acinque
ENERGIA CHE UNISCE

Green Financing Framework 2024

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Green Financing Framework

Acinque (the "**Issuer**", the "**Group**" or the "**Company**") is responsible for the preparation and fair presentation of this **Green Financing Framework** (the "**Framework**") as at June 2024. The Framework represents an enabler of the Company's long-term business plan with a direct link between its funding strategy and the core economic activities which embed positive environmental impacts and sustainable solutions. The fight against climate change and the commitment to sustainable development have been Acinque's priorities over the past years. This Framework therefore provides guidance on how to identify, measure, and communicate the Issuer's environmental footprint and helps to ensure greater transparency, accountability, and responsibility in relation to the use of the proceeds raised under this Framework.

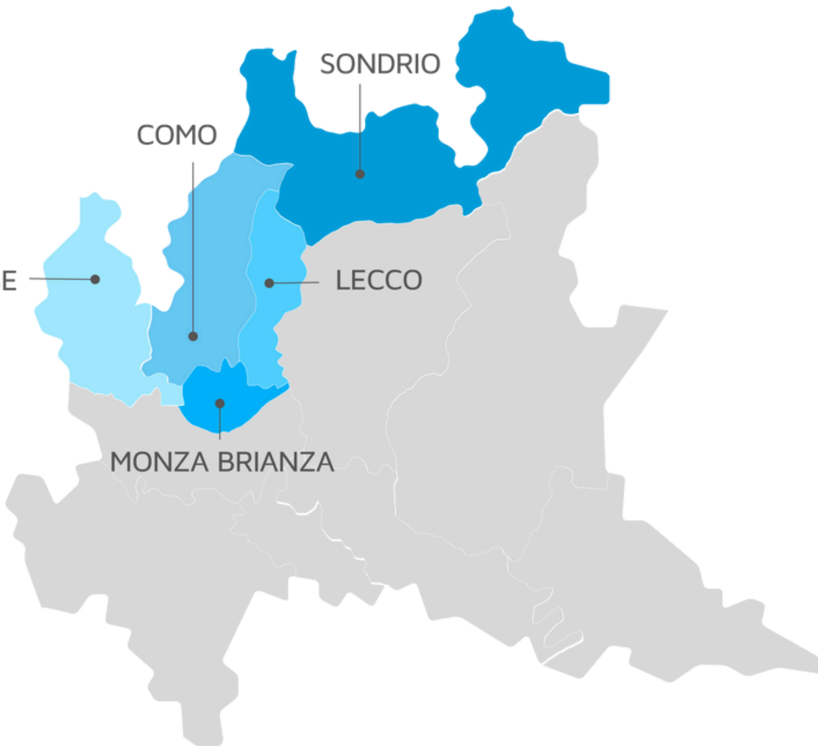
1. Introduction

Acinque is the regional reference entity for integrated energy management, environmental solutions, and water resources deployment in the territories where it operates. Acinque aims to offer the best innovative and sustainable solutions to its local communities, through a rational and efficient use of resources as well as projects in the field of energy efficiency, decarbonization, waste reduction and recovery of raw materials.

"Energy Transition" and "Circular Economy" are two fundamental pillars for the sustainable development of territories and local communities. The Group aims to achieve a just and inclusive ecological transition by integrating the social dimension into its business strategy. In this respect, Acinque's transition strategy includes employees' wellbeing and enhancement, as well as the commitment to reduce greenhouse gas emissions through the use of innovative solutions and the digitalization of processes, coupled with a sustainable supply chain management to secure supply and provide constant support to the surrounding areas.

1.1 Acinque: Business Overview

Acinque is a regional Italian multi-utility operating primarily in Northern Lombardy, in the provinces of Como, Monza, Lecco, Varese and Sondrio. Through its subsidiaries, the group distributes and sells natural gas through pipelines, generates, distributes, and sells electricity, manages a network of water supply, performs waste collection, waste treatment and disposal through a waste-to-energy (WtE) plant, provides public lighting, district heating, cogeneration and micro-generation services, as well as energy efficiency services, e-mobility and smart city. Acinque's shareholders[1] are: A2A (41%), Lario Reti Holding (24%), Monza municipality (11%), Como municipality (10%), Sondrio municipality (3%), Varese municipality (1%), Ascopiave[2] (5%) and market free float (5%).



The company's activities are divided into three business units:

- **Sales and Energy Solutions**: it manages the sale of gas and electricity to customers in the liberalized market, along with related value-added services such as air conditioners and boilers. It serves over 360,000 supplies in the provinces of northern Lombardy and the Veneto region. Every day, it works alongside businesses and municipalities in the provinces of Varese, Lecco, Sondrio, Monza, and Como with the aim of making cities safer, smarter, and more sustainable through energy efficiency activities such as installing devices for building energy

[1] As of June 2024
[2] Substantial holding

efficiency and electric vehicle charging stations. It adopts the most innovative technologies and proposes solutions with low environmental impact to promote a sustainable lifestyle

- **Grids and Infrastructure**: it manages gas, electricity, and water distribution services with quality and expertise, ensuring network safety, service continuity, and technological innovation of the facilities. In the cities of Monza, Como, Varese, Busto Arsizio and Lecco and Valmadrera under construction, it oversees district heating: an efficient, clean, and safe system of heat generation for domestic heating and hot water. It actively collaborates with municipalities with the aim of contributing in the field of public lighting and, more in general, to foster the cities' transition towards the "smart city" dimension
- **Waste:** it handles urban hygiene activities and waste treatment in the provinces of Como and Varese, through recovery and valorization of resources aimed at enhancing the livability of cities and the territory.

1.2 Acinque's Sustainability Approach

Acinque's mission aims to combine business growth with the satisfaction of its stakeholders through a deep connection with the territories in which it operates and in accordance with the principles of environmental, social, and economic sustainability. "Sustainability" is a cornerstone of Acinque's industrial approach, aiming to create tangible shared value by recognizing the fundamental role that energy, waste, and water play in ensuring a sustainable future for communities.

These values are a fundamental part of the Group's business model, which provides also the tools to ensure effective, efficient, and transparent management, such as:

- Group Code of Ethics;
- Organizational, Management, and Control Model pursuant to Legislative Decree 231/2001;
- Anti-Corruption Policy;
- Quality, Environment, and Safety Management Systems.

In line with the company's values, Acinque has adopted, for example:

- a Gender Equality Policy[3] against discrimination and gender-based violence,

[3] Gender Equality Policy is available for consultation at www.gruppoacinque.it ("Sostenibilità" > "Policy e certificazioni" section).

confirming the company's commitment to ensuring an inclusive and innovative work environment. This environment is founded on respect between genders, ethics, and equal opportunities for professional growth and development, free from any cultural stereotypes;

- an Anti-Corruption Policy has been adopted to disseminate within the Group and among all those who, in any capacity, contribute to achieving the company's purposes and objectives, the principles and rules to follow to exclude corrupt practices of any kind, direct and indirect, active and passive, including instigation;
- a "Whistleblowing" policy[4] regulates the process of receiving, analyzing, and handling reports - including anonymous ones - of unlawful behaviors, either acts or omissions, that violate or may violate national or European Union regulations harming the interests of the Company. This policy also outlines how to protect the whistleblower from possible retaliatory measures;
- a Sustainable Procurement Policy[5] that values a system of purchasing environmentally sustainable products and services, with a reduced impact on human health and the environment and promotes responsible conduct throughout the entire supply chain. This policy includes an assessment of the environmental and social impact of its suppliers. Additionally, the supplier selection and monitoring process integrates ethical aspects by requiring the signing of the Integrity Pact, in which suppliers commit to respecting the principles outlined in the Group's Code of Ethics.

Acinque's commitment to improving its performance is also highlighted by the adoption of policies and certified management systems based on international reference standards. These systems contribute to preventing and mitigating risks, making management more efficient, and acquiring greater competitiveness in the market, ensuring the satisfaction of stakeholder expectations.

[4] Whistleblowing Policy is available for consultation at www.gruppoacinque.it ("Governance" > "Segnalazioni Whistleblowing" section).
[5] Sustainable Procurement Policy is available for consultation at www.gruppoacinque.it ("Fornitori" section).

	ISO 9001:2015	ISO 45001:2018	ISO 14001:2015
Acinque Spa		✓	✓
Acinque Innovazione srl [6]	✓	✓	✓
Acinque Tecnologia Spa [7]	✓	✓	✓
Acinque Ambiente srl [8]	✓	✓	✓
Le Reti Spa	✓	✓	

In line with this approach, the Group has long integrated specific sustainability objectives into its Industrial Plan, as well as implemented a dedicated Sustainability Plan that outlines specific performance targets for each Business Unit.
For Acinque, "Energy Transition" and "Circular Economy" are the fundamental pillars to promote the sustainable development of territories through decarbonization objectives and the valorization of waste as new resources. To this end, the Group provides its stakeholders with the best innovative and sustainable solutions for the rational and efficient use of resources, respecting people and the environment. The enabling levers to achieve business objectives are:

- valuing people, inclusion, and gender equality, also through the search for the best skills available on the market;
- developing digital and innovative solutions to improve management and operational processes and promote sustainable practices along the supply chain;
- creating shared value while respecting the environment and natural resources, prioritizing proximity and attention to local communities.

[6] Acinque Innovazione is certified according to the UNI CEI 11352 standard for the provision of energy services as an Energy Service Company (ESCO).
[7] Acinque Tecnologie is certified according to the UNI CEI 11352 standard for the provision of energy services.
[8] The waste-to-energy plant in Como also has EMAS registration as an additional guarantee of the plant's environmental performance.

Furthermore, the Acinque Group has defined specific commitments against climate change through its Climate Strategy Commitment Declaration. As a testament to this commitment, the Group has voluntarily responded, for the third consecutive year, to the Carbon Disclosure Project (CDP) questionnaire in order to obtain an external assessment of its commitments and strategy regarding climate change, positioning itself in line with the industry's average score.

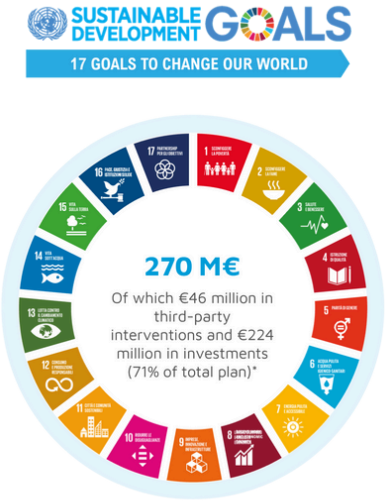
The latest Business Plan of Acinque encompasses investments that contribute to the Sustainable Development Goals (SDGs) of the UN's 2030 Agenda, and prioritize the generation of value for the territories, with concrete projects addressing GHG emissions reduction and geared toward climate neutrality.

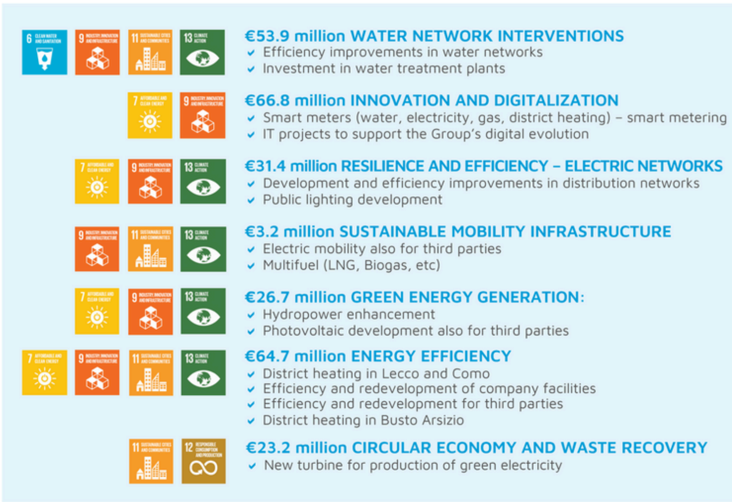
To achieve the reduction of greenhouse gas emissions stemming from its business activities, Acinque is committed to:

1. Minimizing direct and indirect emissions:
   - optimizing existing energy production facilities with the aim of reducing direct GHG emissions (Scope 1)
   - streamlining managed assets to minimize energy consumption, with particular attention to water network maintenance (Scope 1 and Scope 2)
   - increasing self-production of electricity from renewable sources and purchasing green renewable certificates to meet its own needs (Scope 2)
   - increasing the production of thermal energy from renewable sources and energy waste (Scope 3 category 3)
2. Consciously investing:
   - evaluating advanced technological solutions for capturing and storing emitted CO2 (Carbon Capture and Storage) allowing carbon dioxide to be permanently stored (Scope 1)
   - investing in the maintenance of the gas network under its management with the aim of minimizing gas leaks (Scope 1) and contributing to the possibility of distributing mixed gas with hydrogen and biomethane, with a beneficial impact on emissions resulting from end-user consumption (Scope 3 category 11)
   - investing in environmental mitigation projects that not only generate carbon credits which are useful for offsetting emissions resulting from gas sales but also have positive economic and social impacts on the local communities of the developing countries where the projects are implemented (Scope 3 category 11).
3. Engaging the value chain:
   - developing solutions with suppliers and strategic partners for the overall reduction of emissions (Scope 3 category 1 and 2)
   - supporting suppliers capable of providing products and services with low environmental impact (Scope 3 category 1 and 2)
   - raising awareness among customers about more conscious and responsible energy usage (Scope 3 category 11)

4. Adopting sustainable behaviors at the corporate level:
- gradually replacing the company vehicle fleet with hybrid, electric, and biogas-powered vehicles (Scope 1)
- encouraging smart working and the adoption of good practices for home-to-work transport with more sustainable means (e.g., bicycle use, car-sharing, or car-pooling) (Scope 3 category 7)
- increasing the amount of waste sent for material recovery (Scope 3 category 5).

Acinque ensures periodic and transparent reporting and monitoring of the actions taken and progress made within the scope of their activities and responsibilities.





* Percentage calculated on €316 million of total investments in the plans.

Overall, the Business Plan includes investments that ensure long-term value and service continuity for all the territories in which the Group operates.
Specifically, the "Grids and Infrastructure" Business Unit will invest in infrastructure renewal, digitalization, and smart services to support efficiency improvement. For the Waste Business Unit, the focus is on installing a new turbine for green electricity production and improving urban hygiene activities. Regarding the "Sales and Energy Solutions" Business Unit, the focus is on digitalization with the implementation of a new CRM, the development of strategic infrastructure for the territory (parking, sports facilities), and decarbonization of territory consumption through the provision of energy efficiency and savings solutions. The targets of the Sustainability Plan are defined through specific KPIs and are integrated into the activities of the Group's Business Units. Investments aimed at achieving predefined green objectives are prioritized, with measurable savings in CO_2 emissions reduction (approximately 375 k tons of CO_2 emissions avoided over the planning period) integrated into the 2024-2028 Business Plan as sustainability Key Performance Indicators (KPIs).

To ensure constant oversight of the integration of sustainability factors into its financial planning, the Group has adopted a procedure that governs the development of business plans, budgets, and forecasts, while simultaneously ensuring the continuous integration of its sustainability plan into this process. Through this internal oversight, the Group aims to ensure that non-financial risks and opportunities are adequately managed, including through conscious business choices.
For the evaluation of technical and financial investments during the development of business plan and/or budget, Acinque has adopted a procedure that also includes the assessment of alignment with the EU Taxonomy (Regulation EU 2020/852) in the authorization process. This assessment has then been extended to extraordinary operations, particularly with reference to standard acquisition operations.

1.3. Acinque Corporate Governance for Sustainability

In parallel and in conjunction with its traditional Governance model, the Group has established a specific Sustainability Governance structure dedicated to managing and controlling issues for the pursuit of sustainable business development.
This Governance model aims to integrate ESG (Environmental, Social, & Governance) issues into risk management models, strategy, and corporate purpose. Below are the roles and responsibilities of the Group's Sustainability Governance structure:

- **the Board of Directors (BoD)** is responsible for supervising and approving the Non-Financial Statement, which describes the management methods and the impacts generated by the Group and the performance recorded during the year. Additionally, the BoD is responsible for approving, upon the advice of the Strategic Committee, the Sustainability Plan, and other specific CSR policies, and monitors their implementation
- **the Strategic Committee**, also in consideration of what is provided for by the Corporate Governance Code to which the Company adheres, aims to support evaluations, decisions, and programming of strategic operations of the Company, as well as evaluations and decisions on sustainability aimed at pursuing the Group's sustainable success, which consists of creating long-term value for shareholders, taking into account the interests of other stakeholders relevant to the Company and the Group
- **the Control and Risk Committee** supports the Board of Directors regarding the periodic assessment of the adequacy of the Internal Control and Risk Management System concerning the characteristics of the enterprise and the risk profile

assumed, as well as its effectiveness, with the aim of ensuring that key business risks are properly identified and managed. It evaluates the suitability of periodic financial and non-financial information to accurately represent the business model, the Company's strategies, the impact of its activities, and the performance achieved, coordinating with the Strategic Committee in relation to what is provided for by the Corporate Governance Code

- the **Chief Executive Officer (CEO)** is responsible for the approval, monitoring, and supervision of the sustainability strategy, within which combating climate change is considered one of the most urgent and critical issues
- the **Sustainability and Innovation (SIN)** function, established in September 2023, whose responsibilities include:
  - ensuring strategic planning from a sustainability and innovation perspective
  - identifying, proposing, and promoting innovative solutions and projects, coordinating company-wide initiatives in line with the Sustainable Development Plan and in compliance with national/international standards and best practices
  - ensuring the application of reference standards in social accounting, identifying social responsibility indicators, ensuring the preparation of the Sustainability Report, serving as the Group's non-financial statement in compliance with deadlines and drafting principles
  - contributing to investment evaluation with reference to sustainability
  - designing and implementing an effective training and communication program to promote the development and dissemination of innovation and sustainability culture, principles, and content within and outside the Group.
- The **ESG Committee**, established in April 2024
  - With the aim of promoting and monitoring the integration of sustainability into the company's strategy, as well as managing potential risks and especially seizing the opportunities connected to the introduction of the CSRD, the Acinque Group has decided to strengthen the Sustainability Governance structure through the establishment of an ESG Committee. The Committee collaborates with the Strategic Committee that serves as a link between the Board of Directors, with which it will collaborate in defining strategies, and the functions dedicated to implementing various projects, and is composed of top-level figures within the company. The ESG Committee is composed of: - CEO of Acinque S.p.A. - Director of Administration, Finance, and Control - Director of People & Culture - Director of Internal Audit - Head of Risk

Management and Investment Evaluation function - Head of Investor Relations and Compliance function - Head of Sustainability and Innovation function (with coordination functions). In carrying out its activities, the ESG Committee may rely on the support of Director of IT and Digital Transformation (tasked with identifying the most suitable solutions for implementing the sustainability management system) - BU Leaders or their representatives identified as focal points for sustainability (tasked with transmitting the Committee's indications within their respective BUs).

Finally, the ESG Committee can collaborate with all company structures, involving them in coordination meetings to share objectives and action methods, and promoting, where deemed appropriate, the establishment of "thematic" working groups that discuss specific aspects of sustainability related to both the development of the management system and its dissemination.

1.4. Non-Financial Reporting

To guarantee maximum transparency to the market and stakeholders, Acinque reports on its sustainability progress on an annual basis within its Sustainability Report, in the Non-Financial Statement (NFS) according to the Italian Decree 254/2016.[9]
The 2023 Sustainability Report was prepared in accordance with the "GRI Sustainability Reporting Standards" of the Global Reporting Initiative (GRI Standards) considering the latest updates required by the "GRI Universal standards 2021" and the 'Electric Utilities Sector Supplement,' defined by the GRI in 2013. The NFS was subject to a limited review ("limited assurance engagement" according to the criteria indicated by the ISAE 3000 Revised standard) by EY SpA.
Furthermore, Acinque uses the Openreport® portal to communicate its sustainability activities to a wider audience (https://sostenibilita.gruppoacinque.it).

[9] The process of preparing the Non-Financial Statement (NFS) is defined by a specific procedure that identifies activities, timelines, roles, and responsibilities.

2. Green Financing Framework

2.1 Rationale for issuance

The establishment of a Green Financing Framework (the "Framework") is fully complementary with Acinque's commitment and ESG strategy, aimed at providing a positive environmental impact and playing a significant role in the transition towards carbon neutrality. The Framework 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, Acinque has an overarching tool that links its industrial strategy and planned investments with sustainable funding, 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, Acinque will be able to issue Green bonds, loans, and project finance instruments through public or private placements - collectively referred as "Green Financing Instruments"- to finance its sustainability efforts.

Acinque's Green Financing Framework is established in accordance with the Green Bond Principles 2021 (with June 2022 Appendix) administered by the ICMA[10] ("GBP"), as well as the Green Loan Principles 2023 administered by the APLMA, LMA, and LSTA[11] ("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 Regulation,[12] specifically to the Substantial Contribution technical screening criteria related to climate change mitigation, as laid out in the Climate Delegated Acts[13] ("**EU Taxonomy**"), where relevant, possible and on a best effort basis.
Acinque is committed to constantly improving its approach to sustainability and 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.

2.2 Use of proceeds

An amount equal to the net proceeds raised from any Acinque'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 constitute expenditures that occurred no earlier than three financial years prior to the year of issuance. Eligible Green Projects may include:

- Capital expenditures
- Selected operating expenditures
- Acquisition of so-called "pure-player" entities, namely companies deriving at least 90% of their revenues from activities which meet the Eligibility Criteria described herein

[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

Eligible Green Projects are net of any other public contributions, dedicated green funding, project financing, and any State or European subsidies.
Acinque's Green Financing Framework includes six Green Eligible Categories, with proven underlying positive environmental benefits:

- Renewable Energy
- Transmission and Distribution Networks
- Energy Efficiency
- Pollution Prevention and Control
- Sustainable Water
- Clean Transportation.

Acinque intends to disclose the expected allocation of 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.

Green Eligible Category	Eu Economic Activities	Eligibility Criteria	Alignment with UN SDGs	EU environmental objectives
Renewable Energy	4.1. Electricity generation using solar photovoltaic technology 4.5. Electricity generation from hydropower	Investments and expenditures (including ancillary technical equipment) related to the acquisition, construction, maintenance, and operations of the following renewable energy assets: ○ Solar photovoltaic electricity generation ○ Hydropower electricity generation	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	Climate Change Mitigation

[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: The process of preparing the Non-Financial Statement (NFS) is defined by a specific procedure that identifies activities, timelines, roles, and responsibilities.
[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: The process of preparing the Non-Financial Statement (NFS) is defined by a specific procedure that identifies activities, timelines, roles, and responsibilities.

Transmission and Distribution Networks	4.9 Transmission and distribution of electricity	Investments and expenditures related to connecting renewable sources to the grid, improving efficiency and reliability of the grid, and reducing electricity losses of existing networks. In particular: - Grid efficiency: new primary electric stations, replacement of network parts on the electricity grid - Smart grid: installation of smart meters - Infrastructure development and improvement projects including IT platforms and application	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION	Climate change mitigation
Energy Efficiency	4.15. District heating/cooling distribution 7.2. Renovation of existing buildings 7.3. Installation, maintenance and repair of energy efficiency equipment	Investments and expenditures related to: - Construction, revamping, refurbishment and operation of pipelines and associated infrastructure for distribution of heating and cooling - Energy efficiency measures aimed at improving the efficiency of buildings such as	7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES	Climate change mitigation

		(but not limited to): • replacement of existing windows and doors with new energy efficient windows • installation and replacement of energy efficient light sources • installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) oand water heating systems • addition of insulation to existing envelope components, such as external walls, roofs, lofts, basements and ground floors and products for the application of the insulation to the building envelope - Installation, maintenance and repair of renewable energy technologies, onsite, such as (but not limited to):		

Pollution Prevention and Control	5.5. Collection and transport of non-hazardous waste in source segregated fractions	Investments and expenditures related to separate collection and transport of non-hazardous waste in single or comingled fractions aimed at preparing for reuse or recycling	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	Climate change mitigation
Sustainable Water	5.1. Construction, extension and operation of water collection, treatment and supply system	Investments and expenditures related to construction, extension, maintenance and operations of water supply systems. In particular: - Interventions aimed at reducing linear water losses - Interventions aimed at increasing water system resilience and the security of water supply	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Climate change mitigation
Clean Transportation	7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Investments and expenditures related to construction, development, acquisition, operation and maintenance of infrastructure for sustainable mobility and vehicles with a low environmental impact. In particular: - Installation of charging stations for electric vehicles - Zero direct tailpipe CO2 emissions electric vehicles	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	Climate change mitigation

Acinque 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.
Acinque will not allocate proceeds received from the issuance of Green Financing Instruments under this Framework to any kind of project based on fossil fuel or nuclear activities.
Furthermore, a specific exclusion criterion is applied by Acinque on a case-by-case basis for each project in the context of any material issues linked to ESG factors at project level.

2.3 Process for project evaluation and selection

The main investment projects included in Acinque's Capex Plan have been evaluated through a cost-benefit analysis methodology, which includes environmental and social indicators, in order to be considered sustainable.
A dedicated Green Finance Working Group (the "**Working Group**") 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.
The Green Finance Working Group is composed of representatives from the following departments:

- Finance
- Sustainability
- Planning & Control
- 262
- Subsidiaries/Business Units involved, relating to specific project(s).

The Green Finance Working Group will meet on at least an annual basis and as and when the situation requires. . The selected projects will have to comply with Acinque's approved environmental objectives within its 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 Green Finance Working Group will perform an annual review with the responsibility of:

- evaluating and selecting the Eligible Green Projects for inclusion, in line with the Use of Proceeds section defined above
- monitoring, at least annually, the portfolio of Eligible Green Projects, to ensure a

continued compliance with 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
- taking measures to ensure Eligible Assets are available for substitution in the event of potential shortfalls
- overseeing the internal processes to identify known material risks of negative social and/or environmental impacts associated with the Eligible Green Projects and apply the appropriate mitigation measures where feasible
- validating the allocation and impact reporting process
- overseeing the temporary use of unallocated proceeds
- engaging with auditors and external Second Party Opinion providers
- reviewing the content of Acinque's Green Financing Framework and validating any changes to the document in line with market or regulatory developments and the Company's sustainability strategy.

With regards to general ESG risk management, all Eligible Green Assets are subject to the Company's regular Internal Control and Risk Management System, which, within the end of 2024, will also include an assessment of ESG factors, as well as other relevant sustainability policies. Furthermore, Acinque will also ensure, on a best-effort basis, that all Eligible Green Assets comply with relevant international, national and local laws and regulations.
Eligible Green Assets may be originated by any of the Group's entities. The respective legal entity/Business Unit of the Group will perform the preliminary selection activity on any investment and expenditure originated which is potentially eligible according to this Framework and provide such relevant information to the Green Finance Working Group.

2.4 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 Treasury Department 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 Acinque's subsidiaries.

A revolving and substitution policy will be followed to maintain the relationship between the Eligible Green Assets portfolio and the outstanding Green Debt Instruments, therefore as soon as reasonably practical the Eligible Green Assets portfolio will be re-balanced and updated.
The above policy will be used to refresh the balance of the Eligible Green Assets portfolio on an annual basis. The Green Finance Working Group will monitor to ensure that the total amount of the Eligible Green Assets is greater than the outstanding amount of the Green Debt Instruments.
Pending the full allocation to Eligible Green Projects, Acinque will invest the balance of issuance proceeds, as its own discretion, in cash or cash equivalents, overnight or other short-term financial instruments. In case of any project postponement or non-compliance with evaluation and selection criteria, Acinque commits to allocate the proceeds to other projects that would comply with the Eligible Green Categories as soon as reasonably practicable.
The Green Finance Working Group will oversee the monitoring of the Green Financing Instruments' proceeds.

2.5 Reporting

Acinque commits to report annually, and until the complete allocation of proceeds, 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 and reviewed by an independent external auditor.

2.5.1. Allocation reporting

Acinque will report approximately one year from the date of issuance, and annually thereafter until the complete allocation of proceeds, 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 amount or the percentage of new financing and refinancing

- Contribution to the EU environmental objective where applicable
- A mapping of the underlying projects to the relevant UN SDGs
- The balance of unallocated proceeds at the time of reporting, if any.

2.5.2. Impact reporting

Acinque also intends to report annually on the environmental benefits (see Annex 1) of the Eligible Green Assets, until full allocation. 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, Acinque will align the impact report with the portfolio approach described in the ICMA "Harmonised Framework for Impact Reporting" dated June 2023.[14]

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

14 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

3.1. Second-Party Opinion

Acinque has mandated a 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 Acinque's Green Financing Framework and Second Party Opinion will be made available on the Company's website.

3.2. Post issuance external verification

Starting one year after issuance, a verification or assurance of the reporting may be released on an annual basis, until the complete allocation of proceeds, by a third party agency or financial auditor, including: proceeds allocation, the compliance of the allocated assets with the selection process, the environmental benefits obtained.

Annex 1: Reporting on Environmental Benefits per Eligible Category

Green Eligible Category	Examples of Impact Metrics
Renewable Energy	• Energy production from RES (MWh) • Renewable energy production (% of total energy produced) • Annual GHG emissions avoided (tCO_2) • Green electric energy supplied (% of total supply)
Transmission and Distribution Networks	• Distributed energy (GWh/year) • Number of served citizens • Km of electricity network (km)
Energy Efficiency	• Annual GHG emissions avoided thanks to energy efficiency improvements (tCO_2eq) • CO_2 avoided thanks to district-heating (tons) • NO_x avoided thanks to district-heating (tons) • Number of LED light points installed on public lighting (cumulative value) per share
Pollution Prevention and Control	• Number of served citizens • Amount of waste sent for recovery (% of total) • Amount of waste treated (tons) • Amount of waste collected (tons) • Separated waste collection (%)
Sustainable Water Management	• Number of served citizens (#) • Reduction of water network losses (%) • Water fed in the network by source (mc) • Km of water network (km)
Clean Transportation	• Additional EV charging stations installed (#) • Annual GHG emissions avoided (tCO_2eq) • Number of hybrid/electric vehicles in the total fleet (#)