

agsm aim

GREEN BOND REPORT

June 2025



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1. Company overview

AGSM AIM Group (hereinafter also “AGSM AIM”, “Group” or “the Company”) is a multi-utility based in the North-East of Italy resulting from the merger by incorporation, on January 1st, 2021, between AGSM Verona S.p.A. and AIM Vicenza S.p.A. The Group is wholly publicly owned company, owned by 61.2% by the Municipality of Verona and 38.8% by the Municipality of Vicenza. Both are territories in which the Group is historically and deeply rooted.

The Group is active in the following sectors.



Sale of electricity, gas and heat



Public and artistic lighting



Generation of electricity



Parking



Cogeneration and district heating



Telecommunications



Electric mobility



Electricity and gas distribution and metering



Energy efficiency



Waste management

The AGSM AIM Group provides essential services and products with high added value for citizens and the development of companies, organizations, and institutions in Italy, and, through its subsidiary EcoTirana, provides waste collection and transport services in the capital of Albania.

Acting as a key aggregator, especially in the North-East of Italy, and thanks to the significant critical mass achieved post-merger, AGSM AIM aims to undertake investments that bring direct benefits to local communities, enhance the quality of services offered to citizens, and effectively address the challenges facing the public utilities sector.

AGSM AIM's goals include investments that aim to generate direct benefits to territories, improve the quality of the services provided, and face the challenges of the Utility sector. The Company is also committed to support green and digital transition pathways, circular economy practices, and decarbonization.

The structure of the Group, divided into six business units, reflects the industries in which it operates.



A deep overview of the Group financial and ESG performances is reported in the Annual Financial Report 2024 (drawn up in accordance with IFRS standards), including the Sustainability Report (drawn up in accordance with the CSRD Directive EU 2022/2464 and European Sustainability Reporting Standards) available on “Investors” section of the Group’s website (<https://www.agsmaim.it/investitori>).

2. AGSM AIM Group's commitment to sustainable growth



Revenues
1.9 € billion



People
2,347



Electricity
Production
561 GWh



Renewable
electricity
production
56.6 %



Energy clients
in Italy
893 thousand



Charging stations
for electric vehicles
227



Waste collected
534 thousand tons



Thermal energy
produced through
cogeneration plants and
delivered to the network
309 GWht

Group's main KPIs for the 2024 financial year.

Sustainability is an integral part AGSM AIM's long-term strategy. As outlined in the 2022–2025 Business Plan, the Group is directing most of the €600 million investment portfolio toward initiatives aimed at transforming the sector, with a strategic focus on green and digital transitions, circular economy models, and decarbonization efforts.

AGSM AIM considers sustainability and ESG criteria as a core element for the Group's future growth and, aware of the commitment necessary to promote sustainable development, the Group has outlined its growth

path, called "*The Pathway to Sustainability*", with the aim of promoting the construction of solid foundations for a cultural change capable of permeating customers' choices and of those who work and collaborate, directly and indirectly, with the Company.

In line with this Pathway, the Group has decided to commit to achieving a selection of SDGs¹ through the integration of sustainability into strategic decision-making processes, with periodic update of its Business Plan, facilitating the integration of business expansion and economic-financial results with environmental and social sustainability. The strategies and actions outlined in the AGSM AIM Group's Business Plan are aimed at sustainability and are traced back to 10 out of 17 SDGs.



The ambition to pursue sustainable success and the daily commitment to ensuring the integration of environmental, social, and good governance principles into its business model are essential elements to create value to benefit its stakeholders, with particular attention to the community and the territory in which the Group operates. AGSM AIM has adopted its Sustainability Management Policy as the set of guiding principles and behaviours that allow the Group to pursue its corporate purpose, guaranteeing its long-term profitability and competitiveness and enhancing the interests of all its stakeholders. For further information, the Policy is available in the sustainability section of the institutional website (<https://www.agsmait.it/sostenibilita>).

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 the 2022-2025 Business Plan represents the updated version of the original 2021-2024 Business Plan approved by the Company's Board of Directors in office in March 2021.



Through the "We Next" Path, the 2022-2025 Business Plan was updated, and the new 2025-2030 Business Plan has been approved by the components of the Board of Directors at the end of the first semester 2025. The new Business Plan² is in line with the previous Plan, as far as innovation, sustainability and digitalization are concerned.

¹ Sustainable Development Goals (SDGs) defined in September 2015 as part of the United Nations Global Agenda.

² The new 2025-2030 Business Plan can be viewed at the following link: <https://www.agsmait.it/w/piano-industriale-2025-2030>.

3. Green Financing Framework Summary

The issuance was based on the AGSM AIM Green Financing Framework (the “Framework”) released in June 2024 to ease transparency and to confirm the Group’s commitments to green bonds and sustainable financing.

On the 7th of June 2024, Sustainabilitycs provided a Second-Party Opinion (SPO) attesting that the AGSM AIM Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 (with June 2022 Appendix) administered by the ICMA³ (“GBP”), and Green Loan Principles 2023, as administered by LMA, APLMA, and LSTA⁴ (“GLP”). The SPO is available on the AGSM AIM website⁵.

In line with the Framework, the Company intends to issue green loans and bonds through public or private placements⁶ and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to support the transition to a low-carbon economy and create positive environmental impacts in Italy.

3.1 Use of proceeds

The Framework defines eligibility criteria in four areas, as shown in the table below.

Green Eligible Category	Eligibility Criteria	Related SDGs
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.	 
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.	   
CLEAN TRANSPORTATION	Investments and expenditures related to the construction, development, operation, acquisition and/or maintenance of infrastructures promoting sustainable mobility with lower environmental impact.	  
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.	

³ 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/>

⁴ 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

⁵ <https://www.agsmait.it/investitori/green-financing-framework>

⁶ AGSM AIM has communicated to Sustainabilitycs that private placements will not include the sale of stock shares to investors.

As stated in the Framework, the Eligible Green Projects may include capital expenditures, research and development, operating expenditures, and the acquisition of pure play assets or companies deriving at least 90% of their revenue from activities that meet the eligibility criteria described in the Framework.

The criteria for selecting Green Projects have been defined, on a best effort basis, in alignment with the EU Taxonomy Regulation⁷ (“EU Taxonomy”), specifically, the Substantial Contribution criteria to Climate Change Mitigation (CCM), as laid out in the Delegated Acts on Climate Change Mitigation⁸.

3.2 Process for Projects Evaluation and Selection

The main investment projects included in AGSM AIM’s Industrial 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, composed⁹ of the following managers working at the Parent Company:

- Chief Executive Officer, in the role of Chairperson.
- Finance & Control Director.
- Legal Director.
- Planning, Control and Risk Management Director.
- Power & Smart Infrastructures Director.
- Market & Digital Transformation Director.
- Business Development Director.
- People Transformation Director.
- Head of Risk Management and ESG Function, in the role of secretary.

In the context of sustainable finance, the GF Committee performs 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 describe the environmental benefits according to eligibility criteria.

⁷ 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>

⁸ Commission Delegated Regulation (EU) 2021/2139 of June 4th, 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

⁹ The composition of the Green Finance Committee has been revised and updated following the corporate reorganization introduced during the fourth quarter of 2024 at the Parent Company.

- 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 wherever it is 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 selected projects have complied 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 the Framework.

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

3.3 Management of proceeds

The net proceeds from green financing instruments were monitored internally and an equivalent amount was allocated to the portfolio of Eligible Green Projects.

The Company's Finance & Control Department – Treasury Office allocated 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 invested 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 significant 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 allocating the proceeds to other projects that would comply with the Eligible Green Categories as soon as reasonably practicable. AGSM AIM commits on the best effort basis to reach full allocation of proceeds within two years following the issuance of a Green Financing Instrument.

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

3.4 Reporting

AGSM AIM reports 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 is publicly available on the Company's website (www.agsmaim.it) and in the Sustainability Report section of the 2024 Annual Financial Report and reviewed by an independent external auditor.

4. Allocation reporting

In 2024 AGSM AIM issued its first Green Bond for a total amount of € 46,000,000.00. **The net proceeds have been fully allocated to finance Eligible Green Projects** that contribute to the achievement of environmental goals integrated in the Group's Sustainability Strategy.

The relevant details of the Bond are set out in the table below.

ISIN Code	XS2856134858
Common code	2856134858
Net Proceeds	€ 46,000,000.00
Nominal Value	€ 46,000,000.00
Issue date	August 7 th 2024
Maturity date	August 7 th 2031
Issue Price	100%
Second Party Opinion	Sustainalytics
Fixed rate interest	5.537% per annum

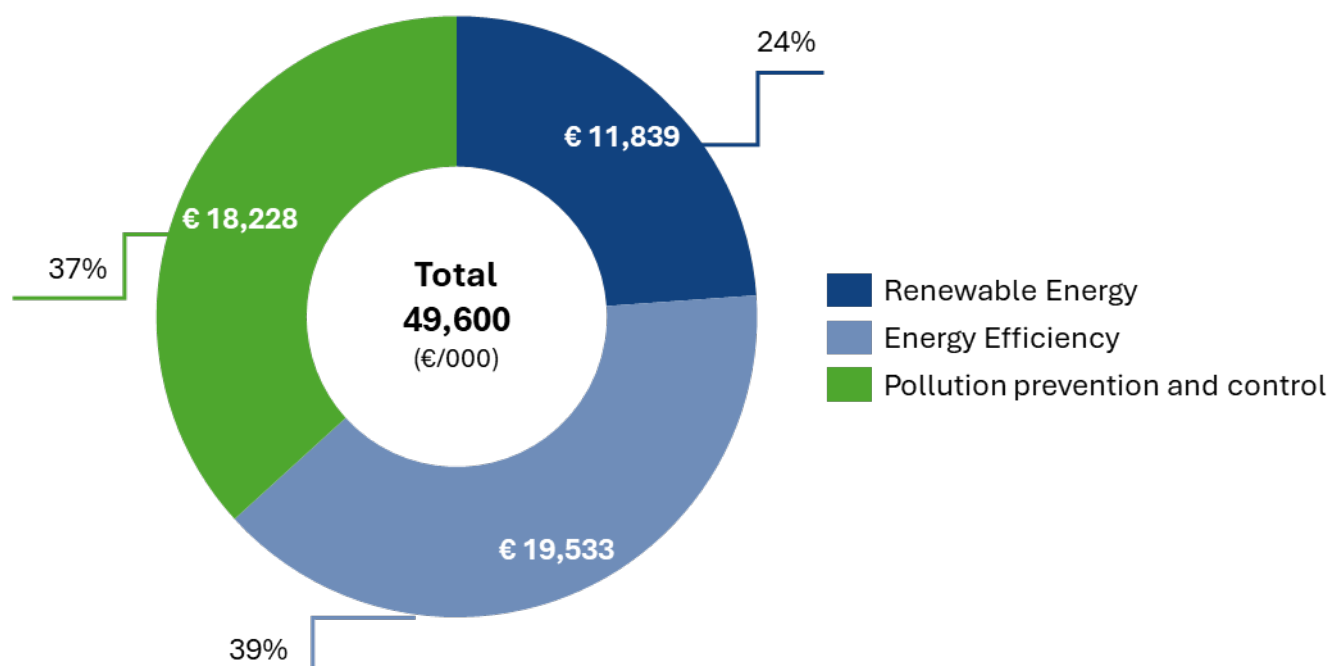
The net proceeds from the issuance of the Green Bond are used to finance or refinance, fully or partially, new or existing Eligible Green Projects according to the Green Financing Framework. Specifically, No. 3 projects were financed with the bond proceeds, using 81.4% of the proceeds for projects refinance (equal to 37,435 €/000 in investments expenditures for the 2022 and 2023 financial years), and 18.6% for projects financing (equal to 8,565 €/000 in investments expenditures for the 2024 financial year). The remaining € 3.6 million investments was self-financed and/or financed using other forms of financing not directly attributable to the Framework. The total value of investments made to date and reported is €49.6 million as of 31st December 2024.

As stated in the Framework, 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.

The Eligible Green Projects have been reviewed, selected, validated, and approved by the GF Committee in relation to AGSM AIM's Sustainability Strategy and Green Finance Framework. Where applicable, the Projects are aligned to the EU Taxonomy Regulation, in particular complying with the Technical Screening Criteria, the DNSH principle, the Minimum safeguards criteria and the national and international applicable laws and regulations.

In the table below is reported the Allocation Summary.

#	Project/Asset Name	Eligible Category	EU Taxonomy		Allocated amount (in €/000)				
			Activity code	Eligibility	Refinancing		Financing	Total	%
					2022	2023	2024		
1	No. 3 Photovoltaic Plants	Renewable energy	4.1 Electricity generation using solar photovoltaic technology	100%	-	10,876	984	11,839	23.9%
2	Substitution of 2G smart meters in the electricity distribution service	Energy efficiency	4.9 Transmission and distribution of electricity	100%	6,406	7,053	6,074	19,533	39.4%
3	Biomethane production plant (Ca' del Bue - VR)	Pollution prevention and control	5.7 Anaerobic digestion of organic waste	100%	11,479	1,642	5,107	18,228	36.7%
Total					17,885	19,550	12,165	49,600	100%



5. Impact reporting

In this section are presented KPI related to the environmental benefits resulting from the portfolio disbursed from the Green Financing Instruments issued, until maturity. In most cases, the environmental indicators linked to the single project are those calculated in the project evaluation phase, i.e. expected impacts, and where feasible ex-post measurements are provided.

As stated in the GF Framework, on a best effort basis, the impact report is aligned with the portfolio approach described in the ICMA “Harmonised Framework for Impact Reporting” dated June 2024¹⁰.

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.

5.1 Renewable energy

The first project has been carried out by the Power Business Unit and consists in the installation of three uniaxial tracking photovoltaic systems. Two of them are located in Piacenza and the other one in the province of Udine with a total installed power of 12,2 MW, which represents 38.0% of the Group’s photovoltaic installed capacity as of 31st December 2024. The estimated production at full capacity is about 17.3 GWh per year, capable of serving the average consumption of approximately 6,407 households¹¹.

The three photovoltaic systems foresaw an investment including the costs related to the acquisition of the necessary authorizations and the building right for 30 years.

All three photovoltaic plants have access to the GSE (Energy Services Manager) incentive pursuant to the FER Decree DM 04/07/2019 in relation to the sale of energy supplied.

Impact KPIs	Unit of meas.	FY 2024	1° sem. 2025
Renewable energy produced	MWh	1,330	9,477
Avoided emissions	t CO ₂ eq	562	4,003

5.2 Energy efficiency

The most significant share of the Green Bond proceeds has been used for increasing AGSM AIM’s energy efficiency.

¹⁰ ICMA (2024), Handbook - Harmonised Framework for Impact Reporting, June 2024. Available at:

<https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2024.pdf>

¹¹ Estimate based on vulnerable customers in the protected market with consumption of approximately 2,700 kWh/year and committed power of 3kW. For further information, please refer to the Authority’s website at the following link: https://www.arera.it/dati-e-statistiche/dettaglio/aggiornamenti-delle-condizioni-di-tutela-elettricit%C3%A0?ADMCMID_prev=LIVE

BU Reti (or Networks) has a meter replacement plan developed over a period of 15 years, which involves a total of over 292 thousand replacements.

During FY 2024, V-Reti company (i.e. BU Reti) continued to replace and modernize its electricity meters. The V-Reti meter replacement project will ensure prompt and reliable metering of consumption, facilitate its control by end customers, allow the reduction of adjustments and an improvement in the service quality.

The Commissioning Plan of the 2G smart metering system (PMS2) planned by V-Reti complies with the functional specifications defined by ARERA with resolution 87/2016/R/eel, adopted in implementation of the provisions of Italian Legislative Decree no. 102 of 4 July 2014, which transposes European Directive 2012/27/EU on energy efficiency and improvement for the entire national electricity system.

Impact KPIs	Unit of meas.	FY 2024	1° sem. 2025
N. of 2G meters installed	No.	260,527	264,464
% installed 2G smart meters / total meters	%	92.9%	94.3%
Active 2G meters	No.	239,501	242,108

5.3 Pollution prevention and control

In 2024, the AGSM AIM Group completed the construction of an anaerobic digestion and biomethane production plant at the Ca' del Bue plant in Verona, which will contribute to reducing landfill disposal, the production of a composted soil improver rich in organic matter to be reintroduced into the biological cycle (circular economy) and the recovery of energy through the production of completely renewable biomethane. Starting from the 2025 financial year, the progressive commissioning and technical testing of the plant is expected (currently in temporary operation), with the relative calibration of the systems.

Under the terms of the authorisation received, the plant will be able to treat up to a maximum of 40,000 tonnes per year of Organic Fraction of Municipal Solid Waste (OFMSW) through an anaerobic digestion process. In addition, the biodigester will be able to produce up to three million standard cubic metres (s.c.m.) per year of biomethane. The biomethane produced by the plant will be certified as sustainable, in accordance with UNI/TS 11567:2024 guidelines and will therefore comply with the National Certification System for the sustainability of biofuels of Ministerial Decree 07/08/2024, contributing to the achievement of the national objectives of the RED II Directive on the reduction of CO2 emissions in the transport sector.

During the 2024 financial year, the biomethane produced at the Ca' del Bue plant and fed into the grid amounted to 227,913 standard cubic metres (s.c.m.).

Impact KPIs	Unit of meas.	FY 2024	1° sem. 2025
Effective biomethane production	s.c.m.	227,913	329,900
OFMW treated	Ton	13,717	6,561

AGSM AIM S.p.A.

Independent auditors' report on the sections "Allocation reporting" and "Impact reporting" of the Green Bonds Report June 2025

Independent auditors' report on the sections "Allocation reporting" and "Impact reporting" of the Green Bonds Report June 2025

To the Board of Directors of AGSM AIM S.p.A.

We have been engaged to perform a limited assurance engagement on the sections "Allocation reporting" (for the period ending December 31, 2024) and "Impact reporting" (for the periods ending respectively December 31, 2024 and June 30, 2025) included in the Green Bond Report June 2025 of AGSM AIM S.p.A. (the "Company") (the "Report"). The Report has been prepared by the Company in accordance with the criteria established in the Green Financing Framework" (the "Framework") issued in June 2024.

Directors' Responsibility for the Report

The Directors are responsible for the preparation of a Report in accordance with the criteria contained in the Framework. The Framework is prepared by the Directors in accordance with the Green Bond Principles of June 2021 (with June 2022 Appendix) administered by the ICMA ("GBP"), and Green Loan Principles 2023, as administered by LMA, APLMA, and LSTA ("GLP").

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of an Allocation Report that is free from material misstatement, whether due to fraud or error.

Auditors' Independence and quality management

We are independent in compliance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (*including International Independence Standards*) (IESBA Code) issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, [IQM1 Italia], which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion on the on the sections "Allocation reporting" and "Impact reporting" included in the Report based on the procedures performed. We performed our work in accordance with the criteria established in the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires that we plan and perform our procedures to obtain limited assurance whether the sections "Allocation reporting" and "Impact reporting" included in the Report are free from material misstatement.

The procedures performed in a limited assurance engagement are less in extent than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed were based on our professional judgement and included inquiries, primarily of the company's personnel responsible for the preparation of the Allocation Report, inspection of documents, recalculations, reconciling with underlying records and other evidence gathering procedures, as deemed appropriate in the circumstances.

Specifically, we carried out the following main procedures:

- analysis of the Green Bond Frameworks adopted by AGSM AIM SpA and the Second Party Opinion (s), which includes the assessment of the compliance of the Frameworks with the Green Bond Principles defined by ICMA and the Green Loan Principles managed by the LMA, the APLMA and the LSTA and of the applicability of the "eligible green categories" for the purposes of apportioning proceeds and defining environmental impacts;
- interviews with the relevant company functions of AGSM AIM SpA in order to understand the criteria and processes underlying the identification of Eligible Green Projects and the generation, identification and management of significant qualitative and quantitative information included in the sections "Allocation reporting" and "Impact Reporting" of the Report;
- analysis of the structure and implementation of reporting processes relating to the use of processes and environmental benefits of the Green Bond;
- verification of the quantitative data included in the sections "Allocation reporting" and "Impact reporting" of the Report through sampling carried out through documentation collection and analysis, in order to verify the consistency of the information included in the sections "Allocation reporting" and "Impact reporting" of the Report with the "Green Financing Framework";
- obtaining the representation letter relating to the accuracy and completeness of the information included in the Report and that provided to us.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the sections "Allocation reporting" and "Impact reporting" included in the Report included in the Green Report June 2025 of AGSM AIM S.p.A. have not been prepared, in all material respects, in compliance with the criteria established in the Green Financing Framework.

Verona, October 16, 2025

BDO Italia S.p.A.

Francesco Ballarin
Partner