Green Financing Framework

November 2020

GREEN

PERSONE, VALORI, AMBIENTE
PEOPLE, VALUES, ENVIRONMENT

Contents

1. Introduction

Aeroporti di Roma S.p.A. (“**ADR**” or the “Group”) is the managing company of the Rome airport system and Italy’s main airport operator with two airports – Fiumicino (“**FCO**”) and Ciampino (“**CIA**”) – serving the City of Rome and the surrounding areas. In 2019 the ADR airport system welcomed 49.4 million passengers (of which 43.5 million in FCO), with over 240 destinations around the world connected with Rome thanks to ~100 airlines operating at the two airports.

1.1. ADR’s route to sustainability

Sustainability is a strategic priority for the Group since many years and is integrated into its business model to create economic, social, and environmental value.

A Sustainability Steering Committee was established in 2013 to promote ESG-relevant projects and to coordinate the related activities. The Committee is composed by ADR’s top management and an external member.

In particular, the ADR Group, in line with its mission and through continuous dialogue with stakeholders and analysis of the internal and external context, is committed to ensuring:

- **EFFICIENCY AND FLEXIBILITY OF THE AIRPORT SYSTEM**
- **QUALITY OF SERVICES PROVIDED**
- **SAFETY OF AIRPORT OPERATIONS**
- **ENVIRONMENTAL PROTECTION**
- **PROTECTION OF OCCUPATIONAL HEALTH AND SAFETY**
- **ATTENTION TO THE COMMUNITY**

ADR intends to pursue a sustainable growth process on a local scale, whilst contributing to achieve part of the most relevant Sustainable Development Goals defined by the United Nations. ADR intends to achieve these goals by defining an annual Plan that encompasses projects and initiatives that reflect the three dimensions of its Sustainability strategy: environmental, social and governance.

All the activities that the Group carries out for its stakeholders and that are related to its sustainability strategy can be divided into the following macro areas.

A) ACTIVITIES FOR THE DEVELOPMENT OF ECO-SUSTAINABLE INFRASTRUCTURE

The Sustainable Development Goals of Fiumicino and Ciampino airports fall into five main strategic areas: (i) Development of infrastructure on current airport grounds with maximum reduction of land consumption (ii) Design and implementation of LEED (Leader in Energy and Environmental Design) certified infrastructure works, targeting at least the Gold level. (iii) Operational improvement of the airports and flexibility optimisation the of the system notably at peak times (iv) Implementation of projects and initiatives integrated with the territory and (v) Increase of intermodality to improve accessibility to rail transport.

Concrete actions: General Aviation Terminal in Ciampino achieved LEED Gold certification in 2019 and other infrastructure are designed to achieve the same certification (Pier A, Cycleways, Nusery) within the eligible green projects.

B) ACTIVITIES FOR THE ENVIRONMENT

Sustainability, mitigation of the environmental impact and continuous improvement: these are the topics that drive ADR's decisions. Over time ADR has increasingly adopted and fine-tuned control systems and management tools aimed at monitoring and limiting the environmental footprint of the "Airport System".

*Concrete actions: from 2012 to 2019 ADR has recorded (i) reduction of about 40% in specific electricity consumption (per passenger per square metre), from 13.2 to 7.8 kW/(sqm*passenger); (ii) reduction of total CO2 emissions by 14%; (iii) 98% recycled waste at Fiumicino airport: this figure has quadrupled compared to 2012; and (iv) reduction of 29% in water consumption per passenger at Fiumicino airport (driven by the implementation of a dual water network that allows separate management of drinking water from water for industrial use; industrial water accounts for more than 50% of the consumption).*

C) THE ACTIVITIES FOR THE ITALIAN COUNTRY SYSTEM

ADR, through its business, sets in motion a value chain that significantly contributes to the Italian System, generating wealth directly and stimulating the productivity of third parties, directly or indirectly linked to the Group's operations.

Concrete actions: €53.9 bn is the total value of production generated by the Rome Airport System; 392k thousand total jobs created thanks to the airports (direct, indirect, spillover business) and additional 129k additional jobs directly linked to airports.

D) ACTIVITIES FOR CUSTOMERS AND QUALITY

ADR is committed to continuously improving the quality of its services by upgrading existing infrastructure, building new infrastructure as well as strengthening the services offered to passengers, while continuously engaging with its main stakeholders (ENAC, handlers, and airlines).

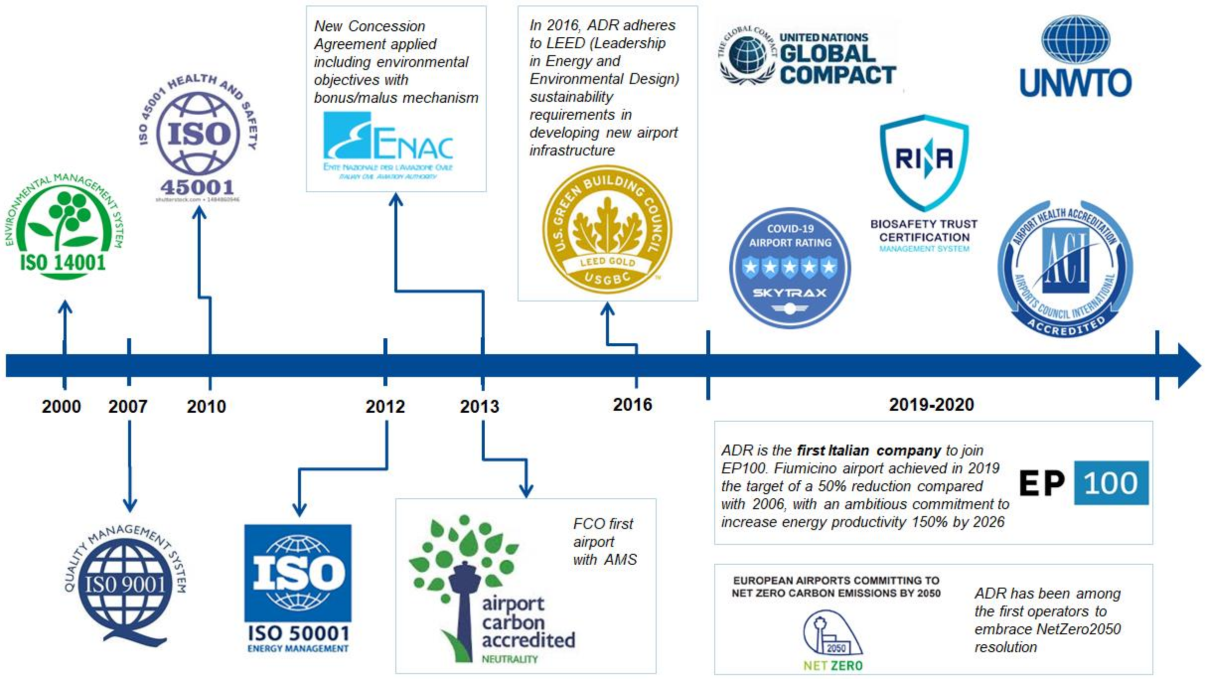
Concrete actions: in 2020 Fiumicino was named "Best Airport in Europe" for the third year in a row by the Airport Council International in recognition of its comprehensive health and safety measures to restore passenger confidence as well as its strong stakeholder and community engagement.

E) ACTIVITIES FOR PEOPLE

ADR's Human capital contributes, both in operational and strategic terms, to the achievement of the Group's objectives and it is the distinctive driver that ensures the best service to passengers. All the initiatives that ADR envisages in terms of professional growth are accessible to everyone, according to the skills of each individual, thus ensuring equal opportunities in the selection, recruitment, training and development phases.

Concrete actions: initiatives for (i) the health and well-being of employees and their families (health and welfare policies) and (ii) families and children of the employees (including maternity support).

The charts below summary the main achivements and key facts related to ADR's "suistanable" action[1]:



-14%
CO_2 emissions
(vs 2012)

-29%
Drinking water consumption
(vs 2012)

0.4
sqm/pax

New infrastructure LEED GOLD

-40%
Electricity consumption
(vs 2012)

+263%
Recycled Waste
(vs 2012)

[1] *Figures represented above relate to the Fiumicino Airport.*

1.2. Our objectives and initiatives

Zero emissions airports by 2030

ADR has been among the first operators to embrace NetZero2050 resolution. Now ADR is committed to achieve net zero airports carbon emissions by 2030 by leveraging on the following activities and projects:

i) **Renewable Energies**: realization of multi MW photovoltaic power plants;
ii) **Clean Trasportation and infrastructure for low carbon transport**: installation of hundreds of electric vehicle charging stations incorporating V2G technology; increase of smart and clean mobility to and from the airport by investing in electric charging stations with clean energy availability and facilitating electric car sharing;
iii) **Green Buildings**: with a view to pursue "brownfield" development, the infrastructure plan is based on new, existing or refurbished buildings which have received at least one of the following criteria: the LEED Gold, BREEAM Very Good, EPBD A;
iv) **Energy efficiency technologies**;
v) **Other Initiatives**: contributing to sustainable aviation fuel, making biofuel available at the airport distribution center.

Waste reduction of 10% (per pax) by 2030

ADR has already reached very ambitious levels of recycled waste (98% in 2019). ADR's efforts are now focused on waste reduction and airport circular economy processes, to reach a zero-waste airport configuration:

i) the composting plant for organic waste will be brought up to be fully operational (2.5 tons of organic waste per day);
ii) installing special equipment for compacting PET bottles;
iii) strengthening periodic meetings with tenants (food and retail) in order to promote waste reduction strategy and plastic strategy (packaging reduction, disposable plastic use reduction, etc.);
iv) Sludge de-watering processes.

Further initiatives towards more sustainable aviation sector

Saving natural resources, energy and land consumption is a cornerstone of our operational and infrastructure development strategy and we have always worked with this spirit. For example, FCO is one of the main European Airport Hubs with the lowest land consumption: 0.4 sqm per pax.

Furthermore, ADR supports initiatives aimed to reduce CO2 emissions in aviation sector:

- In 2014 ADR successfully implemented the Airport Collaborative Decision Making (A-CDM), an operational procedure which aims to improve air traffic management through better sharing of information amongst all stakeholders. Thanks to the introduction of this new procedure, airlines have been able to save an average of 90 seconds of taxing time (-10%), which resulted in a CO2 savings for ca. 11,800 tons (on an annual basis - 2018 figures);

- ADR participates in the SESAR programme (Single European Sky Air Traffic Management Research), which contributes to the targets of the Single European Sky (SES) initiative to reduce the environmental impact of flying through better use of airspace and a sky decarbonisation programme;
- In 2019 ADR has won an H2020 European funded project with CPH airport, IATA, DLR and other research centres. In the next 4 years ALIGHT project will design the airport of the future with Zero CO2 emissions, defining how sustainable aviation fuel can be integrated into logistic chain and airport infrastructure.

Since 2010, the number of flights per year decreased despite the increase in passengers, driven by increasingly seat per flight and load factor. International flights increased materially over the last ten years from 59% to 70% of total flights. ADR is actively focusing on long-haul flights vis à vis domestic ones, in an effort to expand its relevance in Europe as a key international hub whilst reducing flights to destinations which can be reached using more sustainable transportations.

1.3. Concession agreement

ADR operates under a concession agreement with the Italian civil aviation authority ENAC that regulates, oversees and controls Italian airports. In addition to the economic conditions, the concession sets clear, well-defined environmental objectives:

i) Reduction of water consumption;
ii) Improvement of energy efficiency;
iii) Control of Noise pollution;
iv) Control of CO2 emissions;
v) Maximization of waste recycling.

At the beginning of every sub-tariff period, ADR must present an environmental plan that highlights the objectives achieved and its future plans. On a yearly basis, progresses towards targets of the environmental plan are then monitored and reported to ENAC and users in a comprehensive survey (available on ADR website).

Moreover, as tariffs’ formula includes a bonus/malus parameter based on the yearly achievement of our environmental objectives, ADR’s successful environmental performances trickle down to the company’s financials.

2. Summary and Rationale for the Green Financing Framework

This Green Financing Framework represents an additional step in ADR's commitment to sustainability that will enable the company to incur "Green Debt" (through the issue of bonds or the assumption of bank loans) to finance and / or refinance projects with a positive environmental impact.

This Green Bond Framework has been prepared taking into account the **ICMA Green Bond Principles** ("**GBP**") 2018 edition as well as the **LMA Green Loan Principles** ("**GLP**") 2020 edition.

ADR commits to constantly improve its approach to sustainability and intends to review periodically review this Green Financing Framework to ensure alignment with market expectations, voluntary standards and anticipated regulatory developments such as the EU Taxonomy and the EU Green Bond Standard. ADR's Green Financing Framework may therefore be amended and/or updated to reflect changes and developments in applicable legislation and market practice.

Under this Green Financing Framework, ADR may incur Green Debt to finance and / or refinance projects related to Green Buildings, Renewable Energy, Pollution Prevention as well as Control and Clean Transportation and infrastructure for low carbon transport.

We firmly believe this is a natural and key step in ADR's ESG (Environmental, Social and Governance) agenda that will:

- Align the funding strategy with its mission, goals and sustainability targets;
- Ensure that the proceeds from our investor base and their clients are directed to projects that contribute to the transition to a low carbon economy;
- Contribute to the development of an airport "green debt market" encouraging other issuers to embrace and follow our efforts.

In alignment with the core components of the GBP and the GLP, the following sections contain a discussion of the main components of this Green Financing Framework:

- Use of proceeds;
- Process for project evaluation and selection;
- Management of proceeds;
- Reporting;
- External review.

3. Use of Proceeds

The proceeds of any Green Debt incurred by ADR pursuant to this Green Financing Framework will be allocated to Eligible Green Projects as defined within the following list of Eligible Project Categories.

Eligible Project Category	***Description of Eligible Green Projects***	***UN SDG target contribution***	***EU Taxonomy alignment[2]***
Green Buildings	*Realization of new projects like airport terminals, offices and retail buildings which have - received at least one of the following criteria: the LEED[3] Gold, BREEAM[4] Very Good, EPBD[5] A* *Retrofit, upgrade or renovation of airport terminals, offices and buildings* *Energy efficiency measures, such as LED lighting and building insulation* *Investments in water consumption reduction*	***Target 9.1*** *Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all* ***Target 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* ***Target 11.c*** *Proportion of financial support that is allocated to the construction and retrofitting of sustainable, resilient and resource-efficient buildings utilizing local materials*	***Environmental Objective*** *Climate Change Mitigation* ***Substantial contribution to Climate Change mitigation:*** *Improving energy efficiency in all sectors* ***Selected economic activity:*** *Construction of new buildings and renovation of existing buildings*
Renewable Energy	*Installation of renewable power generation units (photovoltaic and wind)*	***Target 7.2*** *Increase substantially the share of renewable energy in the global energy mix* ***Target 7.3*** *By 2030, double the global rate of improvement in energy efficiency* ***Target 13.1*** *Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries*	***Environmental Objective*** *Climate Change Mitigation* ***Substantial contribution to Climate Change mitigation:*** *Reduction of CO2 emissions* ***Selected economic activity:*** *Production of renewable energy*

[2] *Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment: https://eurlex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018PC0353*
[3] *LEED Leadership in Energy and Environmental Design*
[4] *BREAAM Building Research Establishment Environmental Assessment Method*
[5] *EPBD is the Energy Performance of Buildings Directive*

Pollution Prevention and Control	*Project for the improvement of waste recycling, waste minimization and for the increase of the energy/emission efficiency of waste management activities*	***Target 12.5*** *By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse*	***Environmental Objective*** *Climate Change Mitigation* ***Substantial contribution to Climate Change mitigation:*** *Reduce of waste sent to landfill* ***Selected economic activity:*** *Increase terminal waste recycling*

Eligible Project Category	***Description of Eligible Green Projects***	***UN SDG target contribution***	***EU Taxonomy alignment***
Clean Transportation and infrastructure for low carbon transport	*Investments on Electric transportation (such as buses, cars, trains) and related charging infrastructure* *Fixed electrical ground power and pre-conditioned air units* *Zero emission equipment for remote handling and electric taxiing* *Cycleways*	***Target 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* ***Target 11.6*** *By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management*	***Environmental Objective*** *Climate Change Mitigation* ***Substantial contribution to Climate Change mitigation:*** *Increasing clean or climate-neutral mobility* ***Selected economic activity:*** *Incentivization of clean and climate-neutral mobility and related infrastructure*

Eligible Green Projects may include asset valuations of tangible assets, capital expenditures, operating expenditures and, where applicable, research and development expenditures.
In the case of operating expenditures, this includes a look-back period of up to 3 years from the incurrence of the Green Debt.

ADR may update this Green Financing Framework in the future to expand this list of Eligible Project Categories or Eligible Green Projects and / or to include new Eligible Categories as relevant to ADR's financing strategy.

4. Project evaluation and selection

A Green Finance Committee will review, evaluate and select the Eligible Green Projects to be financed / refinanced with the proceeds from the incurrence of Green Debt. The Committee will be formed by representatives from Treasury, Finance, Sustainability and Operations deparments, as well as experts on the matter to ensure all relevant ADR stakeholders are represented.

The Green Finance Committee will be in charge of the following tasks:

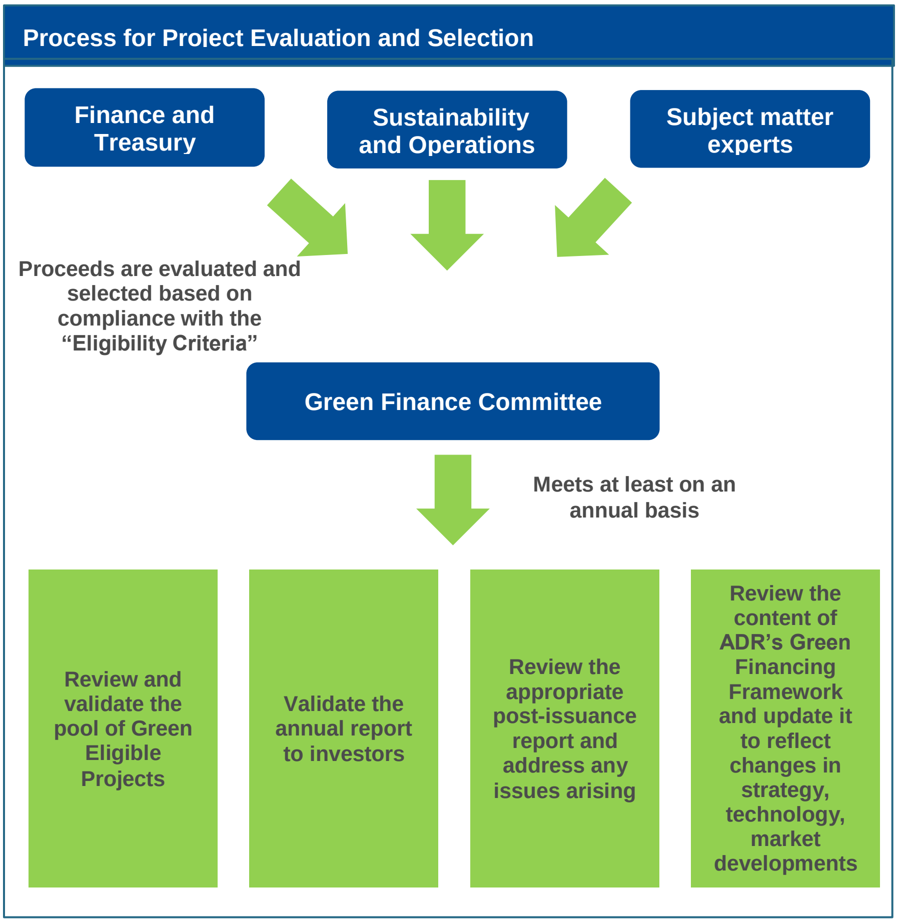
i) To review and validate the pool of Green Eligible Projects, with reference to the criteria as set out in Section 3 of the Framework (Use of Proceeds) as well as ADR's own internal Environmental Management System and other applicable environmental criteria for new projects;

ii) To validate the annual report to investors;

iii) To review the appropriate post-issuance report and address any issues arising; and

iv) To review the content of ADR's Green Financing Framework and update it to reflect changes in corporate strategy, technology, legislative and market developments.

The Green Finance Committee will meet at least on an annual basis.



5. Management of Proceeds

ADR intends to deposit any net proceeds from each Green Debt in the ADR's general account, with an amount equal to the net proceeds to be earmarked for allocation to the Eligible Green Projects, as selected according to this Green Financing Framework and its internal procedures.

The net proceeds arising from a Green Debt will be invested in Eligible Green Projects possibly within 24 months from the date of incurrence of the Green Debt.

Pending the full allocation to Green Projects, ADR will hold the balance of unallocated proceeds in the form of cash or cash equivalent investment instruments or other liquid treasury instruments, such as bank deposits and/or money market funds in line with ADR's treasury management policy.

In case of asset divestment or discontinuation of an Eligible Green Project, ADR will use the net proceeds to finance new Eligible Green Projects as soon as practicable once an appropriate substitution option complying with then Green Financing Framework has been identified.

6. Reporting

As long as any Green Debt is outstanding, ADR will publish the following documents:

Allocation report

Provided within 12 months of issuance or, if the proceeds are still partially unallocated, annually until full allocation. This will include, to the extent feasible:

- Breakdown of proceeds by project category;
- Breakdown of proceeds by EU Environmental Objective[6] being pursued;
- The share of proceeds being deployed for financing and refinancing;
- Where applicable, the balance of unallocated proceeds and how these proceeds are being held.

This information will be verified by ADR's auditor and will be available on ADR website as a standalone document.

Impact report

The impact report will be provided on an annual basis until maturity of the underlying Green Debt. It will include:

- Data on Environmental KPI's relevant to that project category, including relevant methodology and assumptions applied (see appendix for more information);
- Case studies of specific, demonstrative, Eligible Green Projects.

[6] *Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment: https://eurlex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018PC0353*

7. External review

Second Party Opinion ("SPO") and Green Evaluation pre-incurrence:

ADR has requested DNV-GL to review the Green Financing Framework and to provide a SPO each time Green Debt is incurred attesting the specific Green Debt complies or is aligned with, as the case may be, the ICMA's Green Bond Principles and LMA Green Loan Principles.

Furthermore, ADR has requested Standard and Poor's (S&P) to review the Green Financing Framework and to provide a Green Evaluation each time Greed Debt is incurred.

This Green Financing Framework and any SPO and Green Evaluation, will be made available on ADR's website.

Post-incurrence external verification:

As mentioned in Section 6 (Reporting), ADR's external auditor will also provide a limited assurance report on information set out in the Allocation Report associated with this Green Financing Framework.

8. Appendix

Eligible Project Category	Potential Impact reporting indicators
Green Buildings	▪ Annual CO_2 emission reduction compared with the base year ▪ Reduction of energy consumption (in million kWh / (passenger*sqm)), compared to the base year ▪ Overview of sustainable labels and certificates for eligible buildings ▪ % reduction of consumption (in litres) of drinking water per passenger compared to the base year
Renewable Energy	▪ MWh generated by traditional sources (not renewable) compared to the MWh generated by renewable sources ▪ Annual Renewable Energy Generation (MWh) ▪ MWh consumed by renewable or zero emission sources compared to total MWh consumed
Pollution prevention and Control	▪ % of waste sent to recovery
Clean Transportation and infrastructure for low carbon transport	▪ Annual CO_2 emission reduction compared with the base year ▪ Number of charging points

9. Disclaimer

This document (the Green Financing Framework) is intended to provide non-exhaustive, general information related to ADR approach to sustainability. This document may contain or make reference to public information not separately reviewed, approved or endorsed by ADR and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by ADR as to the fairness, accuracy, reasonableness or completeness of such information.
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As set out above, it should be noted that all the expected benefits of the Eligible Green Projects referred to in this Green Financing Framework might not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available Eligible Green Projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Green Projects.
This Green Financing Framework is not intended to be and should not be construed as providing legal, financial or technical advice.

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