

ATM Group

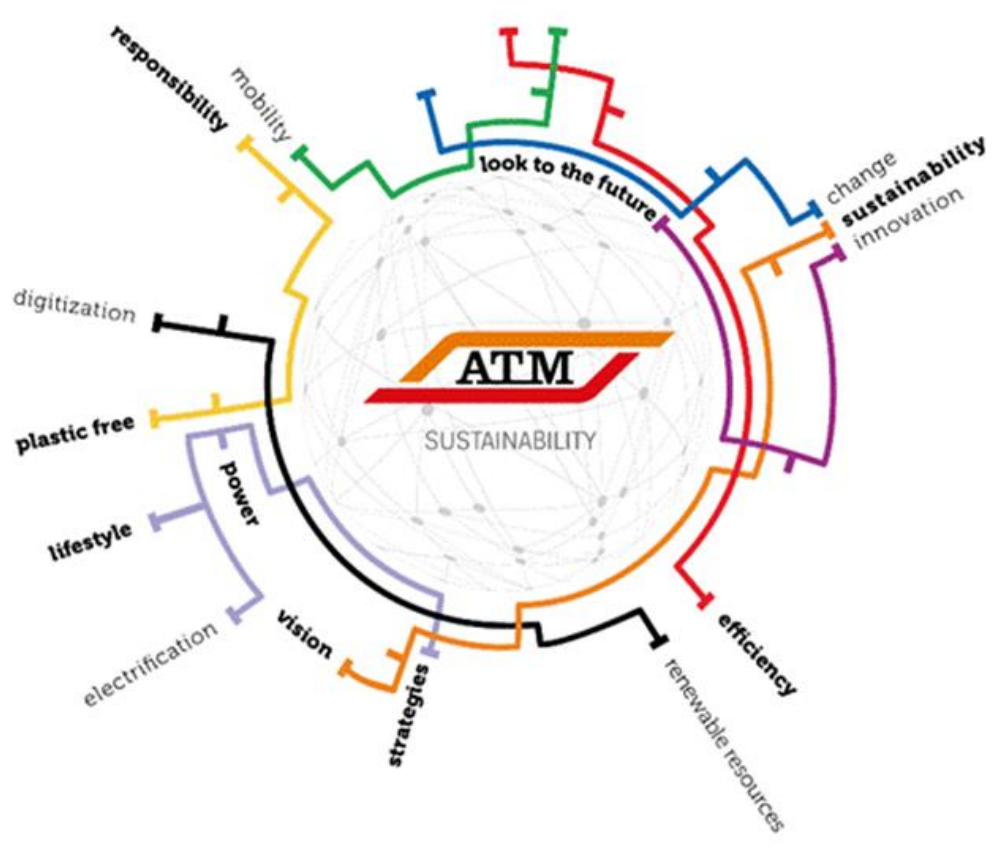
GREEN FINANCING FRAMEWORK

March 2024



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Company overview

Since 1931, Azienda Trasporti Milanese S.p.A. (hereinafter also the “**Company**”, the “**Parent Company**” or “**ATM**”) has managed Milan's public transport, a 90-year history in service of people. The ~10,000 employees of ATM Group (hereinafter also the “**Group**”), which was established in 2006, guarantee every day the operation of a complex and articulated system on a territory that affects more than 3.3 million inhabitants and that includes the City of Milan and 96 municipalities of Lombardy.

With Group turnover of €1,091 million for 2022, ATM is one of the leading Italian local public transport companies.

Mission and values

The Group's activity is inspired by the following system of values:

- Quality of life within the community: continuous improvement of the quality of life of those who live and move within the territory in which the Group operates;
- Professional growth: each employee of the Group is encouraged to realize himself through a continuous path of professional growth;
- Ethics, transparency and loyalty: internal and external activities of the Group are based on the principles of legality, transparency, fairness and loyalty respect;
- Continuous search for excellence: attitude open to change, to questioning and to the continuous search for better solutions.

The Group aims at having a pivotal role in Milan's integrated mobility system, and in particular:

- To excel at integrated mobility;
- To promote change in Milan;
- To promote the valorization of its people.

These missions are further outlined in ATM's Annual Statement and Accounts, publicly available¹.

ATM's business model

The role played by ATM in Milan's public service, and also as a fundamental actor in the world of public transport in general, is of intrinsic importance, since the Group's relations with all stakeholders aim to create economic, social and environmental value. Therefore, ATM creates value for the metropolitan area in which it operates, for the several surrounding communities and, to a certain extent, also for the whole country system.

Aiming to pursue a business strategy oriented towards the future of public transport in an increasingly sustainable way, ATM, as a strategic player, has the ultimate goal to improve the quality of life for everyone in the medium to long-term. In addition to economic value, the Group creates value in the territory in which it operates by engaging in projects, initiatives, partnerships, and activities that have the widest possible impact in the social and environmental field.

Capital processes are identified in the value creation model of the ATM Group. In carrying out its activities, the business uses inputs, that are the key elements for the business operations (resources, skills, etc.), to

¹ Available at: <https://www.atm.it/en/IlGruppo/ChiSiamo/Pages/Attivita.aspx>

generate outputs, which consist of the results of the activities themselves (products, services, by-products, etc.) perceived both within the Group and outside the context in which it operates.

Summarized below are the different aspects of the ATM Group’s value creation model:



The main services offered by ATM

Since inception, ATM Group has been committed to manage the citizens' needs by answering to their demand of a high-quality intermodal transport service, with subways, buses, trams and trolleybuses.

The transport network of the Municipality of Milan and its surroundings consists of 5 underground lines with a total length of about 102 km and 119 stations, with additional 17 tram lines with over 150 km of network, 135 bus lines and 4 trolleybus lines covering about 1,500 km.

The transport services carried out within the Metropolitan City of Milan, the Provinces of Monza and Brianza, Bergamo and Lecco include the public transport service of the Northeast Area of the Province of Milan, and the urban public transport in the city of Monza and its hinterland. These services consist of 25 bus car lines that cross 60 municipalities for a total territorial extension of about 668 km.

Within the Region of Lombardy, ATM plays a key role in integrated mobility, serving millions of passengers every day, fostering the progressive development of the metropolitan city and its attractiveness, answering at the same time to the real estate expansion. Over the years, ATM has played an important role in the changing needs of urbanization and urban mobility, which consists of integrated and sustainable local public transport (LPT) services, that are accessible to all, comfortable and safe.

In addition to the management of transport by underground, bus, tram and trolleybus, the Group's service offer also includes the following complementary services:

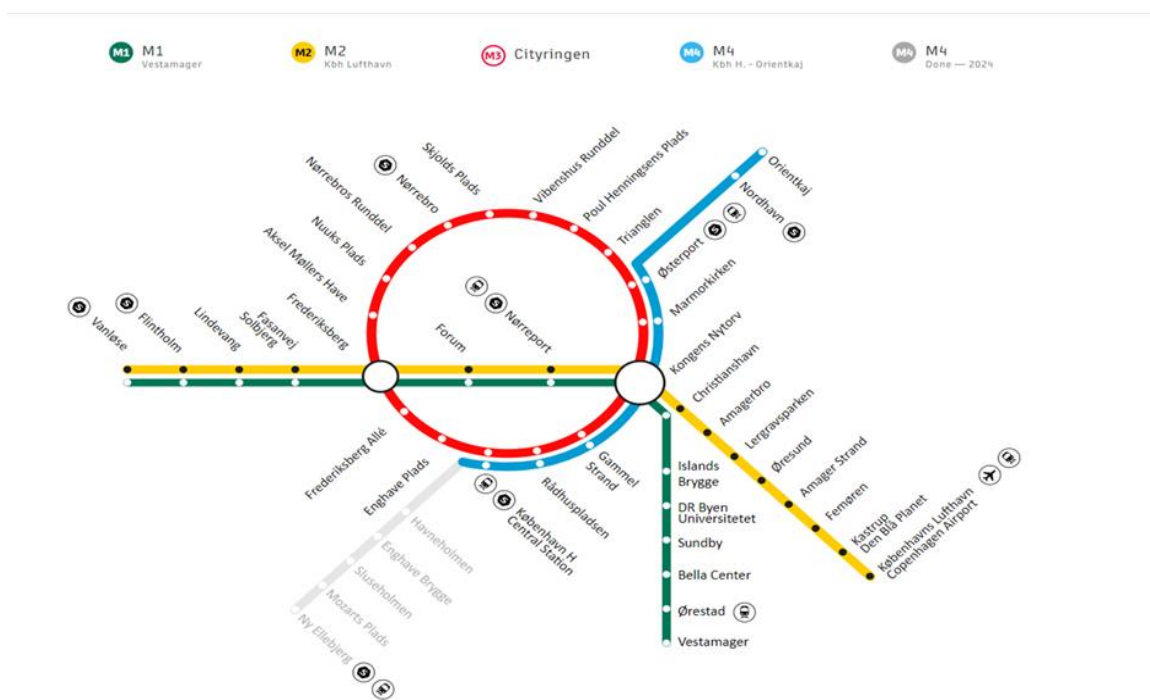
- light rail specially designed for patients, staff and students, which connects via an automatic, driverless subway, the Cascina Gobba station of Metro Line 2 to the San Raffaele Hospital;
- Como-Brunate cable railway which, since 1894, has been the fastest way to connect the two locations;
- BikeMi bike sharing service in the city of Milan;
- management of 24 car parks that offer publicly available parking lots for cars and motorcycles in the city of Milan, including the control of parking areas and all payment systems, aiming to make road traffic within the city smoother by encouraging the use of public transport;
- transport on demand;
- ancillary activities, such as the dissemination of travel licenses, provision of relevant information to customers, and control of fare evasion;
- Area C payment and control system, which is the congestion charge introduced in the center of Milan that involves the management of purchase transactions and daily accesses;
- management of the control system and adaptation of the IT management system transits of Area B, a limited traffic area with a ban on access and circulation of older and more polluting vehicles, active from February 25th, 2019;
- special tourist services, including the tram restaurant ATMosphere.

The kind of mobility that Milan and surroundings is experiencing today has been dramatically affected by the COVID-19 emergency. New mobility means a change in people's habits: ATM has answered to citizens' new needs with service enhancement and the development of many digital innovation projects, such as the ATM app, through which customers can purchase all types of tickets, from single tickets to ride-a-cards, and check the waiting times at subway stations in order to plan their own movements. This aims to guarantee a minimum stay in the station and speed up travelling times as much as possible.

With regard to foreign operations, the Group has been active abroad since 2008 through its subsidiary Metro Service A/S that manages the Copenhagen M1 and M2 underground lines, one of the first fully automated driverless metros in Europe.

In the Danish capital, Metro Service A/S also won the management of the two new M3 and M4 underground lines (Cityringen), which opened on 29th of September 2019 and 28th of March 2020 respectively. Metro Service A/S has also been awarded the management of the new line called Greater Copenhagen Light Rail, connecting the transport service to the suburban area west of the city, which is due to start operating in 2025.

In Denmark, the Copenhagen metro network consists of four lines with a total length of approximately 39 km and 61 stations. The M4 metro line is currently operating with 8 stations out of 13 stations.



Copenhagen Metro network

In October 2023, ATM, together with the French engineering Company EGIS Projects, signed a 12-year contract for the provision of services to operate the Thessaloniki automated metro network: the flagship LPT project in Greece. The project consists of a base line with two single tracks of 9.6 km and 13 stations, as well as an extension line for a further 4.6 km and 5 more stations.

Thus, ATM can be considered among the very few European LPT players with an international presence and with the capability to offer state-of-the-art experience in management, operation and maintenance of the various types of urban public transport systems.

More detailed information can be found at ATM's international website².

² Available at: <https://atminternational.com/>

ATM's commitment to Sustainability

Overview of Sustainability in the ATM Group

Sustainability Highlights

	2022	2021	2020
<i>Value generated</i>	1,099.4	1,019.3	968.6
<i>Distributed value</i>	1,000.9	935.3	924.5
<i>Retained value</i>	98.5	84.0	44.1
	2022	2021	2020
<i>Stations with lifts or stairlifts [1]</i>	71.3%	71.3%	70.2%
	2022	2021	2020
<i>Hours of human rights training</i>	490	456	267
	2022	2021	2020
<i>By genre</i>			
<i>Men</i>	9,431	9,497	9,408
<i>Women</i>	1,042	971	956
<i>Training hours</i>	319,168	308,751	190,676
	2022	2021	2020
<i>Security personnel</i>	324	286	268
	2022	2021	2020
<i>Tons of CO2 avoided</i>	86 mln	84 mln	85 mln
<i>Recycled waste</i>	58%	60%	70%

[1] This figure considers the M1, M2 and M3 metro lines as provided for in the Service Contract.

The table above summarizes sustainability actions taken at various levels as represented in the Group's non-financial statements 2022.

The "generated and distributed economic value", i.e., the wealth produced by the ATM Group and distributed among the various stakeholders in different forms, is representative of the impacts deriving from the performance of its services and it consists of macroeconomic benefits generated by the Group's activities.

In 2022, the Group generated an economic value of approximately EUR 1,099.4 million. Out of this, the Group has distributed EUR 568.9 million to staff in the form of salaries for activities carried out during the year, while more than EUR 401.9 million has been allocated to suppliers to cover operating expenses deriving from the purchase of services, raw materials, consumables and goods. In the same year, the Group has also distributed approximately EUR 30 million which can be labelled as taxes, donations, sponsorship of social initiatives and collaboration. Finally, about EUR 98 million has been retained by the Group as depreciation, write-downs, deferred taxes and reserved profits.

Training courses on respect for human rights – or more generally on social responsibility issues – are regularly carried out for all professionals of the Group. For the Group's companies in Italy, the specific training hours on the subject of respect for human rights refer to the SA8000 certification; while for Copenhagen Metro Service's controlled company, training courses are provided on the issues of Corporate Social Responsibility which also refer to SA8000 certification and human right issues. At the end of 2022, 98% of Metro Service employees completed the CSR e-learning program.

Further to the above, training for safety at work has been regularly carried out, in compliance with the law and the Group's policies on the topic. The main objective of such training is to ensure all workers are aware of vehicle safety, as the activities and the services offered to the City depend mainly on their actions.

As far as rolling stock investments are concerned, the increasing focus on reducing greenhouse gas emissions for the bus fleet, especially in the operating area of ATM, one of the most polluted regions in Europe, calls for the continued expansion of efficient urban public transport infrastructure, particularly electric-powered mass transit systems, which are generally acknowledged among the most environmentally sustainable modes of transportation. Sustainable transport has a key role to play in facilitating a modal transportation shift, enabling the transition to a low carbon economy, to support future climate change mitigation efforts and to build an environmentally friendly City of Milan.






To pursue the Full Electric project, in addition to the vehicles, it is necessary to commit investments in adaptation of spaces in the bus depots for vehicle recharging, building new purposely planned depots and ensuring energy supplied to recharge the electric buses is completely eco-friendly, and is certified "Green Energy" with guarantee of origin (according to AEGSI Resolution ARG/9et no. 104/11 and s.i.m.). Thanks to the purchase of such "Green Energy" with a guarantee of origin, the Group was able to avoid the emissions of about 86.000 tons of CO₂ in 2022.

The Group's investments and innovation are environmentally sustainable in nature: the Full Electric plan, undertaken by ATM since the end of 2017, has among its primary objectives, the improvement of service in terms of efficiency and environmental sustainability, thanks to the gradual replacement of all diesel buses with hybrid vehicles (which, compared to traditional vehicles, allow significant reductions in both fuel consumption and CO₂ emissions) and especially full electric buses. The final target is to have around 1,200 electric buses running by 2030, for the creation of a "Zero Emission Zone" extended to the suburbs.

ATM's broader project to strengthen the Group's policies will aid in achieving the objectives of the 2030 Agenda for sustainable development 'Sustainability Development Goals', as defined in the context of the United Nations, include: the reduction of CO₂ emissions; the annual increase of relevant initiatives in the field of inclusive mobility such as mobility as a service (MaaS) tools; the annual increase in the number of significant initiatives to minimize the resources used, such as plastic; the progressive gender equality and the narrowing of the wage gap between different genders; and a network of increasingly responsible suppliers, who are sensitive to environmental issues.

ATM and Sustainable Development Goals

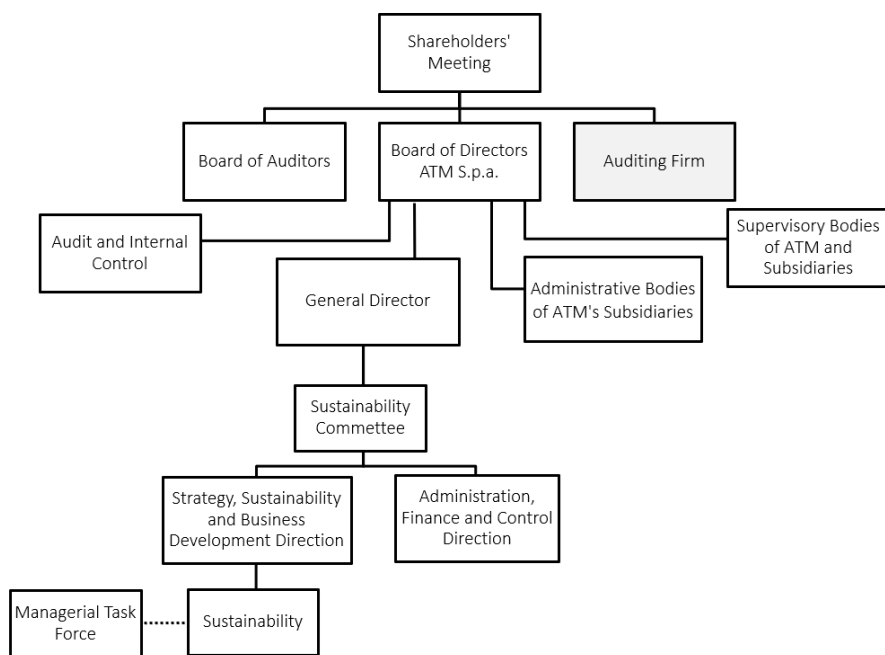
ATM is committed to identifying the SDGs most in line with its own strategy, i.e., those in which the Group can majorly contribute. The association of the SDGs identified with the strategic objectives of the Group makes it possible to further highlight the efforts undertaken by ATM, through strategy and business activities, in tackling the challenges of sustainability in favor of the community it serves. The Group has reviewed the analyses launched last year to define a series of targets relating to 5 SDGs:

<p>5 GENDER EQUALITY</p> 	<p>Achieve gender equality and empowerment (greater strength, self-esteem and awareness) of all women and girls</p>
<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>Ensure everyone has access to economic, reliable, sustainable and modern energy systems</p>
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>Foster lasting, inclusive and sustainable economic growth, full and productive employment, and decent work for all</p>
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>Make cities and human settlements inclusive, safe, durable, and sustainable</p>
<p>13 CLIMATE ACTION</p> 	<p>To promote action, at all levels, to combat climate change</p>

ATM Group’s Corporate Social Responsibility (CSR) policy

Sustainability Governance in ATM represents the set of policies, processes, and practices through which the company integrates social, environmental, ethical business conduct, and economic issues into its decisions and strategy.

Organizational Structure



The **Board of Directors** plays a fundamental role in overseeing ATM's commitment to sustainable development. It is crucial in incorporating environmental, social, and governance (ESG) issues into the corporate strategy, such as fighting climate change, reducing emissions, encouraging a more rational use of natural resources, creating comfortable workplaces, and generally guiding ATM's decisions towards an energy transition.

The **Supervisory Body's** task consists of overseeing the functioning and compliance with Model 231, managing the updating of Model 231 should the analyses suggest, and recommending management corrections and adjustments. It is also equipped with resources with expertise in the Internal Control and Risk Management System (SCIGR), internal auditing, and legal areas. ATM has joined the Business at OECD (BIAC) Anti-Corruption Committee, which is the officially recognized institutional counterparty for businesses and represents the viewpoints of over 300 multinational corporations and business associations worldwide. ATM is continuously committed to promoting an ethics-based strategy and operations that counteract corruption and strengthen the achievement of governance objectives within the ESG factors.

The **Board of Auditors** performs the tasks and functions provided by current regulation and, regarding the sustainability policy, verifies whether the SCIGR has been appropriately integrated with ESG risk management, focusing on those risks that can jeopardize the achievement of sustainability objectives and may require an update of the business models.

The **Sustainability Committee** aims to promote and integrate sustainable practices into the company's strategy and decisions. Its functions include analyzing the organization's activities in terms of their environmental, social, and economic impact. The Committee has an advisory and proactive role in order to support the development of corporate policies and strategies that consider sustainability policy and related goals, integrating environmental, social, ethical business conduct and, of course, economic considerations into decision-making processes. It monitors the evolution of sustainability regulations to ensure that the organization is compliant and proactive regarding legislative changes.

The **Administration, Finance and Control Department** has the main task of monitoring the investment plan and Group's economic and financial performance. Furthermore, it deals with the risk management's (hereinafter "ERM", better described in the following section) strategic, financial and legal issues. In addition, from 2024a specific vertical process will be launched for the assessment, measurement, management, monitoring and reporting of the main climate risks, in terms of both transition risks and physical risks.

Secondly, it is responsible for planning the activities necessary for the preparation, approval and publication of the so called "Dichiarazione non Finanziaria" (hereinafter "DNF" - a Consolidated non-financial report). The DNF is drawn up in compliance with the GRI Sustainability Reporting Standards (GRI Standards) and in line with the International "IR" Framework guiding principles of the International Integrated Reporting Council (IIRC).

The statutory audit certifies, through the issuance of a report, the fulfilment of the information required by the Legislative Decree in the DNF.

Starting from the 2022 financial year, The ATM Group has produced an "Integrated Annual Report", which includes the financial statements and the DNF, thus anticipating the Corporate Sustainability Reporting Directive (CSRD), which will become mandatory from 2024.

The **Strategy, Sustainability and Business Development Department** acts as a bridge between corporate governance and the implementation of sustainability practices. It oversees, directs and monitors sustainability-related activities, ensuring that these are fully integrated into company strategy and operations.

The **Sustainability Manager** leads the Task Force and develops projects for the implementation of Sustainability objectives and monitoring of the Sustainability Policy KPIs, proposes new projects to make company processes more efficient and ecological, reducing waste and minimizing environmental impact with an innovative approach and ethical, welcoming, inclusive and growth-oriented working environment.

The **Management Sustainability Task Force** is a key driver for the adoption and implementation of sustainable practices within the organization. These sustainable practices are therefore appropriately integrated into the general Corporate Governance system and the Internal Control and Risk Management System (“SCIGR”). The Sustainability Managerial Task Force cuts across all company departments and supports the Sustainability Manager, according to their respective roles and skills.

Policies and Strategies

The policies and strategies reflect the company’s commitment to sustainability, including aspects like environmental impact reduction, social responsibility, business ethics, and economic-financial performance. They also define the development of strategic plans that set specific and measurable sustainability objectives, such as CO2 emissions reduction, increased energy efficiency, and the use of renewable energies, as well as sustainable innovation processes, a customer-oriented service improvement in sustainability, a responsible supply chain, and comfortable and stimulating workplaces.

Stakeholders Engagement

The Group cares about establishing an open and constructive dialogue with all stakeholders, including customers, employees, suppliers, local communities, and institutions, to integrate their expectations and feedback into sustainability decisions, promoting transparent communication about sustainability initiatives and progress through sustainability reports, website updates, and other communication channels.

Stakeholders	Key engagement actions
Customers	Customers have the opportunity to interact with the Group by transmitting their suggestions and complaints through the many physical and digital channels available to them. ATM considers the monitoring of perceived quality, through periodic customer <i>satisfaction surveys</i> , an important lever of listening to its customers in order to guarantee a constant improvement of the service.
Municipality of Milan and other institutions of the PA	Several working tables guarantee the comparison and continuous collaboration between the ATM Group, the Municipality of Milan and the other institutions of the PA.
Employees of the ATM Group and their families	The multiple channels at disposal ensure a constant interaction between the Group and its employees, aimed at ensuring the analysis and resolution of the problems linked to the sphere of the employees. Among these channels, the presence of the whistleblowing channel and the SA8000 signaling boxes for certified companies is reported.
Suppliers and Sales Partners	The involvement of the suppliers is ensured during the course of normal business relations and with reference to the procedures identified by the management system SA8000.
Investors	Relations with investors are ensured through the normal channels established by the Group for this purpose (e.g. <i>conference call</i> , <i>website</i> , regular financial reports).
Representatives of Research Centers and Universities	ATM makes its know-how related to the management of local public transport systems available to the various research centers and universities with which it collaborates through educational partnerships, such as the course “ <i>Mobility: Infrastructures & Services</i> ” in collaboration with the Polytechnic of Milan and docences and scholarships for the Master “Management of Local Public Transport” of the University of Bicocca. In addition, ATM works with several universities to activate curricula internships and student internships within the company.
Media Representatives	The media are involved through press conferences, corporate events and public and institutional meetings.
Trade union representatives	The involvement of the trade union representatives is continuous and develops in the context of normal relations with the trade unions present within the ATM Group.
Territory, local communities and NGOs	Every year ATM organizes initiatives aimed at involving local communities in the company’s life, stimulating the comparison between the organization and the territory. One example is the ATM Porte Aperte initiative, aimed at discovering the “behind the scenes” of public transport and making known the people who are dedicated to providing services every day.

Sustainability Policy

Since 2020, the Group has worked on the concrete definition of the corporate pillars linked to sustainability; an analytical path that considers all operational, institutional and social aspects and environmental issues related to the company’s core business and its involvement in the context in which it operates. ATM has thus started a path of integration of sustainability issues within its own organizational model. Aware of the role it plays in the communities in which it offers its services, ATM recognizes the importance of mobility in the context of metropolitan cities for its essential contribution to sustainable development and urban planning based on the needs of citizens.

To this end, the Group has also defined a business strategy that incorporates the principles of sustainability and creates value for the Group and its stakeholders. The strategy articulated and declined in the Industrial Strategic Plan 2021-2025 is shared and approved by the Board of Directors of the Parent Company.

In addition to the industrial plan, and in line with the environmental transition “Milano Mix” promoted by the Municipality of Milan, the Group has refined the activities of its sustainability strategy, which is embodied in the Sustainability Policy. The Policy outlines the sustainability commitments undertaken by the Group through five pillars of action, summarized below:



Progress towards the sustainability objectives defined by the Sustainability Policy is constantly monitored by the Sustainability Manager using key performance indicators (KPIs) and accounted for by the Board of Directors:

Zero Emissions: measurement of Scope 1 and Scope 2 greenhouse gas (GHG) emissions, and from 2024 Scope 3 GHG emissions will also be measured;

Responsible Consumption: % of waste recovered and number of water recovery facilities in depots;

Sustainable Supply Chain: % of economically most advantageous tenders containing evaluation criteria for environmental and social certifications: the % of companies participating in tenders according to the economically most advantageous criteria that have ESG requirements;

Inclusive Mobility: comfort certification for passengers on all lines, dematerialized tickets, and accessibility; and

Great Workplaces: % of female presence in the company, gender pay gap, and health promotion initiatives.

Following the proposal of the Sustainability Direction in 2024, the Board of Directors decided to introduce a sixth pillar concerning governance: “Responsible Governance”, for which KPIs are being identified.

ATM publishes an annual sustainability report in the integrated report. Through these governance practices, ATM ensures that its operations are conducted responsibly, positively contributing to society and the environment, and building a solid foundation for long-term sustainable growth.

In conclusion, the governance of sustainability and ESG factors of ATM is crucial to ensuring that business and operations are conducted in a responsible way, for the pursuit and achievement of the ATM strategy. The strategy is integrated with the sustainability objectives, which are fundamental for the sustainable success of ATM, whilst also actively and positively contributing to the well-being of civil society and to the environment.

Risk management and Materiality analysis

The ATM’s ERM model bases its approach on an integrated, transversal and dynamic approach to risk management and the adoption of impact metrics reflecting the specific characteristics of the organization. The identification of the main risks and the management risks, the adequacy assessment of the risks and the identification of further improvement plans for the control system are carried out on a regular basis. The risk assessment process is initiated and coordinated by the Group risk management function and involves all company structures through the risk owner figures responsible for identifying, evaluating and updating risk scenarios.

The most valuable features of the adopted model are:

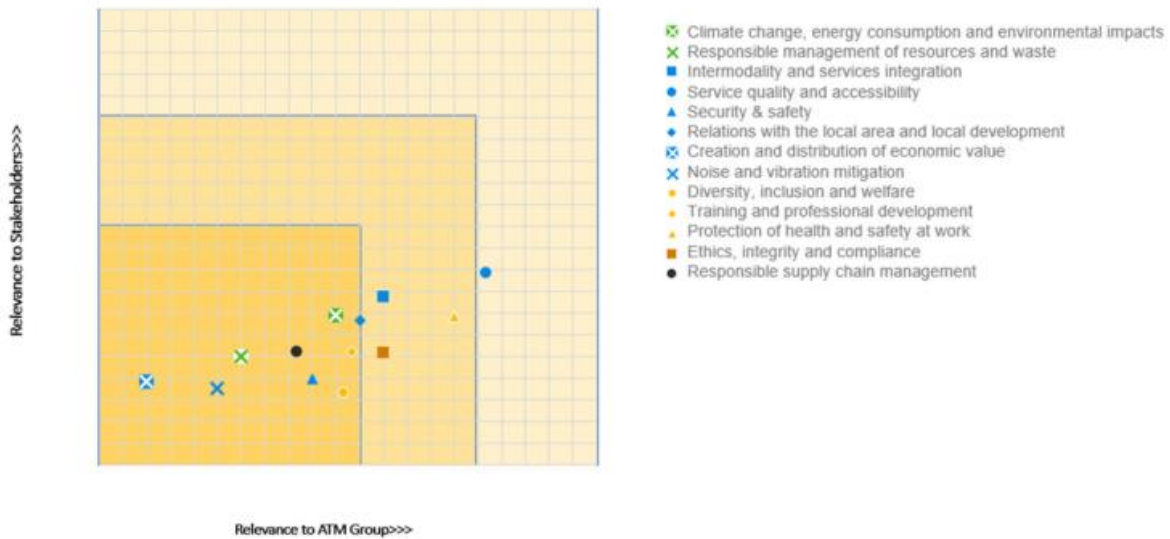
- the inherent and residual risk dimension: using a common methodology, the management involved in the ERM process assesses the specific risk scenarios in terms of “probability of occurrence” and “impact” in an inherent and residual dimension downstream of the controls and mitigation actions and their effectiveness assessment;
- the cross-compliance of impact measurement: the evaluation of multiple effects relating to economic-financial dimensions, health and safety, reputation, interruption of service, operational efficiency, Legal and Compliance, where applicable;

- integration with the process of stakeholder engagement and definition of the Materiality matrix.

In particular, the Materiality analysis is the survey aimed at identifying and evaluating the environmental, social and economic issues that are most relevant to the society from the point of view of its governance and stakeholders. In this context, during 2022, ATM updated its Materiality analysis in order to understand the possible changes in the expectations and needs of the interested parties in relation to the events that took place during the year. The analysis is in line with the new sustainability reporting standards of the global reporting initiative (GRI), published in 2021 and effective from January 2023, which provide for the review of the steps envisaged for the analysis of Materiality.

The new GRI Materiality aims to identify the relevant issues after determining the impacts generated (positive and negative) by the Group on society, the surrounding environment and the economy, including human rights.

The Materiality matrix of the ATM Group



Further to the above, in 2022, ATM started to update and harmonize the entire Ethics Code, 16 years after its first issue. The updated document can be found on ATM’s website³.

This gradual, multi-phase project, which ended in 2023, aims to:

- strengthen and enhance the corporate culture;
- facilitate the alignment of conduct, within and outside the organization, with its own values and principles;
- facilitate the process of relations with its stakeholders, in order to better understand their expectations;
- create the conditions for contributing to the creation of value through the management and reporting of “ESG” (Environmental, Social and Governance) and sustainability issues.

The project is based on the main regulations, guidelines, available standards and leading practices in business ethics and Corporate Social Responsibility. This is the first phase of formalizing “codes of conduct”, to

³ Available at: <https://www.atm.it/it/IlGruppo/Governance/Documents/Codice%20Etico.pdf>

supplement the Code of Ethics, which through ethical dilemmas and practical cases, enable employees and suppliers/partners of the Group to be aware of their obligations and prohibitions.

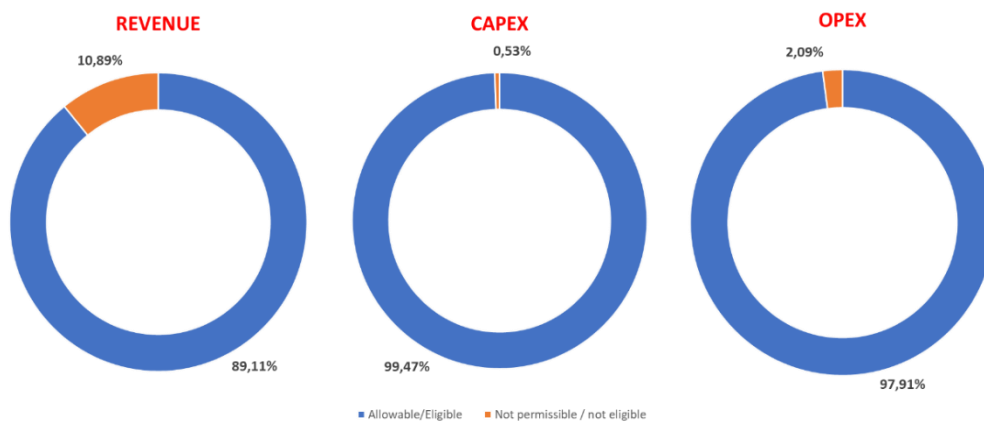
ESG principles are included also in procurement procedures.

Taxonomy Regulation and Sustainability reporting

In light of the provisions of Regulation (EU) 2020/852, ATM Group reviewed its activities under the lens of the EU Taxonomy, in relation to the objectives of climate change mitigation and adaptation.

As of the publication of the 2022 integrated annual report, and on the basis of its interpretation, the operations that characterize the activities of the Group are mainly related to “6.3. Urban and suburban transport, road passenger transport” and “6.4. Operation of personal mobility devices, cycle logistics” defined by the technical documentation in the context of the European Taxonomy.

In light of this interpretation, the Group has calculated the proportion of revenue, capital expenditure and operational expenditure linked to economic activities currently considered eligible or ineligible with reference to the climate change mitigation and climate change adaptation objectives defined, with the following outcome:



With the aim of illustrating ATM’s commitment to sustainability, in compliance with the requirements introduced by Law Decree no. 254 of 30 December 2016 implementing Directive 2014/95/EU, and in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards, ATM Group annually publishes the already cited Consolidated Non-Financial Report (“DNF – Dichiarazione Non Finanziaria”). This is a Corporate Social Responsibility Report outlining the company’s efforts linked to 5 relevant areas: environment, social aspects, personnel management, human rights, and fight against corruption.

Rationale for ATM's Green Financing Framework

After the pandemic forced shutdown, GHG emissions in Italy started growing again, driven by heating and transportation, including local public transport. Levels were up 8 to 9% in 2021-2022 compared to pre-Covid levels, but still down about 20% vis-à-vis 1990 levels, thanks to more intensive use of renewable energy sources⁴.

Decarbonized and sustainable transport plays a key role in driving the modal transportation shift, especially in the operating area of ATM, one of the most polluted regions in Europe. This calls for a continued expansion of efficient urban public transport modes, particularly electric-powered mass transit systems, which are generally acknowledged as among the most environmentally sustainable modes of transportation. ATM is committed to play its part, investing in the transition to low carbon transport to support future climate change mitigation efforts and build an environmentally friendly City of Milan.

ATM's investments and expenditures in innovation are the pivotal point of Green Financing. In order to pursue its objective of zero diesel fuel consumption and CO₂ emissions, linked to fleet power, ATM will continue to offer its services through metro, tram and trolleybus, while replacing the traditional bus fleet with 1,200 new electric buses by 2030. This target involves both the adaptation of existing deposits and the construction of new ones specifically conceived for electric vehicles.

Green Bond issuances will constitute a valuable opportunity for the Group to pursue the planned strategy, widen its investor base and engage with socially responsible investors.

⁴ [ISPR](https://www.isprambiente.gov.it/en/publications/reports/italian-greenhouse-gas-inventory-1990-2021-national-inventory-report-2023), 2023. Italian Greenhouse Gas Inventory 1990-2021. National Inventory Report 2023. Available at: <https://www.isprambiente.gov.it/en/publications/reports/italian-greenhouse-gas-inventory-1990-2021-national-inventory-report-2023>

ATM's Green Financing Framework

Under the Green Financing Framework (the “**Framework**”), ATM Group will be able to issue Green bonds, loans, or other financing instruments such as Green guarantees, including bid bonds and performance bonds, (collectively the “**Green Financing Instruments**”) to finance its sustainability efforts.

ATM's Green Financing Framework is established in accordance with the Green Bond Principles 2021 (with June 2022 Appendix) administered by the International Capital Market Association (ICMA)⁵, as well as the Green Loan Principles 2023 administered by the APLMA, LMA, and LSTA⁶, 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 Regulation⁷, specifically the Substantial Contribution criteria to climate change mitigation, as laid out in the Delegated Acts on Climate Change Mitigation⁸ (“**EU Taxonomy**”), where relevant and on a best effort basis.

ATM 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.

Use of Proceeds

An amount equal to the proceeds from ATM's Green Financing Instruments will be allocated to the financing and/or refinancing, in whole or in part, of existing and/or future “**Eligible Green Projects**”.

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

- capital expenditures;
- acquisition of stakes in “pure player” assets or companies deriving at least 90% of their revenues from zero tailpipe public transport and which meet the Eligibility Criteria described herein.

⁵ 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/>

⁶ 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

⁷ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088. Available at: <http://data.europa.eu/eli/reg/2020/852/oj>

⁸ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. Available at: http://data.europa.eu/eli/reg_del/2021/2139/oj

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

Selected Eligible Green Projects have been grouped in compliance with Financial Statements representation:



- Fleet/Clean transportation
- Renewable energy
- Buildings.







In case of investments for broader infrastructure projects, which affect all transport modes, and where the Framework’s applicable thresholds are not met, a pro-rata approach will be used to determine the amount of Eligible Green Projects. The calculation will be made using the number of passengers per km on electrified public transport vs. the total number of passengers per km (electric and diesel) in the applicable year of disbursement.

Investments can be carried out in Italy or abroad, thus allowing ATM foreign subsidiaries (e.g., Metro Service in Copenhagen, THEMA in Thessaloniki) to benefit from the Group’s environmentally friendly policy.

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

For the avoidance of doubt, assets and expenditures dedicated to fossil-fuel based transportation are excluded and deemed ineligible.

Eligible Category	Eligibility Criteria	Example of Eligible Assets / Projects	Alignment with UN SDGs	EU Taxonomy Activity Mapping for the Climate Change Mitigation Environmental Objective
Clean Transportation	<p>Projects and investments related to the establishment, acquisition, expansion, renewal, maintenance and/or operation of zero direct (tailpipe) CO₂ emissions transport, as well as associated enabling systems and equipment.</p> <p>Projects and investments related to acquisition, renewal, maintenance and operation of personal mobility or transport devices where the propulsion comes from the physical activity of the user, from a zero-emission motor, or a mix of zero-emission motors and physical activity. The personal mobility devices are allowed to be operated on the same public infrastructure as bikes or pedestrians.</p>	<ul style="list-style-type: none"> • Bus and minibus fleet transition from diesel to electric engine • Renewal of tram fleet (new cars and revamping existing cars) • Renewal of the ticketing system • Metro 4 acquisition • Construction of new Toscana and Triboniano depots for electric buses • Charging stations in new and existing depots, and opportunity chargers on the city network for electric buses 	 	<p>6.3. Urban and suburban transport, road passenger transport</p> <p>6.4 Operation of personal mobility devices, cycle logistics</p> <p>6.15 Infrastructure enabling low-carbon road transport and public transport</p>

	Construction and/or adaptation of existing or new infrastructure supporting electric or zero emission transportation.			
Renewable energy	Installation, maintenance, and repair of on-site renewable energy systems (specifically, solar photovoltaic systems and the ancillary technical equipment)	<ul style="list-style-type: none"> Installation of photovoltaic systems in depots 	   	7.6. Installation, maintenance and repair of renewable energy technologies
Green Buildings	<p>Construction of new buildings:</p> <ul style="list-style-type: none"> the primary energy demand (PED) at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council the energy performance is certified using an as built Energy Performance Certificate (EPC) <p>Acquisition of new buildings:</p> <ul style="list-style-type: none"> for buildings built before 31 December 2020, the building has at least Energy Performance Certificate (EPC) class A, or, as an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) for buildings built after 31 December 2020, the primary energy demand must be at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures, implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate (EPC). 	<ul style="list-style-type: none"> Headquarter buildings 	 	<p>7.1. Construction of new buildings</p> <p>7.2. Renovation of existing buildings</p> <p>7.7. Acquisition and ownership of buildings</p>

	<ul style="list-style-type: none"> buildings that have received third-party certification of either: BREEAM Excellent, HQE Excellent, or LEED Platinum <p>Renovation of existing buildings:</p> <ul style="list-style-type: none"> the building renovation complies with the applicable requirements for major renovations⁹ or, alternatively, leads to a reduction of primary energy demand (PED) of at least 30% 			
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Process for Project Evaluation and Selection

Since 2019, the main investment projects included in ATM’s Business Plan have been evaluated through a cost-benefit analysis methodology, which includes environmental and social indicators. For the purposes of this Framework, Eligible Green Projects will be selected, reviewed and validated by a dedicated Green Finance Committee to assess that investments fall within the Eligible Green Project categories and that they can reasonably deliver environmental benefits over their life.

The dedicated Green Finance Committee comprises:

- the General Manager of ATM,
- the CFO – CRO of the Group,
- the Head of Finance,
- the Head of Sustainability,
- the Head of Budget, Planning and Control,
- the Legal Counsel

The Green Finance Committee’s meetings will take place on at least an annual basis and as and when the situation requires. The approved projects will have to comply with ATM’s approved environmental objectives within the business plan, as well as the criteria of one or more Eligible Green Project categories outlined in the ‘Use of Proceeds’ section of this Framework.

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

- carrying out the process of projects selection and evaluation, i.e. reviewing and selecting Eligible Green Projects;
- monitoring the portfolio of Eligible Green Projects on a regular basis to ensure that they remain aligned with the eligibility criteria and are not subject to major ESG controversies;

⁹ As set in the applicable national and regional building regulations for ‘major renovation’ implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.

- excluding projects that no longer comply with the eligibility criteria, are exposed to major ESG controversies or have been disposed of, and replace them as soon as reasonably practicable;
- overseeing the internal processes to identify known material risks of negative social and/or environmental impacts associated with the Eligible Green Projects and appropriate mitigation measures where feasible;
- validating the allocation and impact reporting process;
- reviewing the content of ATM's Green Financing Framework and validating any changes to the document in line with market or regulatory developments and ATM's sustainability strategy.

The Eligible Green Projects are subject to evaluation by ATM's ERM model, which bases its approach on an integrated, transversal and dynamic approach to risk management and the adoption of impact metrics reflecting the specific characteristics of the organization. The process of identifying and evaluating the risks and the associated scenarios, as well as mitigation actions, is fully integrated into the ERM model. ATM also has in place a Safety Prevention and Environment and Quality (SPEQ) function to ensure the definition of the guidelines for quality, health and safety at work and the environment, according to the Group's strategic lines and in full compliance with the mandatory standards and management systems implemented (without limitation ISO 9001, ISO 14001, ISO 45001, etc.).¹⁰

¹⁰ More detailed information on ATM's risk management approach can be found in its Integrated Annual Report. Available at: <https://www.atm.it/en/IlGruppo/ChiSiamo/Pages/Attivita.aspx>

Management of Proceeds

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

ATM's Budget Planning and Control Department, jointly with the Finance Department, will be in charge of tracking the proceeds allocated to Eligible Green Projects. Tracking will be possible using ATM's accounting systems and ranking investments by main lines (i.e., fleet, systems and equipment, company real estate assets). Every account may contain Eligible Green Projects.

Pending the full allocation, ATM will invest the balance of the proceeds at its own discretion as per its liquidity management policy, including 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, ATM commits to allocate the proceeds to other projects that would comply with the Eligible Green Project categories as soon as reasonably practicable. ATM commits on a best effort basis to reach full allocation of proceeds within two years following the issuance of a Green Financing Instrument.

Reporting

ATM commits to publish within one year of issuance, and annually thereafter until maturity of outstanding Green Financing Instruments, an allocation and impact report that will provide information on the allocated Eligible Green Projects, at least at category level. The reporting will be made publicly available on ATM's website and in the "Non-financial Report" and reviewed by purposely appointed external auditors.

The "Non-Financial Report" can be downloaded from ATM's website¹¹.

Allocation Reporting

The allocation report will include:

- (i) allocated amounts, at least at category level;
- (ii) 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;
- (iii) breakdown by types of expenditures;
- (iv) share of refinancing vs new financing;
- (v) contribution to the EU environmental objectives where applicable;
- (vi) the outstanding amount of proceeds yet to be allocated to projects at the end of the reporting period.

¹¹ Available at: <https://www.atm.it/en/IlGruppo/ChiSiamo/Pages/Attivita.aspx>

Impact Reporting

ATM commits to publish an impact report that will provide information on the environmental and other sustainable development impacts of Eligible Green Projects that the Green Financing Instruments' proceeds have been allocated to. ATM will estimate ex-ante the theoretical environmental impact metrics and, when feasible, will provide ex-post impact measurements. The Impact Reporting will be published on an annual basis, together with the Allocation Reporting.

ATM intends to align, on a best effort basis, the impact report with the portfolio approach described in the "Handbook – Harmonised Framework for Impact Reporting (June 2023)"¹².

Examples of impact metrics that could be reported:

Eligible category	Impact Metrics
Clean Transportation	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided (tCO₂e) • Annual Absolute (gross) GHG emissions in tCO₂e • Number of clean vehicles deployed (e.g., electric)
Renewable Energy	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided (tCO₂e) • Annually generated renewable energy
Green Buildings	<ul style="list-style-type: none"> • kWh/m² of gross building area per annum and % of energy use reduced/avoided vs local baseline/building code • Type of scheme, certification level and m² gross building area • Annual GHG emissions reduced/avoided (tCO₂e) vs local baseline/baseline certification level

¹² 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>

External Review

Second Party Opinion

Sustainalytics has reviewed ATM's Green Financing Framework and has issued a Second Party Opinion, confirming the alignment of the Framework to the ICMA Green Bond Principles 2021 (With June 2022 Appendix 1) and APLMA, LMA, LSTA Green Loan Principles 2023.

External verification

An independent auditor appointed by ATM will provide an annual assurance report confirming:

- (i) the allocation of the Green Financing Instruments' proceeds, in accordance with ATM's Green Financing Framework, and
- (ii) the associated impact report.

Both ATM's Green Financing Framework and Sustainalytics Second Party Opinion will be made available on ATM's website (www.atm.it).

Disclaimer

This document (the Green Financing Framework) is intended to provide non-exhaustive, general information related to ATM's approach to sustainability.

It contains forward-looking statements that reflect ATM's management current views with respect to future events and financial and operational performance of the company and its subsidiaries.

These forward-looking statements are based on ATM's current expectations and projections about future events. Since the statements themselves are subject to risks and uncertainties, actual future results or performance may materially differ from those expressed therein or implied thereby due to any number of different factors, many of which are beyond the ability of ATM's control, including for instance changes in the regulatory framework and/or taxation laws, future market developments, fluctuations in the price and availability of commodities and other risks.

Investors are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this document. ATM does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation.

This document is intended to provide non-exhaustive, general information related to ATM's approach to sustainability. This document may contain or make reference to public information not separately reviewed, approved or endorsed by ATM and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by ATM as to the fairness, accuracy, reasonableness or completeness of such information.

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This Green Financing Framework is not intended to be, and should not be regarded as providing legal, financial or technical advice.