



Green Bond Report

November 2021



GREEN

PERSONE, VALORI, AMBIENTE
PEOPLE, VALUES, ENVIRONMENT

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1. About this report

In November 2020 Aeroporti di Roma S.p.A. (“ADR”) issued its inaugural Green Bond worth € 300m, which received investor requests for over 12 times the offer. The issuance followed the approval and publication of ADR’s Green Financing Framework¹. The Green Financing Framework was reviewed by DNV-GL, who also provided a “Green Bond” eligibility assessment of transaction (the “SPO”)².

ADR is one of the few airports in the world to have issued a green bond, so far, and aims to confirm a financial policy combined with sustainability commitments also for the near future. Sustainability is amongst ADR’s strategic priorities, together with Innovation and excellence in Quality and Safety, as well as the commitment to position itself as a leader in airport development and management activities with minimum environmental impact.

Such commitment is further strengthened by:

- the set-up, in November 2020, of the “Green Finance Committee”, with the aim of updating and monitoring the Green Financing Framework, as well as identifying the investments eligible for inclusion in the green portfolio;
- the issuance, in April 2021, of ADR’s € 500m inaugural Sustainability-Linked Bond;
- the definition of a roadmap to achieve 50% or more of green or sustainable-based financing by 2025.

This Green Bond Report aims to address the reporting requirements set by the Green Financing Framework, namely the preparation and publication of the “Allocation Report” and the “Impact report”.

The Green Bond Report has been reviewed by the Green Finance Committee during the meeting held on 25 November 2021.

ADR has requested EY S.p.A. (“EY”) – acting as independent auditor – to provide limited assurance on the Allocation Report.

¹ The Green Bond Framework can be downloaded at <https://www.adr.it/web/aeroporti-di-roma-en/sustainable-financing>

² The SPO can be downloaded at <https://www.adr.it/web/aeroporti-di-roma-en/sustainable-financing>

2. Green Bond Allocation Report

The Green Bond Allocation Report includes information on allocation of the Green Bond proceeds, including breakdown by project category and by EU Environmental Objective, the share of proceeds being deployed for financing and refinancing and, where applicable, the balance of unallocated proceeds.

Reporting criteria

The Green Bond Allocation report has been prepared in accordance with the the Green Financing Framework, taking into account the ICMA Green Bond Principles (2018 edition).

Green Bond Portfolio

On 2nd December 2020, ADR issued its inaugural € 300m Green Bond:

- ISIN: XS2265521620
- Maturity: 2nd February 2029
- Coupon: 1.625%

Final Terms of the issuance can be downloaded at: <https://www.adr.it/web/aeroporti-di-roma-en/programme-documents> ³

Allocation of proceeds as of 31st december 2020

As set out in the table below, ADR identified a portfolio of Eligible Green Projects worth ca. € 431m ⁴, out of which cumulated expenses equal to ca. € 322m (75% of the total amount) had already been deployed as of 31st December 2020, which is the accounts closing date nearest to Issue Date.

Accordingly, as of 31st December 2020, 100% of the € 300m Green Bond Proceeds had been deployed and allocated to refinance Eligible Projects as follows:

- ca. € 295m or 98% to Green Buildings;
- ca. € 5m or 2% to Pollution Prevention and Control.

The balance of unallocated proceeds is equal to € 0m. The balance of unallocated Eligible Green Projects currently included in the Green Financing Framework and potentially available for new Green Debt raising is equal to ca. € 131m. Furthermore ADR, through its Green Finance Committee, will keep continuously monitoring its capital expenditures pipeline in order to identify potential further Eligible Green Projects and update its Green Financing Framework accordingly.

³ Final Terms can also be downloaded from the Irish Stock Exchange website, at: https://ise-prodhr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Final+Terms_2a8f3bce-900b-469d-8b9b-ca94d16576f6.pdf

⁴ On the basis of the information provided by ADR and the work undertaken, in November 2020 DNV expressed the opinion that the Green Bond is aligned with the stated definition of "Green Bonds" within the ICMA Green Bond Principles (2018 edition)

Eligible Project Category	Eligible Green Projects Portfolio (€m)	Cumulated expenses on Eligible Green Projects as of 31st December 2020 (€m)	% of expenses eligible for refinancing ⁵	Proceeds allocated as of 31st December 2020 (€m)
Green Buildings	372.16	294.72	79%	294.72
Pollution Prevention and Control	31.57	27.55	87%	5.28
Renewable Energy	26.43	0.12	0%	0.00
Clean Transportation	1.05	0.05	5%	0.00
Total	431.21	322.44	75%	300.00

Breakdown of proceeds by EU Environmental Objective being pursued

100% of the proceeds have been allocated to “Climate Change Mitigation” EU environmental Objectives.⁶

Eligible Project Category	EU Environmental Objectives	
Green Buildings	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
Pollution Prevention and Control		- Substantial contribution to Climate Change mitigation: reduce of waste sent to landfill - Selected economic activity: increase terminal waste recycling

⁵ Calculated as (Cumulated expenses on Eligible Green Projects as of 31 December 2020) / (Eligible Green Project Portfolio)

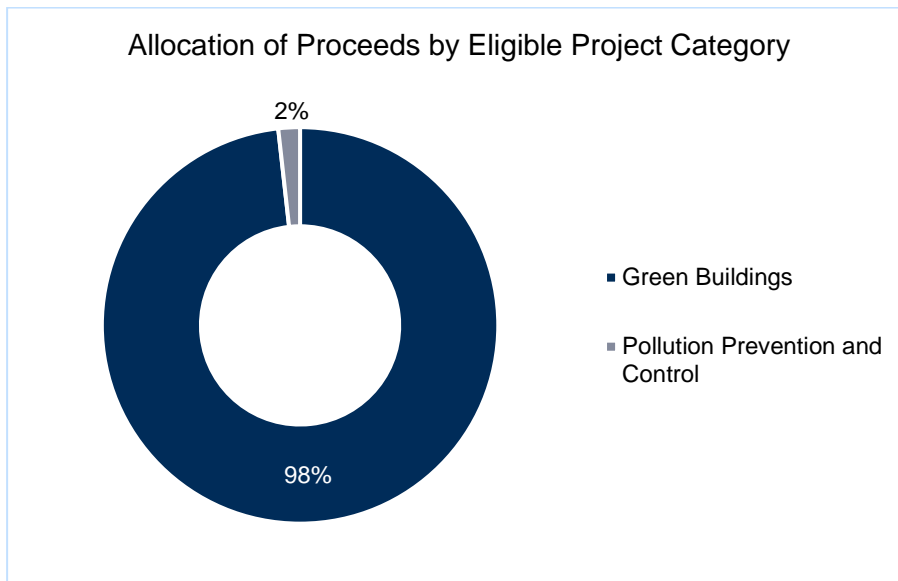
⁶ Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, as available upon Green Financing Framework preparation:
<https://eurlex.europa.eu/legalcontent/EN/TXT/?uri=CELEX%3A52018PC0353>

3. Green Bond Impact Report ⁷

The Green Bond Impact Report includes case studies of specific, demonstrative, Eligible Green Projects as well as Data on Environmental KPI's relevant to that project category.

As 98% ca. of the Proceeds were allocated to “Green Buildings”, the Impact Report will focus on this Eligible Project Category.

Starting from 2022, the Impact Report will be included in ADR's sustainability report.



⁷ This section is not within the scope of EY's assurance engagement

Most significant Eligible Projects

57% of the Proceeds were allocated to the “Boarding Pier E and front building T3” project, completed in late 2016. Impact reporting KPIs performance benefits from completion of this project from 2017 onwards. On the other hand, the “East side” Hub project (36% of the Proceeds were allocated to this project) will only impact KPIs once completed.

Project	Description	Status	Total Project Cost ⁸ (€m)	Allocated amount (€m)	% of € 300m allocated proceeds
Boarding pier E and front building T3	<p>Works led to completion of these new infrastructures:</p> <ul style="list-style-type: none"> - Boarding pier E; - Terminal 3 Extension; - HBS-BHS system dedicated to west terminal system. <p>The new buildings contribute to offer passengers a seamless airport experience through 14 contact gates and 8 bus gates, in completely new envelope and plants, up-to-date towards the main construction and energy measures.</p>	completed	341.00	170.50	57%
"East side" Hub	<p>Works, now in progress, are leading to completion of these new infrastructures:</p> <ul style="list-style-type: none"> - New boarding pier A, and related aprons; - Terminal 1 North extension and commercial airside lounge; - Terminal 1 West extension and boarding area C renovation, to enhance commerciale airside mall; - New immigraton process area. <p>These new buildings, once completed, will contribute to offer passengers a seamless airport experience, thorough 23 new gates (13 contact and 10 bus) and 3 new baggage reclaim belts.</p> <p>All the systems have been designed aligned to the current higher standards in terms of construction and energy measures. Pier A is going to be LEED certified.</p>	ongoing completion in 2022	353.32	106.71	36%
Total			694.32	277.21	92%

⁸ Total Project Cost includes i) capital expenditures funded through certain capex facilities of ADR and therefore not earmarked for Green Bond financing and ii) the balance of nominated Green Projects Eligible for potential future green bond issues

Environmental KPI's

Paragraph 8 (Appendix) of the Green Financing Framework identified potential impact reporting indicators for each Eligible Project Category. The KPIs below have been selected among the Green Buildings proposed indicators as the most relevant to measure environmental benefits arising from the Eligible Projects identified in the table above.

For energy consumption and CO2 emissions, the average performance of 2014, 2015 and 2016 was selected as “baseline”. This allows to capture the performance observed before the completion, in late 2016, of Boarding pier E and front building T3. As far as the “observation year” is concerned, 2019 was selected, as the latest full year before the COVID-19 pandemic crisis, which affected both traffic and operations - including changes in the buildings’ heating and cooling systems management, which resulted in a temporary, non-recurring and unforeseeable worsening of the KPIs.

KPI	Description, methodology and assumptions	Impact ⁹
Reduction of energy consumption	$\frac{\text{Electricity consumption of FCO Terminals (Kwh)}}{(\text{\#passengers}) * (\text{net Terminals'surface area in sqm})}$	-28%
CO2 emission reduction	$\frac{\text{CO2 equivalent emissions of FCO Terminals (Kg)}}{(\text{\#passengers}) * (\text{net Terminals'surface area in sqm})}$ <p>- location-based CO2 emissions resulting from the production of procured electricity to FCO terminals - emission factor per kWh based on Italian standard as per ISPRA ¹⁰ - underlying electricity consumption does not include renewable in-house production or purchases (8% ca. of total electricity consumption of terminals in 2019)</p>	-42%

⁹ Source: internal ADR reporting

¹⁰ “Istituto Superiore per la Protezione e la Ricerca Ambientale”, a state-owned independent body focussing on environmental research

KPI	Description, methodology and assumptions	Impact
Sustainable labels and certificates for eligible buildings	Certification of eligible buildings according to international environmental protocols, such as, at least: - LEED® ¹¹ gold - BREEAM® ¹² Very Good - EPBD ¹³ A	ADR's sustainable labels agenda <ul style="list-style-type: none"> >60 % of terminal infrastructures built or renovated according to LEED or BREEAM by 2030 >80% by concession expiry in 2046 (LEED, BREEAM or ENVISION)
		ADR's LEED gold achievements <ul style="list-style-type: none"> Ciampino General Aviation Terminal (completed) Fiumicino Boarding Area A (design certified as LEED-ready) Hubtown real estate (design certified as LEED-ready) Kinder garden (works completed; LEED documents submission completed in 2021; certification release expected by 2022, target Gold)
		Green Bond Eligible Projects - Boarding pier E & T3 front building: BREEAM certification to be gained, target "Very Good" <i>Assessment to be completed by 2021, BREEAM documents submission to be completed in first half of 2022 and certification release expected accordingly</i>
		Green Bond Eligible Projects - Hub East - pier A: LEED certification in progress, target "Gold" <i>Design Review submission completed in October 2021 Construction Review to be submitted in 2022, upon capex completion, and certification release expected accordingly. Executive design has been certified by the independent auditor Bureau Veritas as eligible for Leed Gold.</i>
Green Bond Eligible Projects - Hub East - T1 front building: BREEAM certification to be gained, target "Very Good" <i>Assessment and certification process will be activated as soon as works are completed.</i>		

¹¹ LEED Leadership in Energy and Environmental Design

¹² BREAAAM Building Research Establishment Environmental Assessment Method

¹³ EPBD is the Energy Performance of Buildings Directive

4. Annex – Assurance report of the independent auditor on the Allocation Report

Independent Auditors' report on the Green Bond Allocation Report included in the Green Bond Report of Aeroporti di Roma S.p.A. as of December 31, 2020

To the Board of Directors of Aeroporti di Roma S.p.A.

We were engaged to perform a limited assurance engagement on the accompanying Green Bond Allocation Report (the "Allocation Report") included in the Green Bond Report of Aeroporti di Roma S.p.A. (the "Company") as of 31 December 2020, prepared on the basis of the Green Financing Framework of Aeroporti di Roma S.p.A. issued in November 2020, in accordance with criteria provided by the Green Bond Principles ("GBP") 2018 edition issued by ICMA.

Management's responsibility

Management is responsible for the preparation of the Green Bond Report and of the Allocation Report included therein on the basis of the Green Financing Framework of Aeroporti di Roma S.p.A. issued in Novembre 2020, in accordance with criteria provided by the GBP, and for the internal controls as management determines is necessary to enable the preparation of the Allocation Report, that is free from material misstatement, whether due to fraud or error.

Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC Italia 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditors' responsibility

Our responsibility is to express a conclusion on the Allocation Report based on our limited assurance engagement. We conducted our limited assurance engagement in accordance with the provisions of the standard "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised") issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain limited assurance whether the Allocation Report is free from material misstatement.

The procedures we performed were based on our professional judgment and included inquiries, primarily of persons responsible for the preparation of the Allocation Report, inspection of documents, recalculation, agreeing or reconciling with underlying records and other evidence-gathering procedures that are appropriate in the circumstances.

Our limited assurance engagement also includes:

- analysis of the Second Party Opinion which addresses the applicability of the Eligible Green Project categories used in the preparation of the Allocation Report;
- interview with Company personnel involved in the preparation of the Allocation Report;
- analysis, carried out by inquiry and discussion with Company personnel, of procedures performed in order to obtain, aggregate and present financial data included in the Allocation Report;
- limited test of details in order to verify that data underlying the preparation of the Allocation Report are in accordance with information and documentation available in the Company;
- obtaining the representation letter, signed by the Company legal representative, which certifies the accuracy and completeness of the information included in the Allocation Report and those provided to us.

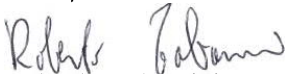
A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with ISAE 3000 revised and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Conclusion

Based on the procedures we have performed, nothing has come to our attention that causes us to believe that Company's Green Bond Allocation Report included in the Green Bond Report of Aeroporti di Roma S.p.A. as of 31 December 2020 is not prepared, in all material respects, on the basis of the criteria provided by Green Financing Framework of Aeroporti di Roma S.p.A. issued in November 2020.

Rome, November 25, 2021

EY S.p.A.



Roberto Tabarrini
(Auditor)

Disclaimer

This document (the Green Bond Report) 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.

In addition, save as set out under section 4 (*Annex – Assurance report of the independent auditor on the Allocation Report*), the information and data included in the the Green Bond Report have not been reviewed, verified or endorsed by an independent third party.

The information and opinions contained in the Green Bond Report are current as at the date of its publication. Unless otherwise stated, ADR has and undertakes no obligation to update, modify or amend this document or the statements contained herein to reflect actual changes in assumptions or changes in factors affecting these statements or to otherwise notify any addressee if any information, opinion, projection, expectations, forecast or estimate set forth herein changes or subsequently becomes inaccurate or impracticable.

As set out above, it should be noted that all the expected benefits of the Eligible Green Projects referred to in this Green Bond Report might not be achieved or, if already achieved, may not be maintained over time. 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, 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.

This Green Bond Report is not intended to be and should not be construed as providing legal, financial or technical advice.

It does not constitute an offer or invitation to sell or any solicitation of any offer to subscribe for or purchase or a recommendation to buy or sell any “green bond” or other securities of ADR or to provide financing to ADR, and nothing contained herein shall form the basis of any contract or commitment whatsoever.

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