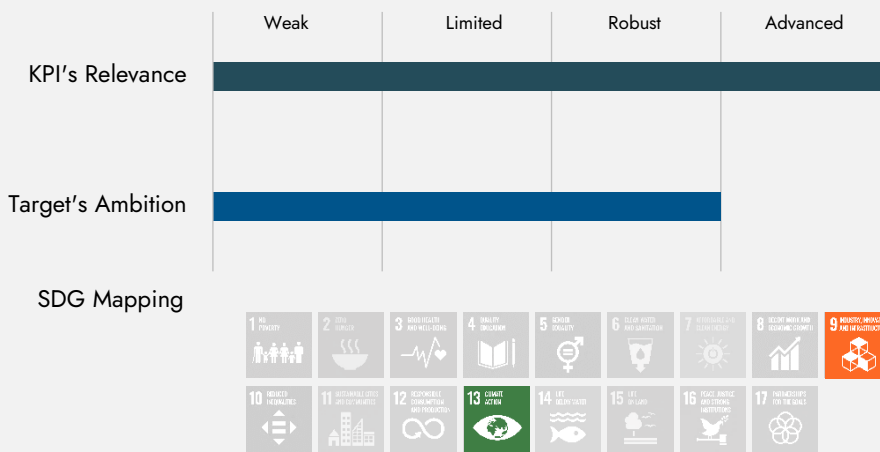


# SECOND PARTY OPINION

on ASTM's Sustainability-Linked Financing Framework

V.E considers that ASTM's Sustainability-Linked Financing Framework is aligned with the five core components of ICMA's Sustainability-Linked Bond Principles (SLBP) 2020 and LMA/APLMA/LSTA's Sustainability-Linked Loan Principles (SLLP) 2021

## Framework



### Characteristics of the Framework

Audit of the Data	Yes
Three-year Historical Data	Yes
Nature of the Impacts on the Bond/Loan's Characteristics	Financial (step up or margin adjustment)
Disclosure of measures to achieve the SPT(s)	Yes

## Sustainability Performance Targets (SPTs)

KPI 1: Absolute Scope 1 and 2 GHG emissions, calculated in tonnes of carbon dioxide equivalent (tCO2eq)

- Reduce absolute scope 1 and 2 GHG emissions by 25% by 2030, baseline 2020.

KPI 2: Absolute Scope 3 GHG emissions from purchased goods and services, calculated in tonnes of carbon dioxide equivalent (tCO2eq)

- Reduce absolute scope 3 GHG emissions from purchased goods and services by 13% by 2030, baseline 2020.

	2020 (Baseline)	2024*	2027*	2030*
KPI 1	113,835 (tCO2eq)	102,452 (tCO2eq)	94,483 (tCO2eq)	85,376 (tCO2eq)
KPI 2	1,258,944 (tCO2eq)	n/a	1,145,639 (tCO2eq)	1,095,281 (tCO2eq)

\*Trigger events

## Issuer

### Involvement in Controversial Activities

- |   |  |   |   |
|---|--|---|---|
| <input type="checkbox"/> Animal welfare       | <input type="checkbox"/> Fossil Fuels industry | <input type="checkbox"/> High interest rate lending | <input type="checkbox"/> Pornography                |
| <input type="checkbox"/> Cannabis             | <input type="checkbox"/> Coal                  | <input type="checkbox"/> Human Embryonic Stem Cells | <input type="checkbox"/> Reproductive medicine      |
| <input type="checkbox"/> Chemicals of concern | <input type="checkbox"/> Gambling              | <input type="checkbox"/> Military                   | <input type="checkbox"/> Tobacco                    |
| <input type="checkbox"/> Civilian firearms    | <input type="checkbox"/> Genetic engineering   | <input type="checkbox"/> Nuclear power              | <input type="checkbox"/> Unconventional oil and gas |
| <input type="checkbox"/> Alcohol              |  |   |   |

### ESG Controversies

Number of controversies	None
Frequency	NA
Severity	NA
Responsiveness	NA

## Key findings

V.E considers that ASTM's Sustainability-Linked Financing Framework is aligned with the five core components of the ICMA's/LMA/APLMA/LSTA's Sustainability-Linked Bond Principles (SLBP) 2020 and Sustainability-Linked Loan Principles (SLLP) 2021.

### Selection of the Key Performance Indicators (KPIs) – aligned with the SLBP & SLLP and best practices identified by V.E

- The KPIs are clearly defined, including the unit of measurement, the rationale and process to select the KPI, the calculation methodology and the scope. They are publicly disclosed in the Framework and this SPO.
- The KPIs are measurable and are externally verifiable.
- The calculation methodology is consistent and the Issuer commits to inform the investors of changes in the methodology.
- The KPIs definition rely on external references allowing their benchmark.
- The selected KPIs reflect the Issuer's most material sustainability issues for its current and future operations, as well as the most relevant sustainability challenges for its sector. In addition, the KPIs reflect one of the most material issues in the Issuer's materiality matrix and they cover over 90% of the activities.

### Calibration of the Sustainability Performance Targets (SPTs) – aligned with the SLBP & SLLP

- The SPTs are consistent with the issuer's existing targets set in its sustainability strategy.
- The SPTs demonstrate a robust level of ambition.
- The timeline, baseline and trigger events are clearly disclosed and the Issuer has set relevant intermediary targets allowing sufficient visibility on the KPIs performance.
- The means for achieving the SPTs are credible.

### Bond Characteristics – aligned with the SLBP & SLLP

- The potential variation of the bond financial characteristics depending on whether the selected KPIs would reach (or not) the predefined SPTs is clearly defined in the Framework and is publicly disclosed in this SPO.
- The variation of the bond financial characteristics is meaningful.

### Reporting – aligned with the SLBP and SLLP and best practices identified by V.E

- The Issuer has committed to disclose all relevant information in ASTM's website and/or its annual Sustainability Reports (including information on the performance of KPIs, information enabling investors to monitor the level of ambition of the SPTs and baselines). The reporting will be published annually until maturity of the Bond.
- The intended scope and granularity of the reporting is clear and exhaustive, covering all the required and recommended elements.
- The selected KPIs related data are covered by an internal and external verification.

### Verification – aligned with the SLBP and SLLP and best practices identified by V.E

- The performance of each KPI against each SPT will be covered by an external verification, on an annual basis and in case of material changes impacting the SLB's financial characteristics (such as a trigger event), until after the last SPT trigger event has been reached, and until maturity of the Bond.
- The verification assurance report will be publicly available on ASTM's website following a target observation date.



## Type of External Reviews supporting this Framework

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<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input checked="" type="checkbox"/>	Independent verification of KPI(s) reported data
<input checked="" type="checkbox"/>	Independent verification of SPT(s) achievement		

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## Contact

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# SCOPE

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V.E was commissioned to provide an independent Second Party Opinion (“SPO”) on the integration of two environmental factors to the Sustainability-Linked Bonds and Loans (the “Bonds/Loans”) issued and/or structured by ASTM S.p.A (the “Issuer” or “ASTM”) in compliance with the Sustainability-Linked Financing Framework (the “Framework”) created to govern their issuances.

Of note, Sustainability-linked debt instruments are intended to finance general corporate purposes. As opposed to other sustainable financial instruments such as green/social bonds or loans, these instruments are agnostic on how funds are used. The main feature of this type of financing is the variation of the bond and loan’s financial and/or structural characteristics, depending on whether the Issuer achieves predefined sustainability/ESG objectives.

Our opinion is established using V.E Environmental, Social and Governance (“ESG”) assessment methodology and the International Capital Market Association’s (ICMA) Sustainability-Linked Bond Principles (“SLBP”), voluntary guidelines, published in June 2020 and the Loan Market Association, Asia Pacific Loan Market Association, Loan Syndications & Trading Association’s (LMA/APLMA/LSTA) Sustainability-Linked Loan Principles (“SLLP”), voluntary guidelines, published in July 2021. This opinion is strictly limited to the integration of two environmental factors in the Bonds and/or Loans. This opinion does not cover the integration of broader sustainability factors (i.e. social and governance), or the labelling of the Bonds/Loans where the final decision is left to ASTM. This opinion does not constitute a verification or certification.

Our opinion is built on the review of the following components:

1. Framework: we assessed the Framework, including the coherence between the Framework and the Issuer’s environmental commitments, and the Framework’s alignment with the five core components of the SLBP 2020 and SLLP 2021.
2. Issuer<sup>1</sup>: we assessed the Issuer’s management of potential stakeholder-related ESG controversies and its involvement in controversial activities<sup>2</sup>.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from V.E’s exclusive ESG rating database, and (iii) information provided by the Issuer through documents.

We carried out our due diligence assessment from September, 20, 2021 to November, 8, 2020. We consider that we were provided access to all documents we solicited. To this purpose, we made reasonable efforts to verify the accuracy of all data used as part of the assessment.

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<sup>1</sup> The Issuer is not part of our ESG performance rating universe.

<sup>2</sup> The 17 controversial activities screened by V.E are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Gambling, Genetic engineering, High interest rate lending, Human Embryonic Stem Cells, Military, Nuclear power, Pornography, Reproductive medicine, Tar sands and oil shale, and Tobacco.

# COHERENCE

Coherent
Partially coherent
Not coherent

V.E considers that the selected KPIs are coherent with ASTM's strategic sustainability priorities and that they contribute to achieving the Issuer's environmental commitments.

ASTM's sustainability commitments are set in its "Going Global Sustainably" Sustainability Plan<sup>3</sup>. Within the Sustainability Plan, ASTM has set different policies described in terms of long-term sustainability objectives and actions to limit the Group's environmental impact.

Particularly relevant for this context is the policy 'Ensuring compliance with environmental regulations and promote energy efficiency policies' with the objective to 'Monitor and reduce GHG emissions' through different actions including:

- Promote an employee awareness campaign to support responsible behaviour and prevent the waste of natural resources (e.g. water, light, etc.)
- Define and monitor the indicators that measure the Group's performance and that enable the identification of subsequent actions to combat climate change
- Adopt, from 2018, the CDP Climate Change programme regarding scope 1, 2 and 3 emissions affirmed by an external auditor and assessment of any measures to reduce the emissions
- Coordinate the environmental policy management system within each business segment

The Group's companies have also been implementing the following actions to limit their environmental impact including: development of energy saving policies and work sites with reduced environmental impact, while promoting the adoption of these policies also by subcontractors; diffusion of efficient lighting systems on motorways, through increased use of LEDs; development of noise abatement plans for motorway infrastructures; promotion of the use of recycled materials to support circular economy, as part of the activities for maintenance and modernization of motorway infrastructures; and protection of the local areas, reduction in land use and safeguarding of biodiversity.

Furthermore, the Issuer has a Climate Strategy in line with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations which has been implemented with the intention to strengthen the Group's commitment on climate change by helping to meet the objective of limiting the increase in the average global temperature to no more than 2°C. In 2020 ASTM introduced climate scenario analysis to its process to develop a strategy to:

- Assess how risks and opportunities linked to the climate influence all the Group's business areas;
- Investigate the Group's resilience/robustness in the face of risks and opportunities linked to the climate; and
- Identify a strategy to reduce the Group's GHG emissions over the medium/long-term.

The Issuer reports that the Sustainability Plan will be completed by the end of 2021, and that the Group is in the process of developing an even more ambitious strategic plan, which aims to guarantee protection of local areas, responsible use of natural resources, efficient energy consumption, management of atmospheric emissions and protection of biodiversity.

Ahead of the publication of its new strategic plan, ASTM has set GHG emissions reduction targets which were validated in September 2021 by the Science Based Target Initiative<sup>4</sup> (SBTi), as contributing to limiting the increase in the average global temperature to well-below 2°C for its Scope 1 & 2 GHG emissions and 2°C for its Scope 3 GHG emissions with respect to pre-industrial levels, as defined in the Paris Agreement. The targets foresee a 25% reduction of scope 1 & 2 GHG emissions as well as a 13% reduction of scope 3 GHG emissions from purchased goods and services by 2030 versus 2020 levels.

<sup>3</sup> <https://www.astm.it/wp-content/uploads/2018/11/Sustainability-Plan-2017-2021-Group.pdf>

<sup>4</sup> The Science Based Targets initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact, World Resources Institute and the Worldwide Fund for Nature (WWF) <https://sciencebasedtargets.org/>



The KPIs and associated SPTs chosen for ASTM's Sustainability-Linked Financing Framework, expected to be reached by 2030, are consistent with the Issuer's sustainability commitments and reflect the Issuer's climate change strategy.

# FRAMEWORK

The Issuer has described the main characteristics of the Instruments within a formalised Framework (the last updated version was provided to V.E on November, 4, 2021) which covers the five core components of the SLBP 2020 and SLLP 2021. The Issuer has committed to make this document publicly accessible on its website<sup>5</sup> at the first issuance date, in line with good market practices.

## Alignment with the SLBP and SLLP

### Selection of the Key Performance Indicators (KPIs)



Table 1. Analysis of the KPI(s) selected by the Issuer

KPI 1: ABSOLUTE SCOPE 1 AND 2 GHG EMISSIONS	KPI 2: ABSOLUTE SCOPE 3 GHG EMISSIONS FROM PURCHASED GOODS AND SERVICES
DEFINITION: CLARITY AND DISCLOSURE	
The KPIs are clearly defined, including the unit of measurement, the rationale and process to select the KPI, the calculation methodology and the scope. They will be publicly disclosed in the Framework and this SPO. The perimeter covered by these KPIs includes the Issuer's wholly consolidated subsidiaries detailed in the 2020 Consolidated Financial Statement.	
<p>The calculation methodology for KPI 1 is based on the Global Reporting Initiative Sustainability Reporting Standards issued by GRI and the Greenhouse Gas Protocol (GHG Protocol). Direct and indirect emissions are distinguished in three fields of application or "Scope": Scope 1: direct emissions; Scope 2: indirect emissions from the production of purchased electricity; Scope 3: other indirect emissions.</p> <p>Scope 1 covers direct emissions, coming from sources owned or controlled by the Group, including: natural gas; heating fuel; diesel fuel; fuel oil; petrol; LPG; diesel fuel for electricity generation; ethanol.</p> <p>Scope 2 covers indirect emissions [from the production of purchased electricity (market based approach)], coming from the generation of electricity (from non-</p>	<p>The calculation methodology for KPI 2 is based on the Global Reporting Initiative Sustainability Reporting Standards issued by GRI and the Greenhouse Gas Protocol (GHG Protocol). These emissions have been partially calculated using specific emissions factors and partially estimated through "The Scope 3 Evaluator" screening tool, released by GHG Protocol in collaboration with Quantis.</p> <p>ASTM's scope 3 GHG emissions considered in this KPI includes 100% of emissions from purchased goods and services.</p>

<sup>5</sup> <https://www.astm.it/en/>



<p>renewable sources) purchased externally and consumed by the Group, (in particular electricity bought for consumption).</p>	
<p>The rationale and process for the selection of the KPI is considered relevant and is clearly disclosed within ASTM’s Framework. The Issuer wants to contribute to the objectives of the Paris Agreement for the development of a low-carbon economy through greater adoption of clean and environmentally sound technologies for sustainable infrastructure. One of the key focus areas of the Group’s decarbonisation path is the reduction of GHG emissions coming from the own sources and from the use of electricity, contributing to develop a safe, affordable, accessible and sustainable transport systems for all.</p>	<p>The rationale and process for the selection of the KPI is considered relevant and is clearly disclosed within ASTM’s Framework. Scope 3 emissions from purchased goods and services represent the majority of ASTM’s total GHG emissions (around 64% of ASTM’s total carbon footprint). Therefore, ASTM considers the establishment of a dedicated Scope 3 target as relevant, core and material to its ultimate sustainability goals in order to strengthen resilience to climate-related hazards and promote the development of safe, affordable, accessible and sustainable infrastructure through the involvement of the supply chain.</p> <p>ASTM reports to have selected Scope 3 KPI because it is core and material to the business and measures the sustainability improvements of CO2 emissions that are not under ASTM’s direct control. Moreover, according to the Issuer, setting a scope 3 target enables ASTM to mitigate value chain risks, unlock new innovations and collaborations, and respond to the interest expressed by investors, customers, and civil society.</p>

**MEASURABILITY, BENCHMARK AND VERIFIABILITY**

The KPIs are measurable and externally verifiable.

An assurance statement on the information of both KPIs, issued by an auditor, will be included in the integrated annual report and sustainability performance report.

The calculation methodology is consistent, and the Issuer commits to inform the investors of changes in the methodology.

The KPIs were previously disclosed and have historical externally verified KPI values covering at least the previous 3 years. Data on scope 1 and 2 emissions (KPI 1) is included in ASTM’s sustainability reports which have been externally audited in the past three years. Scope 3 emission (KPI 2) related to 2019 and 2020 have been externally monitored and certified by an external auditor for disclosure to the Carbon Disclosure Programme. Only scope 3 emissions related to 2018 has not been audited, and have been calculated pro-forma to provide historical performance in the SLB Framework.

The KPIs definition relies on external references allowing their benchmark. The Issuer refers to the GHG Protocol, Global Reporting Initiative (GRI), and Science Based Target Initiative.

**RELEVANCE AND MATERIALITY**

The selected KPIs reflect the Issuer’s most material sustainability issues for its current and future operations, as well as the most relevant sustainability challenges for its sector. In addition, the KPIs reflect one of the most material issues identified by the Issuer in its materiality matrix, which is energy consumption and GHG emissions. Emission reduction has also been identified as part of the Group’s contribution to achieving the SDGs by 2030. The KPIs cover over 90% of the Issuer’s activities. ASTM is part of the motorway operator sector (and operates in motorway management,



large infrastructure engineering and construction projects and technology), which has a major role to play regarding climate change and energy efficiency. Most production processes of the sector have a high consumption of energy and emit significant amounts of greenhouse gases.

The relevance of KPIs 1 and 2 is considered advanced regarding the Issuer's activity and the sector issues. The construction of roads and large infrastructure and construction projects have a significant impact on climate change, particularly by producing large volumes of harmful GHG emissions directly through fossil fuel consumption, transportation, paving works, etc., and indirectly through the purchase of raw materials and emissions coming from the increase of vehicles on the road<sup>6</sup>. In this sense, construction companies, including road toll operators, must define an exhaustive environmental strategy that limits their impact on the climate and the environment to a minimum through different sustainable practices that will lead to a reduction of GHG emissions. Moreover, according to the Global Alliance for Buildings and Construction, the building and construction industry accounts for 38% of global CO2 emissions<sup>7</sup>, making it one of the most CO2 emitting industrial sectors.

Based on the scientific reports published by the Intergovernmental Panel on Climate Change, the UN Framework Convention on Climate Change (UNFCCC) acknowledges the possibility of harmful climate change due to the increasing and irreversible level of greenhouse gases emissions (GHG). The Paris Agreement sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C. It also aims to strengthen companies' ability to deal with the impacts of climate change and support them in their efforts. The Paris Agreement is the first-ever universal, legally binding global climate change agreement, adopted at the Paris climate conference (COP21) in December 2015.

It is particularly relevant that companies set science-based targets for Scope 1, 2 and 3 emissions to help meet the goals of the Paris Agreement and to be externally assessed such as by the Science Based Target Initiative in order to demonstrate the target's alignment with the latest climate science. Additionally, it is worth noting that companies have been focusing on reducing emissions under their direct ownership or operational control (Scope 1) and from their purchase of electricity, heat and steam (Scope 2)<sup>8</sup>. However, emissions company's value chains (Scope 3) often represent the largest portion of companies GHG inventories, although these are often left unabated<sup>9</sup>.

Therefore, one of the major concerns of the industry is their impact on climate change and the reduction of Scope 1, 2 and 3 GHG emissions, thereby addressing emissions from their own sources, from the use of electricity, and their supply chain.

## BEST PRACTICES

- ⇒ The KPIs calculation methodology is consistent and the Issuer commits to conduct a post-issuance review (which will be made available to bondholders/lenders) in case of material changes to the KPIs' coverage, calculation methodology, and in particular the SPT calibration.
- ⇒ The Issuer has provided 3 years of historical KPI values which have been externally verified.
- ⇒ The KPIs definition relies on external references allowing their benchmark.
- ⇒ The selected KPIs reflect the Issuer's most material sustainability issues for its current and future operations, as well as the most relevant sustainability challenges for its sector. In addition, the KPIs have also been identified by the Issuer in its materiality matrix.
- ⇒ The KPIs covers more than 90% of the company's total activity.

<sup>6</sup> <https://www.worldhighways.com/wh3/wh5/wh6/feature/sustainable-road-construction-current-practices-and-future-concepts>



<sup>7</sup> <https://globalabc.org/news/launched-2020-global-status-report-buildings-and-construction>

<sup>8</sup> [https://sciencebasedtargets.org/resources/files/SBT\\_Value\\_Chain\\_Report-1.pdf](https://sciencebasedtargets.org/resources/files/SBT_Value_Chain_Report-1.pdf)

<sup>9</sup> Ibid

## SDG CONTRIBUTION

The selected KPI(s) are likely to contribute to 2 of the United Nations' Sustainable Development Goals ("SDGs"), namely:

KPI	SDG	SDG TARGETS
KPI 1 ABSOLUTE SCOPES 1 & 2 GHG EMISSIONS		9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
KPI 2 ABSOLUTE SCOPE 3 GHG EMISSIONS		UN SDG 13 consists of taking urgent action to combat climate change and its impacts. Corporates can contribute to this goal by investing in reducing greenhouse gas emissions from their operations and value chains.

## Calibration of the Sustainability Performance Target (SPT)



### AMBITION

#### KPI 1: ABSOLUTE SCOPE 1 AND 2 GHG EMISSIONS

By using the absolute value of Scope 1 & 2 GHG emissions per year, the data set should fairly show positive or negative KPI trends, reflecting the Issuer's commitment to fight climate change, thus enabling investors/lenders to make an appropriate assessment of the overall environmental performance.

Table 2 – Absolute Scope 1 and 2 GHG emissions, calculated in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq)

KPI 1	REPORTED DATA			OBJECTIVES		
	2018	2019	2020* (Baseline)	2024*	2027*	2030*
	79,721	93,505	113,835	102,452	94,483	85,376
Annual variation (%)	NA	+ 17,3%	+21,7%			
Total variation (2018-2020)	+42,8%					
Total variation compared to baseline (2020-2024) (%)				-10%		
Average annual variation (2020-2024) (%)				-2,6%		
Total variation compared to baseline (2020-2027) (%)				-17%		
Average annual variation (%)				-2,6%		
Total variation compared to baseline (2020-2030) (%)				-25%		
Average annual variation (2020-2030) (%)				-2,8%		

\*Trigger events

The SPTs are consistent with the Issuer's existing targets set in its sustainability strategy. The objective is to reach 85,376 tCO<sub>2</sub>eq of absolute scope 1 and 2 GHG emissions by 2030, compared to the 2020 baseline which is 113,835 tCO<sub>2</sub>eq. This represents a 25% reduction of absolute scope 1 and 2 GHG emissions.

Based on several points of comparison, V.E considers that SPTs demonstrate a robust level of ambition.

The timeline, baseline and trigger events are clearly disclosed and the Issuer has set relevant intermediary targets allowing sufficient visibility on the KPI's performance.

#### Business-as-usual Trajectory Benchmark Analysis

The SPTs represent a material improvement compared to the company's Business as Usual (BaU).

The Issuer has provided historical data on the KPI, which indicates a continuous increase of absolute scope 1 and 2 GHG emissions between 2018 and 2020 (+42,8%). The selected targets demonstrate an overall 25% reduction of emissions compared to the baseline with an average annual reduction of 2,8% for the period 2020-2030. In addition, the Issuer has selected SPTs for 2024 and 2027, which will represent a reduction of absolute scope 1 and 2 GHG emissions by 10% and 17% emissions, respectively, compared to the performance in 2020, with an average annual reduction of 2,6%. These SPTs demonstrate a coherent alignment with the 2030 objective. Overall, the selected targets set a positive trend compared to ASTM's past performance, therefore, the SPTs can be considered as a material improvement.

It is worth noting that the baseline (2020) used is the highest level of emissions over the 2018-2020 period. The Issuer reports choosing 2020 as the baseline, primarily given that the data represent the increase in the perimeter of ASTM, allowing to set SPTs that take into account this increase in perimeter. In particular, the Issuer reports that the (i) company's expansion in perimeter and (ii) increase operations affected the increase in its absolute scope 1 and 2 historical emissions. ASTM reports that in 2019 it recorded a 5% increase in scope 1 and 2 emissions due to an expansion in perimeter to address, among others, the construction of the new BR-050 motorway in Brazil. The Issuer also reports that an additional 12% increase in emission was recorded due to the multiple EPC contracts awarded to ASTM (such as the redevelopment of Venice airport, San Raffaele hospital, DHL Hub in Malpensa, amongst others). Furthermore, ASTM reports that the increase in emissions in 2020 can be explained from a 7% increase in scope 1 and 2 emissions mainly attributed to the incorporation of Ativa group<sup>10</sup> within ASTM's perimeter, as well as by increased operations related to international projects awarded to the Group such as the Reem Mall in Abu Dhabi and the Storstroem Bridge in Denmark. As such, the increase in emissions is due to an increase in the perimeter and operations of ASTM, and although the 2020 data is the highest level of emissions from the historical data, it can be considered an appropriate baseline because it covers the same perimeter of the SPTs.

#### Sector Peers Benchmark<sup>11</sup>

The SPT shows a robust level of ambition compared to sector peers' performances.

ASTM ambition to lowering Scope 1 & 2 GHG emissions by 25% by 2030 compared to a 2020 baseline appears to be less ambitious than the targets disclosed by the top performers in V.E's Heavy Construction sector companies in Europe. For example, ASTM KPI 1 target appears to be less ambitious than Acciona, which aims to reduce 1 and 2 GHG emissions 60% by 2030 from a 2017 base year<sup>12</sup>. In addition, by 2021 Acciona aims to reduce its scope 1 and 2 emissions by 18,46% compared to its 2017 baseline (213,000 tCO<sub>2</sub>eq<sup>13</sup>). Furthermore, at group level, Vinci commits to reduce by 40% its Scope 1 and 2 GHG emissions by 2030 compared to 2018 levels<sup>14</sup>, while for the same period, its concessions segment (including Vinci Autoroutes, Vinci Airport, and other concessions) has a 50% reduction target<sup>15</sup>. Vinci's contracting segment include Vinci Energies and Vinci Construction, which have reduction targets of 40%<sup>16</sup> and 40%<sup>17</sup>, respectively, by 2030 compared to 2018 levels, as well as Eurovia, which has a 27% reduction target over the same

<sup>10</sup> Ativa Group is a concessionaire in Italy of the A5 motorway section from Turin to Quincinetto and the Turin A55 ring road.

<sup>11</sup> Please note that the Sector Peers Benchmark analysis defines as "Peers" companies that are included in V.E' Heavy Sector universe and direct competitors established by the Issuer as direct competitors. However, companies can differ on geographical area, business lines and market segmentation. In addition, it is important to note that some of the companies used for the benchmark analysis have a more diversified business model (including energy) which may allow the companies to leverage on more actions to reduce their emissions compared to ASTM.

<sup>12</sup> [https://www.acciona.com/updates/news/acciona-steps-up-its-climate-ambition-and-commits-to-reducing-its-greenhouse-gas-emissions-by-60-for-2030/?\\_adin=02021864894](https://www.acciona.com/updates/news/acciona-steps-up-its-climate-ambition-and-commits-to-reducing-its-greenhouse-gas-emissions-by-60-for-2030/?_adin=02021864894)

<sup>13</sup> <https://annualreport2020.acciona.com/pdfs/sust-report-acciona20.pdf>

<sup>14</sup> <https://www.vinci.com/vinci.nsf/en/item/acting-for-the-climate.htm>

<sup>15</sup> Ibid

<sup>16</sup> Vinci Energies has a 40% reduction target of Scopes 1 and 2 GHG emissions internationally and a 50% reduction target in France.

<sup>17</sup> [https://www.vinci.com/commun/presentations.nsf/8C39E84886E5124FC12585850055CC48/\\$file/vinci-esg-june-2020.pdf](https://www.vinci.com/commun/presentations.nsf/8C39E84886E5124FC12585850055CC48/$file/vinci-esg-june-2020.pdf)

period<sup>18</sup>. V.E considers that ASTM's Scopes 1 and 2 target is in line with Eurovia's reduction target. Moreover, Bouygues SA has set carbon reduction targets for all of its business segments, including roads, aiming to reduce its 30% of scope 1 and 2 emissions by 2030 compared to a 2019 baseline, and for construction 40% in the same timeframe<sup>19</sup>.

On the other hand, Ferrovial commits to reduce its Scope 1 & 2 emissions by 32% in absolute terms by 2030 compared to the baseline year 2009<sup>20</sup>, yet it is certified against a 2°C scenario by the SBTi, representing lower reduction of emissions compared to ASTM's targets which are certified against a well below 2°C scenario. Additionally, the Issuer's KPI appears to be more ambitious than sector peers in Italy such as Atlantia which does not appear to disclose any targets, and to this date ASTM is the only road operator in Italy with SBTi targets. Moreover, it is to be noted that ASTM is also the first European motorway operator and the largest in terms of km managed in the world to set science-based emissions reduction targets approved by SBTi (sector «Ground Transportation - Highways and Railtracks»). In addition, from the peers mentioned above, Ferrovial and Acciona are the only other relevant peers to date to have their targets certified by SBTi. ASTM's target is certified against a well below 2°C scenario and it is therefore more ambitious than Ferrovial's target (certified against a 2°C scenario ) but less ambitious than Acciona's target (certified against 1.5°C scenario).

According to the benchmark provided by the Issuer, although only three companies out of nine (including ASTM) have had their targets validated by the SBTi , only two are committed to contributing to limiting the increase in the average global temperature to below 2°C for its Scope 1 & 2 GHG emissions (ASTM and Transurban (1.5°C)). The same benchmark shows that ASTM has the most ambitious targets in Europe in construction and highway management to date under this KPI (25% base year 2020).

#### Official International Targets and Scenarios Benchmark Analysis

The SPTs demonstrate an advanced level of ambition compared to sector standards.

In September 2021, ASTM had its GHG emissions reduction targets certified by the SBTi which ensures that the methodology set for its SPTs is ambitious and externally approved to be in line with the Paris Agreement. The SBTi's verification has determined that ASTM's scope 1 and 2 target ambition is in line with a well-below 2°C trajectory. This verification is considered by the market as the best practice for companies to establish their carbon reduction targets in line with climate science. The SBTi's verification has determined that ASTM's scope 1 and 2 target ambition is in line with a well-below 2°C trajectory.

Of note, the SBTi has recently announced<sup>21</sup> an update in their strategy, to increase the minimum ambition in corporate target setting from 'well below 2°C' to '1.5°C' above pre-industrial levels, as such, 'well below 2°C' targets will no longer be validated, and phased out to be replaced by 1.5°C targets. SBTi communicates that companies with a well below 2°C targets approved in 2021 need to update their near-term SBT to align with new criteria within 5 years of approval<sup>22</sup>. As such, while we can consider that at the time when ASTM set its target for 2030, the company was considered ambitious compared to sector standards, this corporate target will have to be updated by 2026. The Issuer reports that ASTM's commitments to reduce Scope 1 and 2 GHG emissions was taken prior to SBTi's aforementioned update, and that it will consider in the future to upgrade its SBTi 2030 to 1.5°C in line with the SBTi recommendations.

#### MEASURES TO ACHIEVE THE SPT

The means for achieving the SPT are disclosed in the Framework and considered credible:

- Strengthening of the governance of energy consumption (e.g. Group energy manager appointment, implementation of Energy Management System according to the ISO 50001:2018 Standard);
- Renewal of vehicle fleet and construction site vehicles with models that have low environmental impact;

<sup>18</sup> Ibid

<sup>19</sup> [https://www.bouygues.com/wp-content/uploads/2020/12/pr\\_bouygues\\_climate-markets-day.pdf](https://www.bouygues.com/wp-content/uploads/2020/12/pr_bouygues_climate-markets-day.pdf)

<sup>20</sup> <https://www.ferrovial.com/en/sustainability/environment/carbon-footprint/reducing-emissions/>

<sup>21</sup> <https://sciencebasedtargets.org/news/sbti-raises-the-bar-to-1-5-c>

<sup>22</sup> <https://sciencebasedtargets.org/resources/files/Business-Ambition-FAQ.pdf>



- Monitoring of motorway infrastructures through innovative technologies (e.g. drones, sensors) to reduce kilometres driven across the network;
- Definition of a sustainable re-lamping plan with LED technology;
- Implementation of dynamic management systems for infrastructure and office lighting and HVAC (Heating, Ventilation, Air Conditioning) to minimize energy consumption;
- Self-production of renewable energy (e.g. solar panels);
- Implementation of other energy efficiency technologies and initiatives (e.g., buildings' heating systems) to reduce the carbon footprint of operations and corporate buildings;
- Research and innovation for the development of energy recovery technologies;
- Purchase of renewable energy (with Guarantees of Origin certificates).

## KPI 2: ABSOLUTE SCOPE 3 GHG EMISSIONS FROM PURCHASED GOODS AND SERVICES

By using the absolute value of absolute Scope 3 GHG emissions from purchased goods and services per year, the data set should fairly show positive or negative KPI trends, reflecting the Issuer's commitment to fight climate change, thus enabling investors/lenders to make an appropriate assessment of the overall environmental performance.

Table 2 – Absolute Scope 3 GHG emissions from purchased goods and services, calculated in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq)

KPI 2	REPORTED DATA			OBJECTIVES	
	2018	2019	2020* (Baseline)	2027**	2030**
	576,151*	778,824	1,258,944	1,145,639	1,095,281
Annual variation (%)	NA	+35,1%	+61,6%		
Total variation (2018-2020)	+118,5%				
Total variation compared to baseline (2020-2027) (%)				-9%	
Average annual variation (2020-2027) (%)				-1,3%	
Total variation compared to baseline (2020-2030) (%)				-13%	
Average annual variation (2020-2030) (%)				-1,4%	

\*Data of 2018 calculated on pro forma, non-audited

\*\*Trigger events

The SPT is consistent with the Issuer's existing targets set in its sustainability strategy.

The objective is to reach 1,095,281 tCO<sub>2</sub>eq of absolute scope 3 GHG emissions from purchased goods and services by 2030, compared to the 2020 baseline which is 1,258,944 tCO<sub>2</sub>eq. This represents a 13% reduction of absolute scope 3 GHG emissions from purchased goods and services.

Based on several points of comparison, V.E considers that SPT(s) demonstrate a robust level of ambition.

The timeline, baseline and trigger event(s) are clearly disclosed and the Issuer has set relevant intermediary targets allowing sufficient visibility on the KPI's performance.

### Business-as-usual Trajectory Benchmark Analysis

The SPTs represent a material improvement compared to the company's Business as Usual (BaU).

The Issuer has provided historical data on the KPI, which indicates a continuous increase of absolute scope 3 GHG emissions between 2018 and 2020 (118,5%). The selected targets demonstrate a 13% reduction of emissions compared to the baseline with an average annual reduction of 1,4% for the period 2020-2030. Therefore, the selected targets represent a material improvement compared to ASTM's past performance.

It is worth noting that the baseline (2020) used is the highest level of emissions over the 2018-2020 period. The Issuer reports to have chosen 2020 as a baseline as the emissions represent the increase in the perimeter of ASTM, allowing to set SPTs that take into account this increase in perimeter. The Issuer also reports that the increase shown for the historical scope 3 emissions for the period 2018-2020 are because of an increase in perimeter and internationalization of the group, which have seen a physiological increase and have been mainly driven by (i) increase in raw materials used and (ii) an increase in subcontracted activities.

#### Sector Peers Benchmark<sup>23</sup>

The SPTs demonstrate a robust level of ambition compared to sector peers' performances.

On the one hand, ASTM's target on Scope 3 GHG emissions from purchased goods and services appears more ambitious than some of V.E's top performers in V.E's Heavy Construction sector companies in Europe, such as Ferrovia which has set a quantified target to reduce its scope 3 GHG emissions by 20% by 2030<sup>24</sup> (2012 baseline), however, this target excludes capital goods and purchased goods and services. In addition, other top performers in the sector do not appear to disclose scope 3 related targets, including Vinci and Salini Impregilo, therefore, ASTM appears to be more ambitious than its peers in this regard given that scope 3 emissions tend to represent a large portion of GHG emissions for this sector.

On the other hand, ASTM's KPI is less ambitious compared to Acciona which has set up a target to reduce its absolute GHG emissions under scope 3 by 47 % by 2030 (2017 base year), and Bouygues SA which has committed to reduce its scope 3a (other indirect upstream emissions) emissions by 30% by 2030 for its construction segment and its road segment<sup>25</sup>. Eiffage has also committed to reduce scope 3 GHG emissions by 30% by 2030 versus 2019 values<sup>26</sup>, which is more ambitious than ASTM's reduction target.

According to the benchmark provided by the Issuer, ASTM has the most ambitious targets in Europe in construction and highway management to date regarding the scope 3 related KPI (25% base year 2020). Under this benchmark, the majority of companies (5 over 9) have not disclosed targets to reduce scope 3 GHG emissions.

#### Official International Targets and Scenarios Benchmark Analysis

The SPTs demonstrate an advanced level of ambition compared to sector standards.

The Issuer's target to decrease Scope 3 emissions to 1,095,281 tCO<sub>2</sub>eq by 2030 is aligned with the SBTi's '2 degrees scenario' and has been verified accordingly. Being aligned with the SBTi is considered as a best market practice as companies emission reduction targets are in line with the climate science.

#### MEASURES TO ACHIEVE THE SPT

The means for achieving the SPT are disclosed in the Framework and considered credible:

- Strengthening of the governance of energy consumption (e.g. Group energy manager appointment, implementation of Energy Management System according to the ISO 50001:2018 Standard);
- Optimizing operational processes resulting in reduced demand for goods and services
- Implementation of green procurement policies to make different purchasing decisions favouring low-carbon products or services and to purchase from suppliers with a low carbon footprint;
- Involvement of the supply chain partners to raise awareness and promote their transition to green technologies and materials;

<sup>23</sup> Please note that the Sector Peers Benchmark analysis defines as "Peers" companies that are included in V.E' Heavy Sector universe and direct competitors established by the Issuer as direct competitors. However, companies can differ on geographical area, business lines and market segmentation. In addition, it is important to note that some of the companies used for the benchmark analysis have a more diversified business model (including energy) which may allow the companies to leverage on more actions to reduce their emissions compared to ASTM.

<sup>24</sup> <https://www.ferrovial.com/en/sustainability/environment/carbon-footprint/reducing-emissions/>

<sup>25</sup> [https://www.bouygues.com/wp-content/uploads/2020/12/pr\\_bouygues\\_climate-markets-day.pdf](https://www.bouygues.com/wp-content/uploads/2020/12/pr_bouygues_climate-markets-day.pdf)

<sup>26</sup> <https://www.eiffage.com/medias/news/eiffage-publishes-its-second-climate-report-and-commits-to-the-15-c-trajectory>



- Contribution to technological innovation on materials, decarbonization of the energy mix, efficiency and electrification trends;
- Business model innovation also through the use of technologies (such as artificial intelligence) for predictive planning of motorway maintenance interventions, to ensure a higher degree of infrastructure resilience.

#### BEST PRACTICES

- ⇒ The timeline, baseline and trigger events are clearly disclosed and the Issuer has set relevant intermediary targets allowing sufficient visibility on the KPI performance.

## Bond and/or Loan Characteristics



The potential variation of the bonds and/or loans financial characteristics depending on whether the selected KPIs would reach (or not) the predefined SPTs is clearly defined in this SPO and will be publicly disclosed in the usual sources (e.g. Bloomberg, EMTN, etc.).

ASTM confirms that the bonds/loans issued under its Framework will be subject to variations in their financial characteristics depending on the achievement of the defined trigger events.

In the case of Sustainability Linked Bonds, if the SPT is not met at the target observation date (i.e. the date on which the relevant target should be achieved), it will trigger a step-up margin or margin adjustment, as applicable, causing an increase in the interest rate applicable to interest periods following such reference date. No decrease in the interest rate is envisaged in the case of SLB's, whereas for Sustainability Linked Loans the interest rate may be decreased or increased, subject to the achievement or not of the relevant SPT(s).

The indicative coupon adjustment will be structured to be around 25bps per annum (assuming a test date falling at 2/3 of the life of the bond). However, the specific coupon adjustment may vary from bond to bond, depending on the tenor of the instrument and the KPI test date.

The variation of the bond financial characteristics is considered meaningful.

*\*V.E considers that, as of today, there is insufficient information and market precedent to appropriately assess the potential best practices regarding the bond(s)/loan(s) characteristics' variation. In this sense, the "Aligned" level is currently considered to be the highest level to be achieved by Issuer on this pillar.*

## Reporting

Not Aligned

Partially Aligned

Aligned

Best Practices

KPI 1 & 2

## REPORTING ACCESIBILITY AND FREQUENCY

The Issuer has committed to disclose all relevant information in public documentation (including information on the performance of KPIs, information on the level of ambition of the SPTs and baselines). The reporting will be published annually until maturity of any outstanding SLLs or SLBs.

The information will be disclosed in ASTM's website and/or its annual Sustainability Reports.

## REPORTING SCOPE AND GRANULARITY

The intended scope and granularity of the reporting is clear and exhaustive, covering all the required and recommended elements.

The content of the reporting is considered exhaustive as it will cover:

- information on the performance of the selected KPIs (including the baselines where relevant).
- information on the SPTs outlining the performance against the KPIs and the related impact, and timing of such impact, on a financial instrument performance.

Where feasible and available, the reporting will also cover:

- qualitatively or quantitatively explanation of the contribution of the main factors behind the evolution of the performance/KPI on an annual basis (e.g. M&A activities)
- illustration of the positive sustainability impacts of the performance improvement
- any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope

## REPORTING PROCESS, MONITORING AND CONTROL

The selected KPIs related data are covered by an internal and external verification.

The selected KPIs are internally verified through the Issuer's operational processes which is formalised through a specific procedure that complies with the Italian Legislative Decree 254/2016. This procedure defines the operating process for drafting, approving and publishing the Sustainability Report based on that established under Legislative Decree 254/2016 and the GRI Sustainability Reporting Standards. The procedure has the aim of identifying the main parties involved in the sustainability reporting, preparation and approval process, defining the related roles and responsibilities.

In addition, the two KPIs will be externally verified as part of ASTM's annual Sustainability Report, and have also been externally verified by the Science Based Target Initiative.

## BEST PRACTICES

- ⇒ All relevant information is publicly disclosed by the company in public documentation.
- ⇒ The reporting on the KPIs will be published annually until maturity of the bond.
- ⇒ The intended scope and granularity of the reporting is clear and exhaustive, covering all the required and recommended elements.
- ⇒ KPI data undergoes both internal and external verification.

## Verification



The performance of each KPI against each SPT will be covered by an external verification, on an annual basis and in case of material changes impacting the SLB's financial characteristics, until after the last SPT trigger event has been reached, and until maturity of any outstanding SLLs or SLBs.

The verification assurance report will be publicly available on ASTM's website following a target observation date.

### BEST PRACTICES

⇒ Verification of the KPIs will be conducted until maturity of any outstanding SLLs or SLBs.

# ISSUER

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## Management of ESG Controversies

As of today, the review conducted by V.E did not reveal any ESG controversy against ASTM over the last four years.

## Involvement in Controversial Activities

The Issuer appears to be not involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from V.E.

# METHODOLOGY

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In V.E' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the Issuer; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E' Scientific Council.

## FRAMEWORK

### Alignment with the Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

*The Framework/Bond has been evaluated by V.E according to the LMA/APLMA/LSTA's Sustainability-Linked Loan Principles – July 2021 ("SLLP") and / or the ICMA's Sustainability-Linked Bond Principles - June 2020 ("SLBP") and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.*

### Selection of Key Performance Indicators (KPIs)

KPI's materiality and coherence with the Issuer's overall sustainability strategy and with the Issuer's sector main sustainability challenges. KPI's measurability and clarity, internal and external control over the KPI's data, exhaustiveness of the KPI's coverage.

### Calibration of Sustainability Performance Targets (SPTs)

Coherence of the SPTs with the overall sustainability strategy, ambition of the SPTs (compared the Issuer's own performance, sector peers and relevant international standards), trigger events' disclosure, disclosure and credibility of the means for achievement (including scope and geographical coverage of the means).

### Bond/Loan characteristics

Disclosure of the bond/loan characteristics' variation, meaningfulness of these variation (for alignment with SLBP only).

### Reporting

Reporting process formalisation and verification, data's accessibility.

### Verification

Verification of the performance against the SPTs and disclosure of the assurance reports.

## ISSUER

### Management of stakeholder-related ESG controversies

V.E defines a controversy as public information or contradictory opinions from reliable<sup>27</sup> sources that incriminate or make allegations against an issuer regarding how it handles ESG issues as defined in V.E ESG framework. Each controversy may relate to several facts or events, to their conflicting interpretations, legal procedures or non-proven claims.

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<sup>27</sup> 'Reliable' means that there are sufficient details to substantiate claims made, with due attention paid to the political dimension of news and the danger of misinformation. V.E draws on investigative journalism, the business press, NGO and trade union reports which focus on corporate behavior relating



V.E reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

V.E provides an opinion on companies’ controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- **Severity:** the more a controversy is related to stakeholders’ fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the Issuer, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the Issuer (scale: Minor, Significant, High, Critical).
- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the Issuer for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on an Issuer’s reputation reduces with time, depending on the severity of the event and the Issuer’s responsiveness to this event. Conventionally, V.E’ controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

**Involvement in controversial activities**

17 controversial activities have been analysed following 30 parameters to screen the Issuer’s involvement in any of them. The Issuer’s level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the Issuer.

**V.E’S ASSESSMENT SCALES**

Scale of assessment of the Issuer’s KPI(s) materiality and the associated SPT(s) ambition.	
Advanced	<p>The selected KPI(s) reflects the most material issues for the Issuer’s core sustainability and business strategy and address the most relevant environmental, social and/or governance challenges of the industry sector.</p> <p>An advanced ambition is achieved when the SPT(s) can demonstrate the following: (i) alignment with the 2D scenario/recognized sector standards (when available) (ii) a top performance in comparison to sector peers, and (iii) an improvement of the company’s performance.</p>
Robust	<p>The selected KPI(s) reflects material issues for the Issuer’s core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector.</p> <p>A robust ambition is achieved when the SPT(s) can demonstrate at least two out of three of the following items: (i) alignment with the 2D scenario/recognized sector standards (ii) a performance in line</p>

Scale of assessment of financial instrument’s alignment with Sustainability-Linked Bond and Loan Principles	
Best Practices	<p>The Instrument’s practices go beyond the core practices of the ICMA’s Sustainability-Linked Bond Principles and/or of the LMA/APLMA/LSTA’s Sustainability-Linked Loan Principles by adopting recommended and best practices.</p>
Aligned	<p>The Instrument has adopted all the core practices of the ICMA’s Sustainability-Linked Bond Principles and/or of the LMA/APLMA/LSTA’s Sustainability-Linked Loan Principles.</p>

to ESG issues. It is neither possible nor advisable to create a prescriptive fixed list of sources as new, valid sources arise all the time and it is necessary to investigate these as and when they are retrieved in order to comprehensively cover evolving issues and media.



	with the average performance of sector peers, and (iii) an improvement of the company's performance.
Limited	<p>The selected KPI(s) does not appropriately reflect material issues for the Issuer's core sustainability and business strategy and partially address relevant environmental, social and/or governance challenges of the industry sector.</p> <p>A limited ambition is achieved when the SPT(s) can demonstrate only one out of three of the following: (i) alignment with the 2D scenario/recognized sector standards (ii) a performance in line with the average performance of sector peers, and (iii) an improvement of the company's performance.</p>
Weak	<p>The selected KPI(s) does not reflect material issues for the Issuer's core sustainability and business strategy and do not address relevant environmental, social and/or governance challenges of the industry sector.</p> <p>A weak ambition is achieved when the SPT(s) (i) is not aligned the 2D scenario/recognized sector standards (ii) is below the average performance of its sector peers, and (iii) shows a negative trend in the company's performance.</p>

Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Sustainability-Linked Bond Principles and/or of the LMA/APLMA/LSTA's Sustainability-Linked Loan Principles, but not all of them.
Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Sustainability-Linked Bond Principles and/or of the LMA/APLMA/LSTA's Sustainability-Linked Loan Principles.

### Statement on V.E' s independence and conflict-of-interest policy

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This opinion aims at providing an independent opinion on the sustainability credentials and management of the bond/loan(s), based on the information which has been made available to V.E. V.E has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by V.E neither focuses on the financial performance of the bond/loan(s), nor on the effective allocation of its proceeds. V.E is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. Restriction on distribution and use of this opinion: The deliverables remain the property of V.E. The draft version of the Second Party Opinion by V.E is for information purpose only and shall not be disclosed by the client. V.E grants the Issuer all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer shall determine in a worldwide perimeter. The Issuer has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned bond/loan(s) issuance. The Issuer acknowledges and agrees that V.E reserves the right to publish the final version of the Second Party Opinion on V.E website and on V.E internal and external communication supporting documents.

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