Management and ESG Function

The following responsibilities are attributed to the Group Risk Management and ESG Function:

- Provide high-level support in the spreading of the "risk culture".
- Define the integrated methodologies for identifying and analysing risks, opportunities, and impacts, to guarantee an overall vision of the same, homogeneity of the assessments and their accurate measurement and monitoring.
- Guarantee the correct application of the methods for managing enterprise risks, opportunities, and impacts.
- Constantly discuss with the first level Directors and BU managers to ensure adequate management and monitoring of company risks carried out by them.
- Produce periodic information on the enterprise risk management process to the bodies responsible for the RMICS and on the outcome of the monitoring activities carried out thanks to reports and KPIs developed periodically.
- Supervise and coordinate activities related to sustainability planning, monitoring, and reporting.

Within the scope of the responsibilities reported above, the Group Risk Management and ESG Function carries out coordination and support activities for company management in

identifying and evaluating risks, opportunities, and impacts, supervising the methodologies defined and adopted for the management and monitoring of enterprise risks (included their ESG dimensions), as well as consolidation of the results of the risk assessment at Group and individual Business Unit level.

In order to carry out the assigned tasks efficiently and effectively, the Group Risk Management and ESG Function has developed and implemented an application software, that allows the risk assessment process to be carried out in a computerized manner. The software solution registers the risk assessment activities facilitating the process of identification and evaluation of enterprise risks, opportunities, and related impacts, also with reference to the ESG dimensions.



1.3.6. Management Risk Committee (MRC)

To ensure constant operational supervision on the management of enterprise risks at group level, since 2022 at the parent Company the Management Risk Committee ("MRC") was established, composed of the Company's Managing Director and the heads of the main Company departments (i.e. Administration and Finance Director; Strategic Planning, Risk Management and IT Director; Legal Affairs and Compliance Director), and which also sees the participation of the Head of the Internal Audit Function as an auditor, in addition to the Head of the Risk Management and ESG Function in the role of secretary of the MRC.

Due to the topics covered, the other first level Directors, the BU Managers, as well as any other person internal and/or external to the organization deemed necessary to delve deeper into the issues addressed by the MRC may also be invited to participate in the work of the management committee.

The Management Risk Committee has an investigative, proactive, and consultative role and meets at least quarterly to promote the sharing and in-depth analysis of issues deemed

relevant in the context of enterprise risk management. Among the main tasks attributed to the MRC are those of:

- Assist the Managing Director of the Company in assessments and decisions relating to the definition of the RMICS under his responsibility.
- Express opinions on specific aspects relating to the definition of the Risk Appetite Framework (RAF) and the related tolerance thresholds, the identification of the main enterprise risks, opportunities, and impacts, in addition to the periodic assessments carried out by management (so-called "Risk Self-Assessment").
- Analyse and evaluate the results of Risk Self-Assessment activities.
- Support the Company's Managing Director in implementing the guidelines defined by the Board of Directors and the Control and Risk Committee and in the planning, implementation, and management of the RMICS.
- Propose to the Managing Director of the Company the corrective measures to be implemented promptly to mitigate enterprise risks that exceed the limits indicated in the Risk Appetite Statement (RAS).
- Approve the annual plan of enterprise risk management activities.

1.3.7. Group Compliance Function

The Group Compliance Function is assigned the responsibility of identifying, assessing, and classifying, through assessment activities, compliance risks and related controls (e.g. Italian Legislative Decree no. 231/2001 on the administrative liability of entities, EU Reg. 2016/679 GDPR on the protection of personal data and privacy, Italian Legislative Decree no. 36/2023 of the Public Procurement Code, etc.). The Group Compliance Function is also assigned the following main tasks:

- Ensure the monitoring of the evolution of regulations and the reporting of any significant new developments, highlighting any significant impact that new laws and regulations may have on Group companies.
- Support Group subsidiaries in the activities of preparing and updating the organisation, management and control models adopted pursuant to the Italian Legislative Decree no. 231 of June 8th, 2001, also providing operational support to the appointed supervisory bodies.
- Ensure regulatory compliance and observance with the requirements of the current data protection and privacy legislation (EU Reg. 2016/679 GDPR).
- Assist top management and organisational units in defining the appropriate tools and methodologies for the identification, measurement, and assessment of compliance risks, providing adequate methodological and operational support in the activities relating to the process of issuing and updating internal implementation rules for the purposes of preventing the risk of non-compliance (procedures, operating instructions, regulations, etc.).
- In coordination with the Human Resources and General Services Department of the parent Company, coordinate the activities for managing the model of delegated powers of attorney and authorities attributed to the delegated directors and company management of the companies belonging to the Group, assessing their correct and appropriate attribution.

- With the support of the Group Internal Audit Function, plan and conduct compliance audit activities aimed at assessing the effectiveness of the internal procedures adopted to ensure compliance with the provisions of the relevant legislation.
- Provide support, when requested by the corporate functions and Group subsidiaries, in managing relationships with the Supervisory Authorities and external and internal control bodies.

1.3.8. Group Internal Audit Function

The Group Internal Audit Function is responsible for assisting the Board of Directors of the parent Company and, through its services, the management bodies of the other subsidiaries belonging to the Group, in assessing the adequacy of the RMICS defined and implemented in the organisation. In particular, the Group Internal Audit Function is assigned the following main tasks:

- Draft the Audit Plan proposal according to a risk-based approach to be submitted to the parent Company's Board of Directors for appropriate evaluation and approval.
- Schedule and conduct audits based on the approved plan, agreeing with the audited Departments on the improvement actions identified, and periodically reporting to the Board of Directors on the summary of the outcome of the audits performed, the status of implementation of the audit plan and the improvement actions identified.
- Analyse both administrative and industrial business processes to assess their suitability in terms of effectiveness (i.e. suitability to achieve the objectives of the individual process); efficiency and cost-effectiveness (i.e. conformity of the process to achieve the objectives with a rational use of production factors and at an appropriate cost – Operational Audit).
- Design and carry out, also with the support of external third parties, any specific audit activities such as fraud audits, IT audits, etc.

1.4. AGSM AIM Sustainability policies

1.4.1. Group Sustainability Management Policy

Sustainability issues, divided into the three dimensions included under the acronym ESG (Environmental, Social and Governance), are integrated into the Company strategy and operations.

Indeed, the Group has adopted its Sustainability Management Policy that has the purpose to encourage the integration of sustainability issues into corporate strategy and operations and represents the result of AGSM AIM's progressive evolution path in the management of social, environmental, and corporate governance issues.

The Sustainability Management Policy is addressed to all the people who operate and collaborate, directly and indirectly, in the name and on behalf of the Group, this Policy promotes sustainable behaviour and actions in reference to the ESG issues considered relevant for AGSM AIM, identified thanks to the materiality analysis and the continuous discussion with stakeholders.

For the AGSM AIM Group, “Sustainability” means conducting its activities with an eye to the future and orienting the business strategy towards the creation of value for stakeholders in a medium and long-term perspective. In this context, AGSM AIM intends to base its activities on ensuring a sustainable approach in terms of respect for people, the environment, and the adoption of good governance practices of our organisation.

The Group [Sustainability Management Policy](#)³ testifies the Group’s attention to the following areas:

1. Protection of the environment, biodiversity, and ecosystems.
2. Attention to customer needs and customer satisfaction.
3. Corporate well-being, diversity and inclusion and protection of human rights.
4. Sustainability and safety in the supply chain.
5. Commitment to local communities and protection of the territory.
6. Business Integrity and corporate reputation.
7. Economic responsibility and value creation.

1.4.2. Environmental Protection Policy

Aware of the substantial contribution the Company can make in mitigating climate change, in carrying out business activities, AGSM AIM Group is committed to protecting and safeguarding the environment, biodiversity, and ecosystems in which we live and operate.

The commitment of the AGSM AIM Group to eliminate or reduce to a minimum the negative impact on the environment is inspired by the Sustainable Development Goals (so-called “SDGs”) approved by the United Nations, to the achievement of which the Group actively contributes by promoting mitigating climate change and contributing to the decarbonisation of the territory through technological solutions, energy efficiency services and through the production of energy from renewable sources. With particular reference to environmental protection, the AGSM AIM Group actively participates in achieving the following Sustainable Development Goals:



“Clean and accessible energy” (SDG No. 7)



“Innovation and infrastructure” (SDG No. 9)



“Sustainable cities and communities” (SDG No. 11)



“Responsible consumption and production” (SDG No. 12)



“Fight against climate change” (SDG No. 13)

³ The Group Sustainability Management Policy is available at the following link:

https://www.agsmait.it/documents/43075/749361/Politica_Gestione_Sostenibilit%C3%A0.pdf/d808d424-08b7-51a9-27e4-a59a35315a94?t=1708939092127

In addition to ensuring full compliance with legislative provisions on environmental matters, the AGSM AIM Group adheres to the “Global Compact” initiative and bases its work on national and international best practices, as well as on the ten principles of the United Nations Global Compact (UNGC), three of which invite companies to respond to environmental challenges by adopting a preventive and responsible approach and encouraging the development and diffusion of eco-sustainable technologies.

Aware of the substantial contribution it can make in the mitigation of climate change, the AGSM AIM has adopted its Group [Environmental Protection Policy](#)⁴ in order to express the set of principles and rules of conduct that allow it to achieve its environmental protection objectives.

In line with the principles and values expressed in the Group Code of Ethics, the Environmental Protection Policy confirms AGSM AIM’s commitment to improving its environmental performance, preventing, or minimizing environmental risks and its impacts along the entire supply chain. Value through the definition of increasingly ambitious targets.

The indications contained in the Environmental Protection Policy aim to define effective and realistic solutions in terms of organizational practices and individual behaviours capable of producing a positive ecological impact, as well as intending to contribute to the mitigation of climate change by encouraging all collaborators to adopt behaviours responsible.

The AGSM AIM Group has the ambition to present itself as one of the main players in the fight against climate change and, therefore, is committed to evaluating the risks and environmental impacts of its activities as well as managing environmental aspects by dealing the risks through precautionary and prevention.

The main areas of commitment of the AGSM AIM Group concern:

1. fight against climate change.
2. correct management of resources and development of a circular economy.
3. protection of the environment, ecosystems, and biodiversity.

1.4.3. Policy for the protection of diversity, equity, and inclusion

The AGSM AIM Group considers people to be the most precious resource for guaranteeing the achievement of its objectives. In this regard, it is committed to guaranteeing a working environment in which all people feel respected, valued, and have equal opportunities for growth and development and to spreading a culture that respects diversity and knows how to enhance it.

Diversity, equity, and inclusion are fundamental values in the promotion and creation of an open, respectful, and plural working environment, where everyone can contribute with their own uniqueness, to bring added value to the organization and to the community in which they operate.

⁴ The Group Environmental Protection Policy is available at the following link:
https://www.agsmait.it/documents/43075/749361/Policy_Tutela_Dell%27ambiente.pdf/d7a81056-b5cf-3a2d-2d2d-51b53b3e12d0?t=1708939093525

In line with the United Nations Sustainable Development Goal relating to Gender Equality (SDG no. 5), AGSM AIM promotes, for the benefit of the people who work within the Group, full and effective participation, and equal leadership opportunities in all levels of decision-making in corporate life, preventing favouritism and discrimination of all kinds.

According to the above, the Company has adopted its Group [Policy for the Protection of Diversity, Equity and Inclusion](#)⁵ (hereinafter also “DE&I Policy”) with the purpose to promote diversity in all its forms, struggle discrimination and guarantee fair treatment for all AGSM AIM Group staff, with the ultimate aim of creating an inclusive working climate, in which different ideas and perspectives are valued and encouraged to stimulate innovation and creativity.

The DE&I Policy represents the set of rules and values that the AGSM AIM Group draws inspiration from, to stop any discrimination and to safeguard full equality in the workplace.

The AGSM AIM Group encourages a supportive and inclusive culture in all functions and areas of operation, without any discrimination.

Diversity represents people as distinct identities from each other, fostering a heterogeneous cultural environment, fuelling creativity, innovation, productivity, and idea generation, and improving the working climate. It must, therefore, be safeguarded and protected in all its forms, as a source of wealth for the growth of the Group and for the community in which it operates.

AGSM AIM takes among its commitments the valorisation of all diversity and the creation of a fair and inclusive working environment. In particular, it undertakes to:

- Promote equality, combating any type of discrimination based on gender, race, age, sexual orientation, disability, physical appearance, skin colour, ethnic and social origins, language, religion or personal beliefs, political opinions, or any other nature.
- Guarantee that all people (employees and collaborators of the Group) maintain respectful and fair conduct in the workplace and towards third parties with whom they interact, demonstrating behaviour that reflects inclusion and equality.
- Condemn and combat any form of harassment, be it gender, physical, verbal, or sexual.
- Promote and guarantee respect for equal opportunities and promote gender balance, ensuring the same working conditions for people and facilitating balanced management of the relationship between private life and professional life.
- Promote and encourage meritocracy and fair treatment at all professional levels, encouraging the development, expression, and enhancement of the potential of individual people.
- Support multiculturalism in all corporate activities and contexts, which is considered fundamental for the development of innovation, creativity, and competitiveness of the Group.

The AGSM AIM Group promotes respect for equal opportunities in each of the following dimensions of diversity:

⁵ The Group Policy for the Protection of Diversity, Equity and Inclusion is available at the following link: https://www.agsmait.it/documents/43075/749361/Policy_D%26I.pdf/cd810e74-3d85-af0f-0583-ae54ec10811?t=1708939092614

- **Gender and gender identity**: the AGSM AIM Group values equal representation between genders (female, male, non-binary) and is committed to combating stereotypes, prejudices, even unconscious ones, and any form of discrimination linked to gender differences or of gender identity (LGBTQIA+).
- **Interculturality**: the AGSM AIM Group recognizes the value that the integration of different cultures and experiences can offer on a human, social and professional level. In this regard, it promotes an intercultural vision, open to discussion and based on organizational and social cooperation.
- **Generation**: the coexistence of different generations within the AGSM AIM Group allows us to face the challenges linked to the evolution of society, the market and innovation through the knowledge, experiences and different perceptions of work, roles and relationships that characterize every age.
- **Disability**: AGSM AIM recognizes equal opportunities, regardless of sensory, cognitive, and motor disabilities through the adoption of any action or measure aimed at breaking down cultural, structural, sensory, and physical barriers.

Furthermore, during 2024, the UNI/PdR125:2002 gender equality certification project was launched to promote a management culture focused on inclusion and guarantee fair opportunities for professional growth and development.

1.4.4. Organizational and Control Model (Leg. Decree 231)

Italian Legislative Decree 8 June 2001, no. 231 (hereinafter also "Decree 231/2001") with its subsequent amendments and extensions of applicability introduced into Italian law a peculiar form of liability, classified as "administrative crime", borne by companies, associations, and bodies in general, following the commission, in their interest or to their advantage, of a criminal offense by a person who holds a senior or subordinate position within them.

Pursuant to Italian Legislative Decree 231/2001, in order to guarantee conditions of correctness and transparency in the conduct of company activities, the Company has adopted its [Organization, Management and Control Model](#) (231 Model), ensuring that it is constantly updated and has established, within it, a supervisory body intended for the control and updating of the 231 Model itself.

Furthermore, the main subsidiaries of the AGSM AIM Group which present a profile relevant to the provisions of Decree 231 have adopted their own organizational model and appointed their own supervisory body. Among the others, herein after a selection of subsidiaries that have adopted a 231 model:

- AGSM AIM Energia S.p.A.
- AGSM AIM Power s.r.l.
- AGSM AIM Smart Solutions S.r.l.
- V-Reti S.p.A.

1.4.5. Group Code of Ethics

In pursuit of its Mission, the AGSM AIM Group has its own [Code of Ethics](#)⁶, which indicates the general principles and behavioural rules that the Group draws inspiration from in carrying out its business.

The ethical principles adopted by the Group are listed below:

- Correctness, loyalty, integrity, honesty, and transparency in the management of relationships with all counterparties and with its own employees.
- Fight against corruption to avoid any illicit act or crime.
- Respect and valorisation of people, as a fundamental factor of growth and continuity of society.
- Protection of the corporate image to safeguard the good reputation and credibility of the Company.
- Efficiency of every work activity to pursue the economic use of company resources.
- Fair competition avoiding deceptive behaviour.
- Spirit of service for all company initiatives aimed at pursuing high social value and utility for the community.
- Confidentiality of information and protection of personal data in the tools and methods.
- Impartiality in relations with stakeholders, avoiding any discrimination and favouritism of internal or external origin.
- Recognition of individual responsibility for carrying out work activities.
- Quality of services provided to always be in line with customer needs and satisfaction.

The provisions contained in the Code of Ethics are binding, without any exception, for the Directors, collaborators and for all those who, directly or indirectly, establish relationships with the Group, permanently or even only temporarily (collaborators, consultants, agents, attorneys, and anyone operates in the name and on behalf of the Company).

The Code of Ethics is published on the website of the Group, distributed internally in a widespread manner, and promoted through specific training activities.

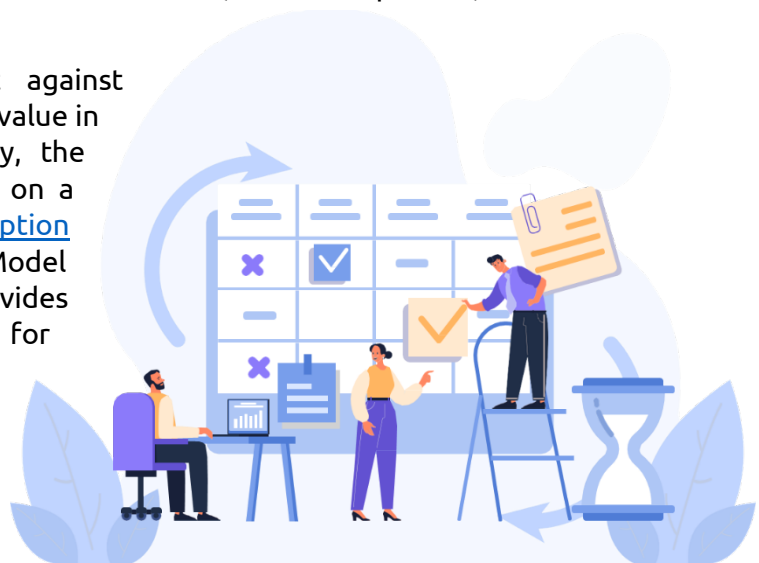
The Code of Ethics constitutes an integral part of Models 231 adopted and represents a tool with which AGSM AIM Group, in fulfilling its mission, undertakes to contribute, in accordance with the laws and principles of loyalty and correctness, to the socio-economic development of the territory and citizens through the organization and provision of services of general economic interest.

⁶ The Group Code of Ethics is available at the following link:
https://www.agsmait.it/documents/43075/179338/5_Codice+Etico+di+Gruppo+AGSM+AIM.pdf/fbaa47c3-8244-7906-a2e9-0ac393d9cab8?t=1662620239747

1.4.6. Group Anti-Corruption Policy

As a listed company, the Issuer is excluded from the application of the transparency and anti-corruption regulations set forth in Legislative Decree no. 33/2013 and Law no. 190/2012, and of the ANAC Guidelines on anti-corruption and transparency and related obligations. However, since the fight against corruption represents a fundamental value in the conduct of its business and corporate activity, AGSM AIM, on a voluntary basis, has adopted a management system for the prevention of corruption integrated into the 231 Model itself, the foundation of which lies in the principles and values contained in its Group Code of Ethics. The Anti-Corruption Policy of the AGSM AIM Group provides a systematic reference framework for combating corruption phenomena and has the aim of disseminating within the Company, as well as to all those who operate in favour or on behalf of companies belonging to the AGSM AIM Group, the principles and rules to follow to exclude corrupt conduct of any type, direct and indirect, active and passive, even in the form of incitement.

In the awareness that the fight against corruption represents a fundamental value in the conduct of its business activity, the Company has defined and adopted, on a voluntary basis, a [Group Anti-Corruption Policy⁷](#) which, in coordination with Model 231 and the Group Code of Ethics, provides a systematic reference framework for fighting corruption phenomena and has the aim of spreading within the Company, as well as to all those who operate in favour or on behalf of companies belonging to the Group, the principles and rules to follow to exclude corrupt conduct of any kind, direct and indirect, active and passive, even in the form of incitement.



In order to guarantee the implementation of its management system for the prevention of corruption, the AGSM AIM Group has determined to carry out a periodic assessment to determine the risks relating to corruption. The results of the risk assessment are reported in the annex to the Anti-Corruption Policy.

Pursuant to the Group Management and Coordination Guidelines, the Anti-Corruption Policy is progressively adopted with its own internal documents also by all the subsidiaries of the AGSM AIM Group which fall within the scope of the consolidated financial statement apart from specific exclusions.

The Group Anti-Corruption Policy is binding for employees of companies belonging to the AGSM AIM Group and for third parties. In this regard, the companies ensure that it also becomes binding for all those who operate in any capacity in favour or on behalf of the latter.

⁷ The Group Anticorruption Policy is available at the following link:
https://www.agsmait.it/documents/43075/179338/Policy+anticorruzione_.pdf/25743dd2-9756-4521-a410-a3d7b6735bbf?t=1658839858996

The managers of the various Company functions have the task of monitoring compliance with the Group Anti-Corruption Policy by their collaborators and of adopting measures to prevent, identify and report potential violations.

The recipients of the Group Anti-Corruption Policy are also required to report, even anonymously, any violation, even alleged, of the current legislation on the prevention of corruption or of this Anti-Corruption Policy by Group employees, collaborators or third parties that operate in favour or on behalf of Group companies.

Such reports are now transmissible through the whistleblowing channel adopted in compliance with Legislative Decree no. 24/2023 by each Group subsidiary. Moreover, in order to facilitate the receipt of requests for clarification, AGSM AIM has established the following communication channels: i) by ordinary mail to the attention of the Compliance Function, writing to the address of the Company's registered office – Lungadige Galtarossa 8, 37133 Verona (VR), Italy; ii) by electronic mail (compliance@agsmait.it).

1.4.7. Compliance with minimum safeguard guarantees

The AGSM AIM Group operates in compliance with current Italian and European legislation and with the precise objective of ensuring its stakeholders achieve a sustainable objective. In particular, the operational activities of the AGSM AIM Group are carried out in compliance with the OECD Guidelines for multinational companies, the Declaration of the International Labor Organization (ILO) on fundamental principles and rights at work, the International Charter of Human Rights, the United Nations Guiding Principles on Business and Human Rights and the principles issued by the Global Compact.

In line with the international reference standards, the AGSM AIM Group has defined and adopted a series of internal policies and operational practices that allow it to ensure compliance with the minimum safeguard guarantees:

- In order to protect and promote human rights, the AGSM AIM Group has defined and adopted the Policy for the [Protection of Human Rights](#)⁸ with the aim of indicating the fundamental principles on which the Group inspires its work in order to protect and promote human rights humans in the conduct of business and business activities. The Group has also adopted a Group Code of Ethics which defines the values and principles of conduct that every person who operates in the name and on behalf of the Group must respect when carrying out their duties (please also refer above to paragraph “1.4.5 Group Code of Ethics”). In order to protect the confidentiality of the personal data of its stakeholders, the AGSM AIM Group has implemented a privacy governance system in which roles, responsibilities and operating methods are defined in compliance with the GDPR.
- With reference to the fight against corruption, a Group Anti-Corruption Policy (please also refer above to paragraph “1.4.6 Group Anti-Corruption Policy”) has been prepared which contains rules, controls, and safeguards for the prevention of active and passive corruption crimes. Furthermore, the Company and numerous AGSM AIM Group subsidiaries have adopted their own organisation, management, and control

⁸ The Group Policy for the Protection of Human Rights is available at the following link:
https://www.agsmait.it/documents/43075/749361/Policy_Diritti_Umani.pdf/aae2fe4c-d631-e15e-3c66-5b95773a3170?t=1708939093116

model pursuant to Italian Legislative Decree no. 231/2001 in which protocols and procedures are defined aimed at mitigating the risk of integration of the crimes envisaged by Decree 231 and committed by directors, managers or employees in the interest or benefit of the entity. The Group has also adopted a communication system aimed at reporting by employees any potential behaviour in violation of the Code of Ethics, the Anti-Corruption Policy and the Organisation, Management and Control Model.

- With reference to tax management, the Group has adopted a tax strategy aimed at ensuring fair, responsible, and transparent taxation.
- With reference to respect for the principle of competition and the market, the values contained in the Group Code of Ethics and the safeguards explained in the operating procedures for the management of commercial activities, contribute to guaranteeing fair competition, free from improper, collusive, or predatory behaviour to the detriment of consumers, suppliers, and business partners.

Furthermore, the Company and several subsidiaries has defined corporate policies and adopted management systems⁹ and internal regulations that comply with the highest external standards:

- ISO 9001 for quality certification
- ISO 14001 for environmental certification
- ISO 45001 for occupational safety certification

1.5. Rationale for issuance

The establishment of a Green Financing Framework (the “**Framework**”) is fully complementary with AGSM AIM’s commitment and ESG strategy, aimed at providing a positive environmental impact and playing a significant role in the transition towards carbon neutrality. It contributes to the pressing global need to shift financial flows towards the financing of the energy transition and decarbonization. Through the establishment of this Framework, AGSM AIM will have the proper tool to develop its planned sustainability strategy and investments, while widening its investor base and providing fixed-income investors with an opportunity to achieve their own responsible investment objectives.

Under the Green Financing Framework, AGSM AIM will be able to issue green bonds or loans through public or private placements - collectively referred as “Green Financing Instruments”- to finance its sustainability efforts.

⁹ Please refer to the following link to consult the Group Quality, Safety and Environmental Policy adopted and the current list of certifications in place: <https://www.agsmaim.it/qualita-e-certificazioni>.

2.

Green Financing Framework



2. Green Financing Framework

AGSM AIM's Green Financing Framework is established in accordance with the Green Bond Principles 2021 (with June 2022 Appendix) administered by the ICMA¹⁰ ("GBP"), as well as the Green Loan Principles 2023 administered by the APLMA, LMA, and LSTA¹¹ ("GLP"), and their four core components:

1. **Use of Proceeds**
2. **Process for Project Evaluation and Selection**
3. **Management of proceeds**
4. **Reporting**

The Framework is also intended to align with the EU Taxonomy Regulation¹², specifically the Substantial Contribution criteria to climate change mitigation, as laid out in the Delegated Acts on Climate Change Mitigation¹³ ("**EU Taxonomy**"), where relevant, possible and on a best effort basis.

AGSM AIM is committed to constantly improving its approach to sustainability and to comply with the best practices in the green finance market. This Green Financing Framework may therefore be amended or updated to reflect changes in market practice, as well as regulatory developments.



¹⁰ ICMA (2021). Green Bond Principles: Voluntary Process Guidelines for Issuing Green Bonds, June 2021 (with June 2022 Appendix 1). Available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

¹¹ APLMA, LMA, LSTA, (2023), Green Loan Principles, February 2023: https://www.lma.eu.com/application/files/4716/7715/0338/Green_Loan_Principles_23_February_2023.pdf

¹² 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 and amending Regulation (EU) 2019/2088. Available at: <http://data.europa.eu/eli/reg/2020/852/oj>

¹³ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. Available at: http://data.europa.eu/eli/reg_del/2021/2139/oj

2.1. Use of proceeds

An amount equal to the net proceeds raised from any AGSM AIM's Green Financing Instrument issued under this Framework will be exclusively allocated to finance and/or re-finance, in whole or in part, new and/or existing projects/assets ("**Eligible Green Projects**" or "**Eligible Green Assets**").

The Eligible Green Projects may include capital expenditures, research and development and acquisitions of renewable energy (solar and wind) assets. Where feasible, The Company will disclose in its annual reporting, the year of operation of the acquired asset. AGSM AIM intends to prioritise, where possible, newer over older assets.

The Eligible Green Projects constitute expenditures that occurred no earlier than two financial years prior to the year of issuance, the budget year of issuance itself, and up to two financial years following the year of issuance. Eligible Green Projects may include:

- Capital expenditures.
- Research and development.
- Selected operating expenditures.
- Acquisition of pure play assets or companies deriving at least 90% of their revenues from activities which meet the Eligibility Criteria described herein.












Eligible Green Projects are net of customer contributions, any dedicated green funding, project financing, and any State or European subsidies.

AGSM AIM intends to disclose the expected allocation to the Green Eligible Categories, as well as the percentage of proceeds that will be used to finance and/or re-finance new and/or existing projects, prior to the issuance of its Green Financing Instruments.

The following table summarizes the Eligible Green Project categories, together with some examples of eligible assets.



Green Eligible Category	Eligibility Criteria	Example of Eligible Assets/Projects
Renewable Energy	Investments and expenditures related to the construction, maintenance, acquisition and/or operations of renewable energy projects and ancillary technical equipment, aimed at increasing the Group's capacity and/or production, and fostering energy transition.	Green eligible projects may include: <ul style="list-style-type: none"> • Solar photovoltaic electricity generation • Wind power electricity generation. • Hydroelectric power electricity generation. • Acquisition of renewable energy assets.
Energy Efficiency	Investments and expenditures related to energy efficiency projects aimed at installing systems or products that reduce energy consumption, improve energy efficiency mix, or mitigate greenhouse gas emissions.	Green eligible projects may include: <ul style="list-style-type: none"> • Installing smart meters in the electricity distribution service. • Geothermal energy plants for district heating.
Clean Transportation	Investments and expenditures related to the construction, development, operation, acquisition and/or maintenance of infrastructures promoting sustainable mobility with lower environmental impact.	Green eligible projects may include: <ul style="list-style-type: none"> • Installation of green hydrogen plant for clean public transportation. • Installation of charging stations for electric vehicles.
Pollution Prevention and Control	Investments and expenditures related to the construction, development, maintenance and/or operation or facilities and projects aimed at contributing substantially to the transition to a circular economy, reducing GHG emissions and facilitating waste prevention and recovery.	Green eligible projects may include: <ul style="list-style-type: none"> • Installation of biomethane production plant from separately collected OFMSW waste (Organic Fraction of Municipal Solid Waste).

Alignment with UN SDGs	EU Taxonomy Activity Mapping (CCM and CE) ¹⁴
 	<u>Climate Change Mitigation</u> <ul style="list-style-type: none"> ➤ 4.1. Electricity generation using solar photovoltaic technology. ➤ 4.3. Electricity generation from wind power. ➤ 4.5. Electricity generation from hydropower.
   	<u>Climate Change Mitigation</u> <ul style="list-style-type: none"> ➤ 4.9. Transmission and distribution of electricity. ➤ 4.22. Production of heat/cool from geothermal energy.
   	<u>Climate Change Mitigation</u> <ul style="list-style-type: none"> ➤ 3.10. Manufacture of hydrogen. ➤ 7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings.
	<u>Circular Economy</u> <ul style="list-style-type: none"> ➤ 2.5. Recovery of bio-waste by anaerobic digestion or composting.

¹⁴ CCM: Climate Change Mitigation; CE: Circular Economy

AGSM AIM may, at any time, expand the list of Eligible Green Projects to other type of assets which provide verifiable sustainability benefits and are aligned to the GBP / GLP. In this case, the Company commits to update the current Framework and to obtain an updated Second Party Opinion on the new Framework.

AGSM AIM will not allocate proceeds received from the issuance of Green Financing Instruments under this Framework to any kind of project connected to fossil fuel or nuclear power generation.

Furthermore, a specific exclusion criterion is applied by AGSM AIM on a case-by-case basis for each project in the context of any material issues linked to ESG factors at project level.

2.2. Process for Project Evaluation and Selection

The main investment projects included in AGSM AIM's Capex Plan have been evaluated through a cost-benefit analysis methodology, which includes environmental and social indicators, to be considered sustainable.

A dedicated Green Finance Committee (the "**GF Committee**") has been established to create this Green Financing Framework, manage any future updates to the Framework, expand the list of Eligible Categories and oversee its implementation, including the evaluation and selection of Eligible Assets.

According to the Corporate Governance for Sustainability described above, the present Green Financing Framework has been evaluated and approved by the GF Committee composed of the union of the Management Risk Committee and the Renewable Energy Sources Committee.

Therefore, the GF Committee is composed of the following persons in charge:

- Managing Director of the Parent Company, in the role of Chairman
- Administration and Finance Director of the Parent Company
- Legal Affairs and Compliance Director of the Parent Company
- Strategic Planning, Risk Management, and IT Director of the Parent Company
- Engineering and Research Director of the Parent Company
- Head of Planning, Control and Business Development Function of the Parent Company
- Head of Business Development Function of the Parent Company
- Head of Risk Management and ESG Function of the Parent Company, in the role of secretary of the GF Committee
- Managing Director of AGSM AIM Power subsidiary
- Head of PMO and Coordination of Business Management Office of AGSM AIM Power subsidiary

The GF Committee will meet on at least an annual basis and as and when the situation requires. The selected projects will have to comply with AGSM AIM's approved environmental objectives within the overall sustainability strategy, as well as the criteria of one or more Eligible Green Categories outlined in the 'Use of Proceeds' section of this Framework.

The GF Committee will perform an annual review with the responsibility of:

- Reviewing, evaluating, and selecting the Eligible Green Projects.
- Monitoring the portfolio of Eligible Green Projects regularly, to ensure the persistence of the eligibility criteria and that they are not subject to major ESG controversies.
- Excluding projects that no longer comply with the eligibility criteria, or have been postponed, cancelled, divested or subject to material ESG controversies, and replacing them as soon as reasonably practicable.
- Defining the proper impact metrics and related KPIs that best describes the environmental benefits according to eligibility criteria.
- Overseeing the internal processes to identify known material risks of negative social and/or environmental impacts associated with the Eligible Green Projects and appropriate mitigation measures where feasible.
- Validating the allocation and impact reporting process.
- Reviewing the content of AGSM AIM's Green Financing Framework and validating any changes to the document in line with market or regulatory developments and the Company's sustainability strategy.

The Eligible Green Projects are evaluated, selected, and periodically reviewed by the GF Committee, with the operative support of its members, according to the following steps:

- I. The projects should comply with:
 - a) The eligibility criteria described in the present document.
 - b) where applicable, the Technical Screening Criteria set in the EU Taxonomy Regulation.
 - c) The do no significant harm (DNSH) principle¹⁵.
 - d) The Minimum safeguards criteria.
 - e) National and international applicable laws and regulations.
- II. The investments and expenditures as far as, EPC (Engineering, Procurement and Construction) and O&M (Operations and Maintenance) activities are expected to adhere to AGSM AIM's internal guidelines, policies, procedures, and external standards.



¹⁵For further information about DNSH please refer to the following link:

https://www.esma.europa.eu/sites/default/files/2023-11/ESMA30-379-2281_Note_DNSH_definitions_and_criteria_across_the_EU_Sustainable_Finance_framework.pdf

2.3. Management of proceeds

The net proceeds from the Green Financing Instruments will be tracked internally and an amount equivalent to the net proceeds will be earmarked for allocation to the portfolio of Eligible Green Projects.

The Company's Administration and Finance Department – Treasury Office will allocate the financing instrument proceeds to the corporate entities in charge of the projects via intercompany loans or equity capital, with the purpose to finance the disbursements in connection with the Eligible Green Projects carried out by AGSM AIM's subsidiaries.

Pending the full allocation to Eligible Green Projects, AGSM AIM will invest the balance of issuance proceeds as its own discretion as per its liquidity management policy, including in cash or cash equivalents, overnight or other short-term financial instruments, tradable on liquid markets, with low or not significative risk, and which will not include GHG intensive underlying activities. In case of any project postponement or non-compliance with evaluation and selection criteria, AGSM AIM commits to allocate the proceeds to other projects that would comply with the Eligible Green Categories as soon as reasonably practicable. AGSM AIM commits on a best effort basis to reach full allocation of proceeds within two years following the issuance of a Green Financing Instrument.

The Green Finance Committee will oversee the monitoring of the Green Financing Instruments' proceeds.

The payment of principal and interest on any financing instrument issued by the Company under the present Framework will be made from its general funds, nonetheless it is expected these funds will be partially or completely related to the performance of related Eligible Green Projects.

2.4. Reporting

AGSM AIM commits to report annually, and until maturity, on the allocation of the proceeds of the Green Financing Instruments issued under this Framework and the relative impacts of the projects, at least at category level. The reporting will be made publicly available on the Company's website (www.agsmaim.it) and in the "Non-financial Report" and reviewed by an independent external auditor.

2.4.1. Allocation reporting

AGSM AIM will report approximately one year from the date of issuance, and annually thereafter until maturity, on the use of proceeds, including indicatively the following information:

- Overview of outstanding Green Financing Instruments.
- Allocated amounts, at least at category level.
- Brief descriptions of the largest and most representative projects from each category, highlighting country of implementation, as well as type and sector of the project.
- Breakdown by types of expenditures.

- The share of new financing and refinancing (in %) of the eligible projects.
- Contribution to the EU environmental objective where applicable.
- The balance of unallocated proceeds at the time of reporting, if any.

2.4.2. Impact reporting

AGSM AIM also intends to report annually on the environmental benefits (see Annex 1) resulting from the Portfolio disbursed from the Green Financing Instruments issued, until maturity. In most cases, the environmental indicators linked to the single project will be those calculated in the project evaluation phase, i.e. expected impacts, and where feasible ex-post measurements will be provided.

On a best effort basis, AGSM AIM will align the impact report with the portfolio approach described in the ICMA “Harmonised Framework for Impact Reporting” dated June 2023¹⁶.

When reporting on the identified outcomes, AGSM AIM may select alternative quantitative or qualitative Key Performance Indicators (“KPI”), to remain relevant to the selected Eligible Green Assets. For all Eligible Assets, AGSM AIM may integrate additional qualitative or quantitative indicators as considered appropriate to disclose relevant performances or details.

¹⁶ ICMA (2023), Handbook - Harmonised Framework for Impact Reporting, June 2023. Available at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

3.

External Review



3. External Review

3.1. Second-Party Opinion

AGSM AIM has appointed Sustainalytics as second party opinion Provider to perform an evaluation of the Framework's validity and its general alignment with the ICMA GBP 2021 and APLMA, LMA, LSTA GLL 2023.

Both AGSM AIM's Green Financing Framework and Second Party Opinion will be made available on the Company's website.

3.2. External verification

Starting with the annual report of the financial year of reference for the issuance, a verification or assurance of the reporting will be released on an annual basis by a third party ESG agency or financial auditor, including: proceeds allocation to Eligible Green Projects and the remaining balance of unallocated proceeds, the compliance of the allocated assets with the selection process, the environmental benefits obtained.

The auditors' report will be made available on the Company's website.

Annex

Annex 1: Reporting on Environmental Benefits per Eligible Category

Green Eligible Categories	Examples of Impact Metrics
Renewable Energy	<ul style="list-style-type: none"> Increased electric energy power capacity installed of the Group compared to the one of the previous years. Increased percentage of electric energy produced from renewable sources compared to the one of the previous years at consolidate Group level.
Energy Efficiency	<ul style="list-style-type: none"> Estimated savings of CO2e emissions and gas consumed to produce energy compared to the previous installed solutions for cogeneration within district heating plants and networks.
Clean Transportation	<ul style="list-style-type: none"> Tons of green hydrogen produced and distributed per year. Number of charging stations for electric vehicles installed, also with reference to power capacity and electric power distributed.
Pollution Prevention and Control	<ul style="list-style-type: none"> Millions of standard cubic meters of biomethane produced per year.

agsm aim

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