

Environmental, Social and Governance Policy



Document history

Version		By	Date updated
1.0	First draft prepared by PATRIZIA	AC	December 2023



Introduction

This ESG Policy (the “Policy”) sets out the Aims and Commitments related to Environmental, Social and Governance issues of Selettra Illuminazione Pubblica S.r.l. (“Selettra” or the “Company”) and all future subsidiaries (each one the “Subsidiary”). The Policy applies to the Board of Directors (the “Board”), Management Team (CEO and CFO) and Staff in all its entities.

Implementation of the ESG Policy is mandatory for the Company and all future subsidiaries. The Board of Directors at each subsidiary is responsible for seeing that the document is kept updated and of its ratification. They are also responsible for building an ESG culture which adheres to the Policy and seeing that it is adopted by management and all its employees. In order to do so, Selettra is establishing remuneration-linked ESG KPI targets at management level, related to energy and personnel H&S.

The Management Team is responsible for the proper implementation of the policies and related reporting to the Board.

This policy provides guidance on how ESG matters are integrated into Selettra’s activities.

Selettra

Environment, Social and Governance Policy

Background

Selettra is an Italian public lighting company, operating for the design, installation, retrofit, finance and management of smart streetlighting points, with a focus on updating traditional infrastructure with the latest LED streetlight technology and improving energy efficiency of these systems.

Along with the deployment of smart streetlighting, Selettra also provides a broad range of additional solutions to drive the development of smart cities, including artistic lighting, video surveillance, automotive electric charge systems, quality air control systems, photovoltaic systems and cemetery management, as well as offering innovative and compatible solutions for streetlighting furniture.



Founded in 1990, Selettra has grown to become one of the Italy's largest smart streetlighting company by the number of lighting points managed, with a particular focus on southern Italy. The company works in partnership with small to medium sized municipalities across the country, who historically have less access to financing and technology.


The Company's aim is to drive the development of smart cities and to improve the energy efficiency of systems operating in the communities it serves.

Selettra is committed to operating in accordance with the United Nations Global Compact's 10 Principles and is aligned with the United Nations Sustainable Development Goals (SDG) and is continuously working towards their implementation.

SDG commitments

Selettra has assessed its alignment with the United Nations SDGs, as shown in the table below:

SDG	Target	Indicator
7 AFFORDABLE AND CLEAN ENERGY 	7.3: By 2030, double the global rate of improvement in energy efficiency	Selettra focuses on energy efficiency through its upgrading operations (more efficient streetlight technology) and through its smart city applications
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	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	Through upgrading existing infrastructure and driving the development of smart cities, Selettra directly contributes to an increased resource-use efficiency on the Italian territory, leading to savings in CO₂ emissions

	<p>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</p>	<p>Smart city solutions lead to more efficient systems and the increased use of renewable energies, therefore reducing the emissions of these systems and promoting better air quality</p>
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Management, Board and Shareholders of the Company strongly believe that the sustainability and success of the business are highly dependent on prudent management of Environmental, Social and Governance issues throughout its business operations.

The Company is committed to care for the external environment and serve its stakeholders through professionalism, safety and wellbeing, while at the same time promoting a fun, diverse and inspiring work environment.

Environmental

Selettra’s operations directly contribute to the EU’s objective on energy efficiency and reaching net zero emissions. Additionally, Selettra is committed to reducing all environmental impacts linked to its operations. A materiality analysis of potentially adverse impacts has been conducted and mitigation measures have been implemented where necessary, in line with the Company’s environmental management system certified as per the ISO 14001 standard.

Energy

The Company's services as well as internal processes promote the achievement of greater energy efficiency. It holds a certification as per the UNI CEI 11352 scheme, thus qualifying as an Energy Service Company or “ESCO”. Its energy management system is also certified as per ISO 50001 standard.

Selettra monitors its energy consumption through a ‘Bill Control’ platform. The data is reported on the SGS Selettra app, which is publicly available (For the current year 2023 see annex 1 included the positive environmental impact). The Company includes energy utilisation targets in their annual budgets and works to reduce consumption through management incentivisation in the form of personal bonus-linked environmental KPIs.

Climate change Mitigation and Adaptation

Smart streetlighting is a significant contributor to the European Union’s policy objectives for energy efficiency and the reduction of carbon emissions. Italy is one of the largest consumers of electricity in public lighting in the EU due to its existing network of discharged lamps with medium-high power, while it has the second-highest number of lighting points. By upgrading their streetlights with the latest LED technology, Selettra directly contributes to municipalities realising energy savings and reducing CO₂ emissions through energy-inefficient lighting.

As part of its ancillary businesses, Selettra is also developing a Renewable Energy Communities division, aimed at developing small scale solar PV, which would further reduce CO₂ emissions by increasing the supply of renewable energy.



Finally, Selettra has installed high-efficiency heat pumps as well as photovoltaic panels in its offices to cover its electricity, heating and cooling needs.

Selettra's scope 1 and 2 emissions are calculated and reported on a yearly basis, and the Company is setting up systems to evaluate and report material scope 3 emissions.

Each year, an external analysis on Climate Change Impact is prepared and shared with the Company, addressing both physical and transition risks. Where necessary and possible, adequate mitigation strategies are developed and implemented to increase the resilience of the Company's assets. The results are shared within a yearly report.

Material sourcing and resource efficiency

Selettra will aim to support its operations in developing a sustainable procurement or sourcing process, focusing on using locally sourced materials in its products and operations, reducing transportation requirements for material delivery and considering the environmental impact of its suppliers.

Subcontractors are required to comply with environmental practices in accordance with the ISO 14001 standard.

Pollution

Selettra strives to minimize air and light pollution, although given the nature of the core business of the Company, its impact will be intrinsically low. In particular, the LED streetlight technology installed by the Company has built-in dimming sensors which support the reduction of light pollution and ultraviolet radiation. Light pollution levels are monitored and comply with national and regional laws.

Where necessary and possible, the Company will engage with operators to further support this aim.

Waste

Selettra generates waste through the installation of streetlighting points and other smart city solutions that it offers. All waste is sorted and disposed of according to national and local regulations.

Any waste generated at its offices is sorted, recycled where possible and disposed of according to national and local regulations. Recycling is actively encouraged to employees.

Social

Selettra is committed to assessing and managing the social impacts of its operations by promoting best practices through its activities and interactions with all relevant stakeholders. It has implemented management systems focused on performance and continual improvement, as evidenced by its ISO 45001 certification for health and safety management.

The risk registry includes a wide range of social risks and associated mitigation plans. The Risk Management policy includes social risks as one of its key elements for the reasons mentioned prior.

Health and Safety

Ensuring the health and the safety of the working environment for all workers and external stakeholders is of utmost importance in Selettra's operations and products.

The Company has carried out a risk assessment to identify all occupational risks applicable to its employees and has implemented mitigation measures where necessary. In-house operations include the assembly of products with the use of raw materials and testing of equipment, as well as the installation of said equipment. Occupational risks identified include hot surfaces, chemical exposure, working at heights and rotating and moving equipment. All employees are provided with the necessary training and certifications to operate their tasks in a safe environment, as well as with PPE in accordance with Legislative Decree 81/2008 and subsequent updates.

The subcontractors are selected from a list approved by municipalities the Company operates in, to ensure that they comply with applicable regulations and uphold given standards, such as health and safety practices in accordance with ISO 45001 standard.

Each job to be performed requires a specific assessment of the associated risks for which a special document called "DUVRI" is prepared. The directions contained in the document must be respected by both external and internal employees.

Health and safety statistics are monitored through an accident register. 0 fatalities and 0 fatalities have been reported during the previous year (2023).

Supply chain

Selettra upholds stringent procurement processes in its operations to guarantee that its suppliers do not partake in modern slavery or other fraudulent practices and provide fair compensation to their own subcontractors. Selettra strives to ensure that its suppliers and contractors abide by the minimum standards set by the jurisdictions in which they operate. Where possible, the management team communicates the Company's health and safety practices throughout their supply chain and seeks to source materials and services from companies with responsible health and safety practices.

Stakeholders' relations and local employment

Selettra aims to engage with and maintain a good relationship with all stakeholders and specifically the communities that it serves.

The Company understands its responsibility towards local communities and strives to have a positive impact through its activities. Selettra adheres to all regulatory requirements which apply to its operations and implements mitigation measures to minimize any adverse impacts.

The Company promotes local employment opportunities. It is transparent in answering all queries from local or national stakeholders in relation to how it operates.

Equity, Diversity and Inclusion

Selettra has initiated the certification process for gender equality under UNI:Pdr 125/2022 with which it aims to give substance to Mission 5 "Inclusion and Cohesion," Component 1 "Active Labor Policies and Employment Support" of the National Recovery and Resilience Plan (PNRR).

Governance

Selettra maintains a strong focus on Governance to enable best practices and fulfil requirements from shareholders who are predominantly institutional investors. For these reasons, governance policies

such as the present ESG Policy, the Risk Management Policy and Delegation of Authority Policy are reviewed on an annual basis and updated if necessary.

The different policies aim to create an agile and robust framework for the Company to operate in, which aims to provide good results from a business perspective, while at the same time operating in a safe environment and upholding best market practices.

The board of directors meets at least four times a year to monitor performance and control and steer management to ensure that investments continue to yield good results.

Some board dynamics, such as reserved matters and the general functioning of the board, are described in the Shareholder's Agreement, which is not publicly available but closely follows the processes outlined in this document.

Board ESG Oversight

Selettra's board is responsible for oversight of all ESG matters relevant to the Company. All board meetings begin with an ESG item, that is prepared by the CEO of the Company.

ESG-related reports at Company level include the following:

- Performance report: operational, financial and ESG KPIs tracked vs an annual target (monthly)
 - o Presented to the asset management team
- Quarterly reporting to shareholders (quarterly)
 - o Presented to shareholders
- External Climate Change Risk Report (annual)
 - o Presented to the board
- Sustainability Report (annual)
 - o Presented to the board
- Risk registry (quarterly)
 - o Presented to the board

Shareholder rights

Selettra adheres and subscribes to its shareholder responsible investment practices, including those set by PATRIZIA Infrastructure. Shareholder rights are defined by its charter and bylaws, and Selettra ensures it abides by the standards set.

Whistle-blower protection

Selettra believes in an open, transparent and safe working environment and recognizes and supports whistle-blower protection.

The Company encourages its staff to speak out to Management or the Board about unacceptable conditions, violations of rights, legal rules and internal policies or breaches to ethical norms. Notification of grievances is positive for both the Company and staff so that unacceptable conditions can be corrected.

Lobbying activities and Political Contributions

Selettra ensures that any engagement with lobbying groups is aligned with its climate change and other sustainability commitments and with those of its shareholders', as well as with PATRIZIA Infrastructure's corporate commitments.

Company policy prohibits any monetary and non-monetary political contributions being made, including those made through third parties.

Cybersecurity, Data Protection and Privacy

Selettra commits to abide by GDPR and any cybersecurity policies which currently exist in the jurisdictions that it operates in.

The Company provides training to all employees on cybersecurity to safeguard against cybersecurity and data governance risks.

Conflicts of Interest

Selettra requires that all its employees refrain from actions or have interests that hinder them to perform their duties objectively and effectively.

Antibribery, Corruption and Fraud

The Company has zero tolerance for bribery and corruption or money laundering. No employee shall offer or provide financial or other benefits to public employees or customers, in order to obtain or retain personal or business benefits for the company.

Selettra's management system is certified as per the ISO 37001 standard, which defines requirements and provides recommendations for establishing, implementing and maintaining an anti-bribery management system.

Anti-bribery and corruption training is provided to employees.

The Company must not receive and retain monetary benefits.

The Company is prohibited from accepting any non-monetary benefit from a third party in relation to the provision of services to clients unless it is minor in nature.

Minor non-monetary benefits must be capable of enhancing the quality of service for a client and of a scale and nature that could not be judged to impair a firm's duty to act in its clients' best interests.

Minor non-monetary benefits must be clearly disclosed.

Minor non-monetary benefits include documentation relating to instruments or services, material promoting of new securities issuance, conferences attendance or investment seminars, and hospitality of a reasonable nature, such as food and drink during a business meeting.

Other

The Company must not provide or receive any monetary or non-monetary benefit in connection with the provision of client services for Professional Clients from a third party unless it:

- is designed to enhance the quality of service to the client;
- is of a scale and nature that does not impair compliance with the duty to act honestly, fairly and professionally; and
- will not influence a firm's behaviour in any way detrimental to client interests.

Payments or benefits which enable or are necessary for the provision of the service such as custody costs, settlement fees, exchange fees and legal fees are not inducements.

Annex 1

Energy Savings for municipality managed

MUNICIPALITY	TOT kWh al 31_Dic_23 estimated	kWh Ante Operam 31_Dicembre	Delta	%
ACCETTURA	137.994	301.000	-163.006	-54%
ALLISTE	382.001	1.557.700	-1.175.699	-75%
ARADEO	487.418	867.070	-379.652	-44%
ARMENTO	73.308	202.000	-128.692	-64%
AVIGLIANO	503.070	1.241.796	-738.726	-59%
BARONISSI	872.575	2.004.641	-1.132.066	-56%
BELLA	266.362	728.263	-461.901	-63%
BICCARI	150.008	360.035	-210.027	-58%
BRACIGLIANO	246.826	785.174	-538.348	-69%
CALCIANO	59.694	177.813	-118.119	-66%
CALITRI	380.663	1.346.780	-966.117	-72%
CAMEROTA	373.594	1.017.131	-643.537	-63%
CASTEL BARONIA	131.361	253.000	-121.639	-48%
CASTELNUOVO CILENTO	133.169	520.000	-386.831	-74%
CERASO	136.629	422.505	-285.876	-68%
COLOBRARO	125.562	231.893	-106.331	-46%
CRISPIANO	515.646	921.432	-405.786	-44%
CURSI	92.636	675.217	-582.581	-86%
DELICETO	233.027	559.526	-326.499	-58%
DRAGONI	119.594	513.156	-393.562	-77%
FAGNANO CASTELLO	203.548	518.526	-314.978	-61%
FILIANO	221.893	525.371	-303.478	-58%
FISCIANO	578.971	1.657.139	-1.078.168	-65%
FRANCAVILLA MARITTIMA	229.738	465.362	-235.624	-51%
GIFFONI SEI CASALI	154.515	848.700	-694.185	-82%
GINESTRA	74.795	161.891	-87.096	-54%
GIUGGIANELLO	110.069	190.000	-79.931	-42%
LAVIANO	191.211	780.000	-588.789	-75%
LIZZANO	434.549	1.265.000	-830.451	-66%
LUCERA	844.883	2.121.437	-1.276.554	-60%
MARATEA	312.859	953.000	-640.141	-67%
MARSICO NUOVO	368.520	745.968	-377.448	-51%
MIGLIONICO	162.298	300.700	-138.402	-46%
MONTESCAGLIOSO	343.117	1.683.522	-1.340.405	-80%
OLEVANO SUL TUSCIANO	224.860	845.775	-620.915	-73%
ORTELLE	190.319	581.000	-390.681	-67%
PADULA	337.292	1.308.000	-970.708	-74%
PELLEZZANO	399.292	1.450.000	-1.050.708	-72%
PICERNO	229.461	400.000	-170.539	-43%
PISCIOTTA	219.621	736.075	-516.454	-70%

POGGIARDO	376.913	1.263.690	-886.777	-70%
POGGIO IMPERIALE	115.702	596.900	-481.198	-81%
POMARICO	216.349	608.000	-391.651	-64%
PORTOCANNONE	85.050	563.119	-478.069	-85%
POZZOLEONE	108.662	394.897	-286.235	-72%
RACALE	512.344	1.681.518	-1.169.174	-70%
RUOTI	200.419	402.515	-202.096	-50%
SAN CHIRICO NUOVO	111.445	196.300	-84.855	-43%
SAN MARTINO IN PENSILIS	202.088	488.095	-286.007	-59%
SAN MARZANO SUL SARNO	373.615	934.500	-560.885	-60%
SAN SALVATORE TELESINO	276.990	756.648	-479.658	-63%
SANTA MARIA DEL CEDRO	417.593	1.239.465	-821.872	-66%
SANT'ARCANGELO	145.199	795.705	-650.506	-82%
SASSO DI CASTALDA	92.528	139.264	-46.736	-34%
STORNARA	258.386	502.811	-244.425	-49%
SUPERSANO	210.589	519.378	-308.789	-59%
VINOVO	364.178	848.654	-484.476	-57%
TOTALI	15.320.998	44.155.057	-28.834.059	-65%

Equivalent savings on environmental impact

	Total Energy Saving	Tons of oil equivalent	Total CO ₂ emission	Total SO ₂ emission	Total NO _x emission	Total Dusts emission	Total H ₂ S emission
Type of work	MWh	TOE	kg	kg	kg	kg	kg
Streetlighting Efficiency	28.834.059	5.391.969	15.282.051	12.859,99	15.801,06	836,19	692,02

TOE	0,187	MWh
CO ₂ emission ratio	0,53	kg/kWh
SO ₂ emission ratio	0,000446	kg/kWh
NO _x emission ratio	0,000548	kg/kWh
Dusts emission ratio	0,000029	kg/kWh
H ₂ S emission ratio	0,000024	kg/kWh