



17.11.2023

Environmental and Social Data Sheet

Overview

Project Name:	A2A ELECTRICITY NETWORKS
Project Number:	2023-0382
Country:	ITALY
Project Description:	The Project consists of the extension and renovation of the promoter's electricity distribution networks (the "Project"). A2A serves mainly the cities of Milan, Brescia, Cremona and their outskirts during the period 2023-2027.
EIA required:	no
Project included in Carbon Footprint Exercise ¹ :	no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

The Project is an investment programme (the "**Project**") for the reinforcement and modernization of the promoter's distribution networks in Italy, in the cities of Milan, Brescia and Cremona and their outskirts, during the period 2023-2027.

The Project will develop new assets in MV and LV networks such as: approx. 486km of MV lines (43% new and rest refurbished), 263 km of LV lines (32% new and the rest refurbished), 14 new primary substations and 839 new secondary substations (40% new, 53% refurbished and remaining expanded) and includes network automation investments.

The Project will enable the promoter to improve quality of service, to cater for demand growth and connect new users. The Project will be implemented by Unareti S.p.A., the distribution system operator in Milano and Brescia and LD Reti Srl for Cremona all fully owned subsidiary of A2A (the "**Promoter**").

Environmental Assessment

The characteristics of the schemes under the scope of the Project are such that they are listed under Annex II of the EIA Directive, however they do not meet the minimum thresholds for EIA screening set out in the Italian legislation because they are below 150kV and less than 30 km. No schemes are located in the vicinity of a Natura 2000.

Overall, the environmental impacts of the Project are expected to be minor and related mainly to noise, vibration, dust, and traffic disruption during the construction, and electromagnetic fields (EMF) and nuisance during operation. Appropriate mitigation measures will be implemented to minimise impacts during construction and operation. Particular attention will be paid to contain the effect of noise, vibrations and traffic disruption during the construction works. Typical mitigation measures include special construction procedures to minimize damages, construction of facilities to contain oil leaking from transformers, special waste collection procedures and other. Regarding cultural heritage, excavation works will be carried according to national legislation (Legislative Decree 42/2004).

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



The environmental and social due diligence has followed the Project lending approach according to the EIB's procedures and standards, i.e. the due diligence focussed on the Promoter's capacity and capability to implement the Project in line with EIB environmental and social standards and requirements. The environmental capacity of the Promoter is deemed to be good; it has the experience and the capacity to appropriately manage the investment Project.

The source of CO₂ equivalent (CO₂e) emissions for the Project is the ohmic losses of the new network equipment being installed. At Project completion, the corresponding absolute emissions are estimated by the Bank at 5.4 kt CO₂e per year. These absolute emissions are however, offset by the reduction of system losses enabled by the Project in comparison to the do-nothing alternative. Therefore, at completion, the Project is expected to enable a saving of -8.2 kt CO₂e per year. For the annual accounting purposes of the EIB Carbon Footprint, the Project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of Project cost.

EIB Paris Alignment for Counterparties (PATH) Framework

A2A S.p.A. ("A2A", the Promoter's parent company) was the first multi-utility in Italy to obtain validation of the emission target by the Science Based Target Initiative. The Promoter is not active in incompatible activity with Paris Alignment and is currently rated by SBTi (Science Based Targets initiative) as "Net-zero" committed by 2040, with a near-term target (2030) and a long-term target (2040) of decarbonisation adopting a 2 C degree scenario as a reference of global temperature increase.

The decarbonisation path of the Promoter foresees in 2030 a reduction in direct emission per kWh produced of 46% compared to 2017 (equal to a reduction of 3.5% annually). The objective is publicly stated including the plan to install new generation capacity of 1.6 GW at 2030 and conversion of coal power plant (this is aligned with the "Piano Nazionale Energia e Clima (PNIEC)" that envisage the closure of all coal power plant by 2025).

The counterparty is publicly committed to reach carbon net zero emissions by 2040, therefore based on the above mentioned elements the decarbonisation plan can be considered aligned to the Paris requirements.

Social Assessment, where applicable

The Project does not entail physical resettlement, in Milano area all the cables and some secondary transformers will be located underground to limit the impacts.

The Project allows the improvement of quality of service to users (SAIDI and SAIFI), improvement of operating conditions and the connection of a distributed generation from renewables.

The A2A policies covering Diversity and Inclusion issues are: the Code of Ethics, the Human Rights Policy, the principles of the Global Compact, to which the Group adheres, and Diversity, Equity & Inclusion Commitment Statement.

One of the objective is promoting equal treatment and opportunities between genders within the entire corporate organization and initiatives are present to encourage inclusion on this issue such as:

- signing the "Women Empowerment Principles", a declaration of a programmatic commitment in seven principles defined by the UN Global Compact and UN Women to promote female employment and gender equity as a factor of innovation and growth for companies;
- the CEO's adhesion to the Valore D - G20 EMPOWER Advocates network, a global network of CEOs committed at the front line to promoting diversity and female talent in companies.



Public Consultation and Stakeholder Engagement

A2A has continued a structured programme of listening and dialogue with local stakeholders by means of working groups and public meetings, with the aim of communicating the specific features of Project implementation to the territorial communities, creating discussions on the topics that are most important for A2A and its stakeholders and contributing to the development of ideas and projects in line with the Group's goals.

The A2A Group had a dedicated Stakeholder Engagement Policy, the engagement process is founded and committed on the following principles:

- Inclusivity, considering all relevant perspectives of stakeholders in identifying material themes and their impact;
- Materiality, identifying and prioritizing the most relevant topics impacting A2A and its stakeholders;
- Responsiveness, considering in A2A decisions and activities material themes and their impact;
- Impact, monitoring, measuring and evaluating outcomes of A2A activities

Other Environmental and Social Aspects

Regarding environmental aspects, the Promoter has several certifications such as: ISO 9001 (Quality Management Standards), ISO 14001 (Environmental Management Standards) and ISO 45001 (Occupational Health and Safety Standards).

The Promoter is experienced and has the capacity to mitigate the impacts to an acceptable level through its Environmental Protection Management programme. Safety aspects are integrated into the Promoter's guidelines

Conclusions and Recommendations

The Bank reviewed the environmental and social capacity of the Promoter including its organisation, processes and procedures, and deemed them to be good.

Based on the information available, and with appropriate conditions (see below) and monitoring, the Project is expected to be acceptable in environmental and social terms for Bank financing:

- The Promoter undertakes to ensure that all programme schemes will undergo an appropriate assessment screening. Should a component have a potential impact on a NATURA 2000 site, the undertaking is extended to inform the relevant authority and implement the procedures under Articles 6(3) and (4) of the Habitats Directive.
- The Promoter undertakes to store and keep updated any documents that may be relevant for the programme and which support the compliance with the provisions under the EU Habitats and Birds Directives (Form A/B, or equivalent declaration by the competent authority) and shall, upon request, promptly deliver such documents to the Bank.
- The Borrower undertakes not to engage in incompatible activities, as defined in the EIB Group PATH Framework (<https://www.eib.org/en/publications/20220007-the-eib-group-path-framework>).
- The Promoter undertakes that no funds will be allocated to assets which serve the direct connection (new or refurbished) of generation facilities with lifecycle GHG emission above 100 gCO₂e/kWh.
- The Borrower undertakes to share with the Bank any new SBTi plan as soon as they are approved and publicly announced.