

# **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 Ottima S.r.l. (“Ottima” 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, Ottima 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 Ottima’s activities.

## Ottima

### Environment, Social and Governance Policy

#### Background

Ottima 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, Ottima also provides a broad range of additional solutions to drive the development of smart cities, including public WIFI, smart traffic lights, CCTV monitoring, EV charging stations, solar panels and smart building technology.



Founded in 2013, Ottima has grown to become one of Italy's top 10 smart streetlighting companies by the number of lighting points it manages. The Company is headquartered in Ascoli Piceno, central Italy.


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

Ottima is committed to operate 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**

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

SDG	Target	Indicator
<b>7 AFFORDABLE AND CLEAN ENERGY</b> 	7.3: By 2030, double the global rate of improvement in energy efficiency	Ottima focuses on <b>energy efficiency</b> through its retrofitting operations (more efficient streetlight technology) and through its smart city applications
<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> 	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 retrofitting existing infrastructure and driving the development of smart cities, Ottima directly contributes to an increased resource-use efficiency on the Italian territory, leading to <b>savings in CO<sub>2</sub> emissions</b>

<p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p> 	<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 <b>reducing the emissions</b> of these systems and promoting <b>better air quality</b></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 the course of its entire business operations.

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

## Environmental

Ottima's operations directly contribute to the EU's objective on energy efficiency and reaching net zero emissions. Additionally, Ottima is committed to reducing all environmental impacts linked to its operations. A materiality analysis of potentially adverse impacts has been conducted and mitigation measures are implemented where necessary, in line with the Company's environmental management system certified as per 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 the ISO 50001 standard.

Ottima monitors and reports on its energy consumption. 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 overpowered lamps containing 150W lightbulbs, while at the same time having the second-highest number of lighting points. By upgrading their streetlights with the latest LED technology, Ottima directly contributes to municipalities realising energy savings and reducing CO<sub>2</sub> emissions through energy-inefficient lighting.

Ottima'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**

Ottima 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.

## **Pollution**

Ottima 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.

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

## **Waste**

Ottima generates a minimal amount of waste during the installation of streetlighting points and other smart city solutions. All waste is sorted and disposed according to the national and local regulations.

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

## **Social**

Ottima 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 and its SA8000 certification for the management of social issues. The SA8000 Standard is based on internationally recognized standards of decent work, including the Universal Declaration of Human Rights, the ILO conventions, and national laws.

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 before.

## **Health and Safety**

Ensuring the health and the safety of the working environment for all workers and external stakeholders is of utmost importance Ottima'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. Its own employees are subject to limited risks and provided with health and safety training during their induction. Refresher courses are organised for topics such as first aid and fire safety, as per Italian law.

All installation and maintenance activities are outsourced to contractors who are selected from a list approved by municipalities the Company operates in, to ensure compliance with applicable regulations and the upholding of in-force standards.

In alignment with public contracts with its Clients, Ottima continuously produces reports on H&S inspections, Safety meetings and courses on firefighting, working at height, confined spaces, etc.

## **Supply chain**

Ottima 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. Ottima 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**

Ottima aims to engage with and maintain a good relationship with all stakeholders.

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

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

## **Equity, Diversity and Inclusion**

Ottima has planned to initiate the certification process for gender equality under UNI:Pdr 125/2022. It will aim 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**

Ottima 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**

Ottima'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**

Ottima 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 Ottima ensures it abides by the standards set.

### **Whistle-blower protection**

Ottima 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**

Ottima 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**

Ottima 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**

Ottima 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.

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, minor or not, from a third party in relation to the provision of services to clients unless it is minor in nature.

#### **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.