

**Explanatory Report on item  
5) on the agenda of the  
Ordinary General Meeting of  
Shareholders called for 29  
April 2022**

**Explanatory report by Atlantia S.p.A's Board of Directors on item 5 on the agenda of the ordinary general meeting of shareholders to be held on 29 April 2022 on single call: *"Request to the shareholders to cast an advisory vote on Climate Transition Plan"*.**

Summary: § 1. Introduction. § 2. The reference framework. § 3. Analysis of Peers. § 4. The engagement activity carried out and results. § 5. Atlantia's development path in combating climate change. § 6. Description of the Plan and related costs. § 7. Actions following the outcome of the vote passed by the meeting of shareholders. § Periodicity with which the Plan is updated. § 9. Proposed resolution.

## § 1. Introduction

Dear Shareholders,

In order to strengthen the Company's commitment to sustainability and promote a sustainable business model also for the Group's businesses, on 18 February 2021 the Group's first integrated sustainability plan (the "**Plan**") - consisting of 5 areas of commitment and a set of challenging and measurable objectives (sustainability scorecard) - was approved.

The Plan was drawn up by the Board of Directors, after defining strategic guidelines and target setting on the identified priorities.

Also on 18 February 2021, the Board of Directors set up the Sustainability Committee, which has been entrusted with supporting the Board in overseeing the sustainability strategy, while promoting the integration of ESG factors into corporate activities.

In the course of 2021, the Group's companies developed a multi-annual plan of action for decarbonisation, consisting of a path based on short-, medium- and long-term emission reduction targets.

Bearing in mind the action plans developed by the Group's companies, on 11 November 2021, with the favourable opinion of the Sustainability Committee, the Board of Directors approved the roadmap for reducing CO2 emissions in 2030, with the aim of achieving zero net direct emissions in the portfolio of the Group's operations by 2040, as set out in the Plan, and hence ten years ahead of the Paris Agreement.

Furthermore, the Board of Directors resolved to ask for these targets to be validated as Science Based Target initiatives ("SBTi"), authorising the Chief Executive Officer to divulge and promote the achievement of these targets to the Group's companies and other key stakeholders with a significant role in the decarbonisation roadmap of the Group's portfolio of activities.

Priority environmental, social and governance issues, and climate issues in particular, are not only an integral part the agenda of the Board of Directors and top management but have also been included in the managerial incentive schemes, as outlined in the Company's remuneration policy (see the first section of the Remuneration Report for 2021 and 2022).

This is also the reason for the amendment to Art. 27 of the Bylaws, approved by the Extraordinary Meeting of Shareholders held on 3 December 2021, according to which the Board of Directors leads the company by pursuing its sustainable success in the long-term.

At the end of this complex process, described in greater detail in point §5, the Board of Directors considered that it was both necessary and advisable to ascertain the Shareholders' opinion on the roadmap for reducing emissions by 2030 and 2040 (the "**Climate Action Plan**" or "**CAP**"). The shareholders will be informed of the roadmap's state of progress in the form of a three-yearly report, which will also be submitted, in the form of periodic reports, to the non-binding consultative vote of the Meeting of Shareholders.

In awareness of the fact that the climate strategy (which also includes the approach towards risks arising from climate change, the pursuit of opportunities arising from the transition to a low carbon economy and the positive influence towards policy makers) falls under the exclusive responsibility of the Board of Directors, as moreover envisaged in the aforementioned provision of the Bylaws (Art. 27), the current importance of the matter has prompted the Board of Directors to submit the Climate Action Plan to this Meeting of Shareholders, asking them for a non-binding opinion on the CAP and undertaking to periodically disclose its state of implementation and any changes made to it over time, in view of changes in the regulatory, legislative, technological and operational context.

In this respect, the legal opinions obtained on the occasion of the consultative Meeting of Shareholders held on 31 May 2021 concerning the sale of Autostrade per l'Italia S.p.A., have confirmed that the Board of Directors may - in the case of particularly important acts, such as the CAP and the underlying strategies - legitimately proceed to convene the Ordinary Meeting of Shareholders, to propose that it express a non-binding opinion or recommendation.

In point of fact, a non-binding decision of the Meeting of Shareholders takes on different connotations from those of a true decision or authorisation, given that it does not transfer to the Meeting of Shareholders competence for passing a management decision, which continues to come within the directors' responsibilities.

On the basis of the aforesaid legal opinions, the most appropriate venue for such an assessment of the shareholders is the Ordinary Meeting of Shareholders, in view of both the operational nature of the CAP and also the fact that, whenever the Meeting of Shareholders is required by law, or by the bylaws, to decide on matters relating to management, it decides according to the rules and procedures of the Ordinary Meeting of Shareholders.

It is for this reason that the Board of Directors has convened you here to cast your consultative vote on the CAP.

## **§2. The reference context**

Increasing concern for the issue of climate transition and the crucial role of companies - recently confirmed in the Italian Constitution, to which an express reference to environmental protection has been added in the amendment to Articles 9 and 41<sup>1</sup> - is confirmed by the proliferation of campaigns by different categories of stakeholders, including institutional investors, that have environmental, social and governance (ESG) issues as a common denominator.

In the last season of shareholder meetings, twenty or so foreign companies asked their shareholders to give a non-binding opinion on this issue. Furthermore, as the current season of shareholder meetings approaches, the main proxy advisors have issued specific policies on voting in connection with the so-called Say on Climate. It is therefore plausible to expect that even more companies will submit their climate change strategy to their meetings of shareholders.

What is more, if we consider the European regulator's tendency to make the sustainability performance of issuers measurable and more accessible to investors, partly with a view to guiding their investment choices, Atlantia has considered it essential to prioritise ESG issues both in defining its strategies and in engaging with investors.

In line with the considerations set out above, we also find the recently proposed directive approved on 23 February by the European Parliament (Directive on the Corporate Sustainability Due Diligence) which sets out to require companies with more than 500 employees and with a turnover in excess of EUR 150 million to carry out due diligences on respect for human rights and on the environmental impact of their activities, including those of group companies and suppliers.

It should also be considered that the transportation of goods and people, the main business in Atlantia's portfolio – through its operating companies – has a big impact on the social and economic development of territories and communities. However, transport is one of the biggest contributors to CO2 emissions, with approximately 16% of global emissions, representing the third largest contributor after the energy sector and the building sector.

Finally, we should consider the European regulatory framework, which is aimed at implementing the European Union's commitment to reduce net greenhouse gas emissions by at least 55% by 2030 and to eliminate them by 2050, as well as the already implemented Sustainable Finance Disclosure Regulation (SFDR) e Corporate Sustainability Reporting Directive (CSRD) requiring transparency in corporate ESG metrics and policies.

Conscious of its role in combating climate change and of the need to continue to generate long-term value for its shareholders in a context of such great change, as well as medium- and long-term strategic and operational planning, Atlantia has developed the CAP, in liaison with the Group's operating companies, with a multi-year time scale: (i) with science-based emission reduction targets; (ii) aimed at managing climate change risks; and (iii) aimed at exploiting opportunities arising from the transition to a low-carbon economy.

For this reason, and in a perspective of utmost transparency vis-à-vis the market, Atlantia's Board of Directors intends to voluntarily submit the CAP to the consultative vote of its shareholders.

## **§ 3. Analysis of Peers**

Prior to adopting the decision to submit the CAP to the Meeting of Shareholders, the Board of Directors examined and assessed what its European Peers have done to date, i.e., specifically, three listed companies that operate in the same sector as Atlantia (i.e., that of transport infrastructure): Vinci, Ferrovial and Aena.

In particular, during the last season of shareholder meetings:

- (i) Vinci asked its shareholders to approve (in a consultative vote) the environmental transition plan. The plan envisages:

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<sup>1</sup> Constitutional Law no. 1 of 11 February 2022.  
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- a. a commitment to reduce direct emissions (Scopes 1 and 2) by 40% in 2030, using 2018 as the base year;
  - b. an ambition to reduce indirect emissions (Scope 3) through a target of 90% use of low-carbon cement in 2030, environmental solutions to help its supply chain reduce its environmental impact, increase the use of recycled materials and develop new Eco Design strategies and tools;
  - c. an ambition to adapt its structures and activities in order to improve their climate resilience.
- (ii) Ferrovial submitted for approval (in a consultative vote) its emissions reduction plan and its climate strategy, declaring, in this latter respect, that it would have been submitted to the consultative vote of the shareholders on an annual basis. Ferrovial's plan envisages the following targets:
- a. to reduce absolute direct emissions (Scopes 1 and 2) by 35% in 2030, using 2009 as the base year;
  - b. to reduce the intensity of direct emissions (Scopes 1 and 2) by 43% in 2030, using 2009 as the base year;
  - c. to reduce indirect emissions (Scope 3) by 20% in 2030, using 2012 as the base year;
  - d. to use 100% renewable energy in 2025;
  - e. a target of achieving carbon neutrality in 2050, to be partially achieved through carbon offsets.
- (iii) Aena submitted for approval (in a consultative vote) the Climate Action Plan for 2021-2030. The plan envisages the following targets:
- a. carbon neutrality (i.e., with partial use of offsets) for direct CO2 emissions in 2026, and net zero (with minimal use of offsets) in 2040;
  - b. to achieve 78% use of sustainable ground handling vehicles and equipment by 2030;
  - c. 100% use of renewable electricity in 2026;
  - d. for indirect emissions (Scope3) various targets for 2030, the main ones being to increase the number of refuelling points for electric cars (3,800, from 198 in 2021) and to increase the distribution of SAF (to 4.6%, from 0% in 2021), and various other initiatives to improve the sustainable profile of airports, traffic and local communities.

All the aforesaid companies have received a broad consensus (over 95%) from their shareholders.

#### **§ 4. The engagement Activity carried out and the relevant results**

The Board of Directors also deemed it appropriate and necessary to conduct a prior engagement activity with its main shareholders and stakeholders on the CAP. This was carried out by the Company's competent structures, thereby implementing the requirements of the Engagement Policy approved by the Board on 14 October 2021.

In the framework of the engagement activity, 21 shareholders representing 63% of the share capital, 4 proxy advisors and 2 ESG rating providers were consulted. Furthermore, thanks to its membership of Assonime, the Company was also able to benefit from comparisons with other Italian issuers.

Following this intense activity which lasted about three months, during which a total of 20 meetings took place, the following emerged:

- (i) general appreciation for having set in place a concrete, science-aligned plan in support of the "pledge" to be net zero in direct emissions in 2040, in line with scientific guidelines.

- (ii) the process envisaged in the CAP for achieving the targets was considered to be generally solid, credible and transparent, with a request to go beyond 2030 for targets aimed at reducing indirect emissions (scope 3) and to assume a commitment in respect of a net zero ambition in 2050 also for scope 3.
- (iii) the stakeholders' main request was to publicly disclose the CAP in the form of an ad hoc document in line with the framework guidelines of the Task Force on Climate-related Financial Disclosure and to report on progress on a yearly basis.

The ideas that emerged in the course of the engagement activity have been adopted in the main, as described in greater detail in §6 below - Description of the Plan and related costs.

## **§ 5. Atlantia's development path in combating climate change.**

### **§ 5.1 Governance**

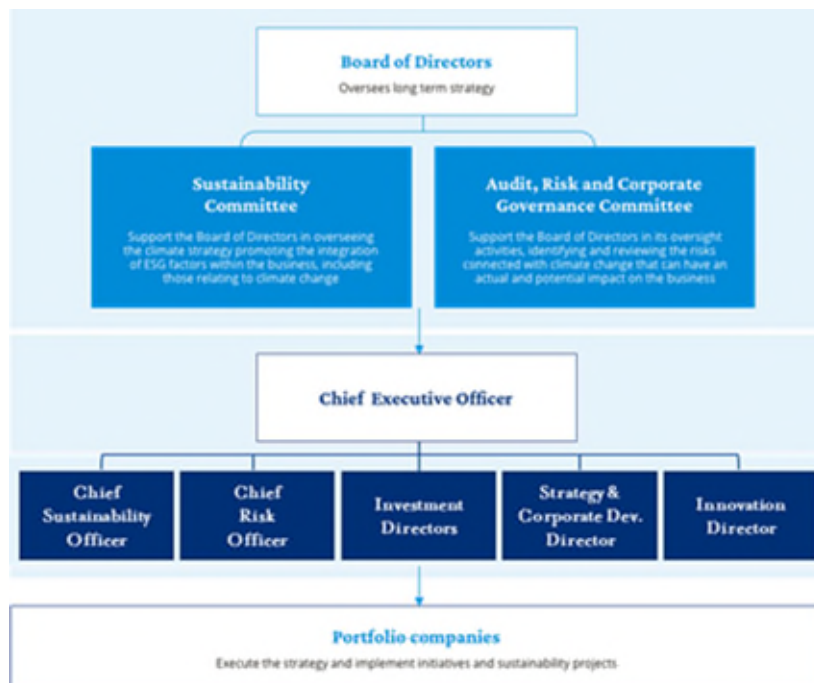
Atlantia considers that an adequate system of corporate governance is a key element in making progress in the framework of the climate transition strategy.

In this perspective, the Board of Directors is responsible for defining the strategy of transition towards the Net Zero Emissions target and for creating value for the shareholders.

The Sustainability Committee supports the Board in monitoring the implementation of the climate strategy and in integrating ESG factors into the business.

The Risks Control and Corporate Governance Committee supports the Board in identifying and assessing ESG risks, including climate transition risks which may have an impact on the business.

The Chief Executive Officer is responsible for the ESG agenda and for implementing the strategy with the support of the relevant corporate functions.



Yet again on the issue of sound governance and as already anticipated in the Introduction, a significant part of the variable remuneration of the Chief Executive Officer and management is linked to the achievement of ESG targets, including emission reduction targets. Furthermore, Atlantia is committed to cooperating with political and regulatory authorities in countries where the Group's companies operate, with a view to contributing towards implementing a legislative and regulatory context favourable

to ecological transition and to the creation of sustainable value, making available the experience acquired in the sector and, to do this, it has adopted a responsible lobbying policy.

## **§ 5.2 Activities carried out by the Board of Directors and by the Sustainability Committee**

The Sustainability Committee has supported the Board in the following main activities:

- (i) reviewing the plan of action for implementing the Sustainability Guidelines and the relevant periodical monitoring;
- (ii) reviewing the ESG targets that are to be embodied in Atlantia's Remuneration Policy for 2021 and have been approved by the Nomination, Remuneration and Human Capital Committee;
- (iii) analysing Atlantia's position in the ESG indices and the assessments provided by proxy advisors and specialised analysts;
- (iv) reviewing the Group's Climate Risk Assessment;
- (v) analysing gender diversity in the Group and reviewing the proposed DE&I Policy;
- (vi) reviewing the responsible investment Policy and the stakeholder engagement Policy;
- (vii) reviewing the decarbonisation Roadmap of medium- and long-term emission targets;
- (viii) reviewing the Guidelines on Cybersecurity;
- (ix) reviewing the proposal to extend aspects of environmental protection and human rights in the Ethical Code;
- (x) reviewing the results of the materiality analysis on the issues of greatest importance for stakeholders in a perspective of sustainable growth for the Company.

Following the Committee's review, the Company's Board of Directors adopted: the DE&I Policy, the Responsible Investment Policy, the Stakeholder Engagement Policy, the Guidelines on Cybersecurity and the New Ethical Code.

Furthermore, as anticipated, following the review of the Risks Control and Corporate Governance Committee, Atlantia also adopted the Responsible Lobbying Policy.

## **§ 5.3 Climate Change Risk Assessment**

In line with the TCDF's recommendations, Atlantia carried out a Climate Change Risk Assessment, with a top-down (defining the assessment model) and bottom-up approach (assessment of risks inherent in climate change by various companies of the Group). This approach has been duly examined by the Sustainability Committee and by the Risks Control and Corporate Governance Committee, singling out two macro-types of risks inherent in climate change: physical risks and transition risks.

Physical risks include:

- a) acute risks linked to extreme weather events, such as cyclones, storms and floods which may have a negative impact on financial performance and operational continuity, and thus give rise to reconstruction costs;
- b) chronic risks due to global warming, rising sea levels, changes in meteorological conditions, leading to damage to infrastructure and interruption of traffic, with financial losses.

Transition risks include:

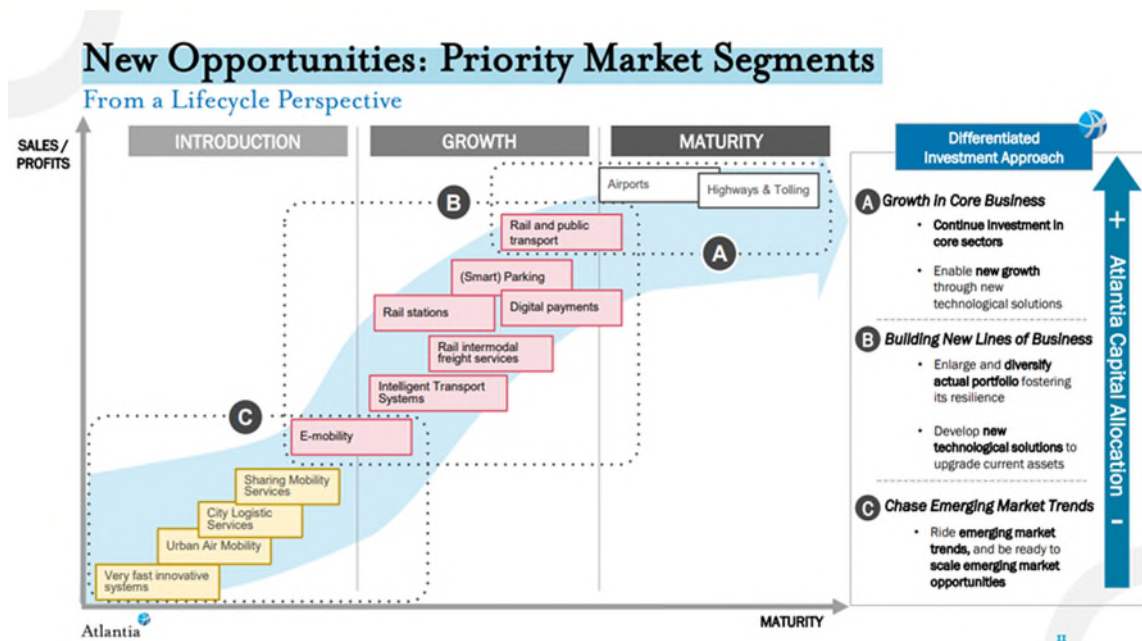
- a) current and future regulatory, legislative and legal risks, which may lead to fines, financial losses and reputational effects;
- b) market and technological risks, such as, for example, changes and advances in technology, with the relevant consequences;
- c) reputational risks, arising from the perception by internal and external stakeholders of inadequate action to combat changes in the climate change, or excessive impact on the environment.

### § 5.4 Opportunities arising from energy transition

In addition to the risks, the Board has also carried out an assessment of the opportunities to be seized as a result of energy transition in the transport sector.

Rapid urbanisation, technological innovations, and demographic and social changes inherent in transition offer various opportunities in the mobility ecosystem, which Atlantia intends to develop on three integrated levels:

- i. Intelligent data processing platforms and technologies;
- ii. Networks connecting different mobility centers.
- iii. Integrated mobility hubs between different modes of transport.





## **§ 6. Summary description of the Plan and related costs**

As anticipated in the Introduction, on 18 February 2021 Atlantia's Board of Directors approved the sustainability scorecard, as an integral part of its strategic plan.

The scorecard is based on 5 pillars:

- i. Combating climate change;
- ii. Circular economy, consumption and responsible generation of resources;
- iii. Land, community and stakeholder relations heritage;
- iv. Centrality of people;
- v. Ethical and transparent management.

Measurement and reporting metrics have been identified for each pillar, as set out below.

For pillar (i) Combating climate change, the identified monitoring metric is the reduction of CO2 emissions.

For pillar (ii) Circular economy, consumption and responsible generation of resources, the identified monitoring metric consists of: a) % of waste going to recycling and/or reuse processes; b) % of energy from renewable sources in relation to total electricity consumed; and c) % of consolidated revenues from activities covered by environmental certification models (ISO 14001).

For pillar (iii) Land, community and stakeholder relations heritage, the monitoring metric has been defined as: a) Corporate Reputation as an indicator of stakeholders' trust and appreciation of the Company; and b) Connection between new land used for infrastructure and re-naturalised land, with the aim of avoiding any loss of biodiversity;

For pillar (iv) Centrality of people, the monitoring metric has been defined as: a) Dissemination of the culture of sustainability (training/learning interventions); b) Gender mix in managerial positions and in Atlantia's appointments to governing and supervisory boards of subsidiaries; c) Accident frequency index (number of accidents with prognosis/million hours worked); and d) Verification/audit activities on respect for human rights.

For pillar (v) Ethical and transparent management, the monitoring metric consists of disseminating among subsidiaries governance standards relating to: a) transparency in sustainability reporting; b) ESG verification/audit processes for critical suppliers; c) linking management incentive systems to ESG performance standards; and d) adopting information and cybersecurity policies.

Atlantia has received ESG ratings from the seven leading ESG rating providers, ranking generally above the industry average and with expected rating upgrades or positive outlooks. In particular, the metrics related to part E, environment, are recognised as ambitious and above the sector average.

After approving the Plan and the relevant monitoring metrics, at the meeting held on 16 December 2021 the Board of Directors – again with the favourable opinion of the Sustainability Committee - updated the double materiality analysis, singling out the most significant issues as follows:

- (i) Solutions for sustainable mobility: High financial impact.
- (ii) Ethics, transparency and sound governance: Medium financial impact.
- (iii) Energy transition: High financial impact.
- (iv) Health, safety and wellbeing of employees: Medium/Low financial impact.

- (v) Combating climate change: High financial impact.
- (vi) Safety of products and services: Medium financial impact.
- (vii) Involvement and development of employees: Medium/Low financial impact.
- (viii) Digital innovation and transformation: High financial impact.
- (ix) Diversity, equality and inclusion: Low financial impact.

The update was completed after endorsing the results of a stakeholder engagement activity carried out with contributions from approximately 220 internal and external stakeholders.

With regard to the Climate Action Plan on 11 November 2021, the Board of Directors – with the favourable opinion of the Sustainability Committee – also defined the interim CAP targets for achieving net direct emissions by 2040 or earlier and submitted these targets to SBTi review. The SBTi review of the targets is scheduled in the second half of 2022. The roadmap towards zero net direct emissions, with the relevant interim targets, has been established in alignment with the standards required by SBTi for the 2050 Net Zero protocol, with a global warming target of 1.5 degrees Celsius.

As far as the interim targets are concerned, and with reference to scopes 1+2, the commitment made by the Board of Directors is to reduce absolute direct CO2 emissions by 2030 by 50% compared to 2019, thanks in part to a gradual increase in the use of electricity from renewal sources (77% of all electricity from renewable sources by 2030).

In order to achieve this result, the CAP, developed in liaison with the Group's companies, envisages investments aimed at reducing the carbon footprint in the following principal areas:

- (i) setting up plants for producing energy from renewable sources;
- (ii) gradually electrifying fleets of company vehicles and implementing recharging infrastructures;
- (iii) using alternative low-impact fuels;
- (iv) developing projects to optimise energy consumption, such as the improvement of air conditioning systems and indoor and outdoor lighting, using LED technology on a large scale;
- (v) developing energy storage projects.

As far as indirect emissions (scope 3) are concerned, with the long-term ambition of achieving zero net indirect emissions by 2050, the aim is to actively contribute towards decarbonising the value chain. In this respect, the Group's companies have planned investments to reduce indirect emissions along the value chain in the following principal areas:

- (i) reducing the consumption of materials and products used in infrastructure maintenance and modernisation activities, including through recovery practices;
- (ii) procuring goods and services with lower life cycle emissions;
- (iii) installing recharging facilities for electric vehicles at airports to promote lower impact accessibility;
- (iv) improving rail and bus links to airport terminals;
- (v) making available low emission fuel for ground and air traffic in an efficient manner, at a low cost and with a low environmental impact.

Through actions to reduce indirect emissions, the aim is to reduce the physical intensity of emissions upstream and downstream of the value chain by 22% by 2030. In particular, as far as emissions upstream of the value chain are concerned, the main reduction pathway concerns businesses in the motorway sector and is linked to the procurement of materials and products, which will have to be gradually oriented towards materials with lower life cycle emissions (reduction in CO<sub>2</sub>/km travelled for the motorway segment). On the other hand, as far as emissions downstream of the value chain are concerned, which concern airport activities, the target of a 22% reduction in the intensity of indirect emissions by 2030 concerns the sustainable accessibility of goods and people to airport terminals (CO<sub>2</sub>/pax).

Emission reduction actions have been assessed in terms of their cost and expected benefit over a long-term timespan (e.g., at the end of the concession). The costs are included in the budgets and multi-year forecast plans of Group companies that have drawn up adequate capex and opex estimates, as well as analyses of expected returns over a multi-year planning timespan, bearing in mind (i) the expected evolution of certain technologies; (ii) the availability, in terms of quantity, of low- or zero-emission energy sources; and (iii) costs that are still high, but with prospects of reduction in future thanks to the expected growth in scale.

An analysis of the costs and benefits of the planned initiatives, with an end-of-concession timeframe, shows a generally positive return.

Finally, in order to complete the picture, it should be noted that – even though the Climate Action Plan is an integral part of the strategic plan - if the CAP were not approved by the Shareholders, there would not be any significant impact on the strategic plan as a whole, in view of the CAP's long timespan.

However, it should be made clear that a transition plan towards decarbonisation is a necessary, if not to say obligatory, step, and that the consequences of failing to duly address and manage risks arising from inexorable changes in the climate could have even higher costs than those estimated. Furthermore, the failure to duly address and manage these risks would fall short of the need for the directors to create long-term value for shareholders and all stakeholders.

## **§ 7. Actions following the outcome of the vote cast at the meeting**

The intense engagement activity that preceded the decision to submit the CAP to the shareholders has made the Board of Directors confident that the CAP can obtain a largely favourable vote.

However, in the event that the Shareholders do not consider the plan adequate or if the majority achieved is not largely in favour, the Board of Directors undertakes to initiate a new engagement activity with individual investors in order to understand the reasons that gave rise to the shareholders' unfavourable vote and to collect any ensuing recommendations to be implemented in the CAP, that will be submitted to the approval of the Board of Directors.

## **§ 8. Periodicity with which the Plan is updated for the shareholders' assessment and annual reporting**

The Board of Directors undertakes to report annually on the progress achieved, in accordance with the TCFD guidelines, and to draw up a comprehensive report on the progress of the CAP, updating the relevant targets, every three years, to be submitted each time to the consultative vote of the Meeting of Shareholders.

Nonetheless, exogenous elements and factors affecting the CAP may intervene over time, including:

- changes in the scope of the Company's activities, as a result of any new investments made in line with the responsible investment policy, such as to require a revision of the objectives set out in the CAP;
- relevant regulatory developments with more or less favourable effects on the CAP;
- changes in technology which, thanks to their enabling role, could speed up certain processes.

In consideration of the foregoing, if the aforesaid factors lead to variations in the CAP's objectives, the Board will submit appropriate amendments to the CAP to the consultative vote of the Meeting of Shareholders, where necessary before the end of the envisaged three-year period.

For further details, reference should be made to the Climate Action Plan, which will be made available to the public, in accordance with the law, at the registered office, on the Company's website (<https://www.atlantia.com/en/governance/general-meeting>) and on the storage platform 1Info ([www.1info.it](http://www.1info.it)). The following proposed resolution is submitted to the review and approval of the Meeting of Shareholders.

## **§ 9. Proposed resolution**

Therefore, the Board of Directors submits the following resolution to the Meeting of Shareholders:

*“The Ordinary Meeting of Shareholders of Atlantia S.p.A.*

- *having examined the “Climate Action Plan” made available to the Shareholders at the present Meeting;*
- *having endorsed the Directors’ Report, both in respect of the contents of the “Climate Action Plan” and in respect of the reasons of expediency and transparency for which the Board of Directors has considered it appropriate to request the opinion of its Shareholders on the plan itself;*
- *having noted the non-binding and consultative nature of this resolution;*
- *having also noted that – as set out in the Explanatory Report – the Directors will submit the “Climate Action Plan” every three years to the Meeting of Shareholders to provide a progress report on the plan, updating the relevant targets, and that any new interim milestones or adjustments to the Climate Action Plan that arise prior to the expiry of the three-year period will be submitted to the consultative vote of the shareholders at the first possible meeting;*

*In consideration of all the foregoing,*

*gives a favourable opinion on the “Climate Action Plan”.*

Roma, 10 marzo 2022

**Atlantia S.p.A.**  
For the Board of Directors  
The Chairman  
Fabio Cerchiai