Sustainable Fitch
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Italy

Second-Party Opinion — Italian Green Bond Framework

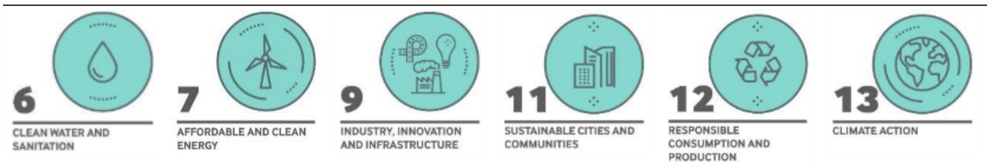
EU TAXONOMY PARTIALLY ALIGNED

Italy released the Italian green bond framework with categories of renewable energy; energy efficiency; clean transport; measures for climate and environmental resilience; protection of the environment, water and biological diversity; and environmental research. Transactions under the framework align with the ICMA Green Bond Principles (GBP), and support national and EU climate objectives, reinforcing its commitments in line with the National Integrated Energy and Climate Plan (NIECP).

Excellent ✓ | Good | Aligned | Not Aligned

Pillar	Alignment	Key Drivers
Use of Proceeds	Excellent	• Sustainable Fitch considers the use of proceeds (UoP) categories in the Italian green bond framework to be aligned with the principles and guidelines as detailed in the sidebar. • We view its green UoP categories to have a positive impact by supporting Italy's environmental objectives of climate change mitigation and adaptation, sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystem.
Use of Proceeds – Other Information	Excellent	• The framework finances sovereign expenditures, including infrastructure capex and opex, and near-term measures such as subsidies and tax expenditures. Its robust exclusion criteria minimise the risk of investment in controversial projects.
Evaluation and Selection	Excellent	• Italy has a robust project selection and evaluation process; rigorous due diligence led by an interdisciplinary, interministerial committee for the monitoring and disclosure of information (CIGB) and a multi-layered control structure supporting good decision making.
Management of Proceeds	Good	• It has a robust proceeds management process with virtual segregation of expenditures, clear procedures for handling potential unallocated proceeds, and aims for full allocation within one year. It also aims to replace ineligible projects within one year.
Reporting and Transparency	Excellent	• Italy has committed to annual, portfolio-level allocation and impact reporting until the green issuance programme ends, in line with standard market practices; and to using robust internal metrics for impact indicators. It will obtain external verification for the allocation and impact reports.

Relevant UN Sustainable Development Goals



Framework Type	Green	
Alignment	✓	Green Bond Principles 2025 (ICMA)
Date assigned		4 December 2025
SPO Methodology		

See Appendix B for definitions.

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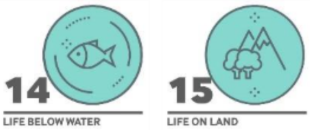

Use of Proceeds Summary – ICMA Categories

Green	Renewable energy Energy efficiency Green buildings Clean transportation Pollution prevention and control Climate change adaptation Circular economy adapted products, production technologies and processes and/or certified eco-efficient products Sustainable water and wastewater management Terrestrial and aquatic biodiversity Environmentally sustainable management of living natural resources and land use

Source: Italian green bond framework 2025, ICMA

Framework Highlights

We consider transactions under the Italian green bond framework to be aligned with the ICMA GBP 2025. In our view, the framework's alignment with these principles is 'Excellent'.

Italy has updated its 2021 Buoni del Tesoro Poliennali (BTP) green bond framework to align with the country's evolving environmental priorities and the changing financial landscape. The update addresses progress in the sustainable finance market and related regulation, most of which is also shaped by European policy initiatives.

The framework follows the ICMA's four core pillars: UoP, project evaluation and selection, management of proceeds, and reporting and transparency. Its UoP categories align with the project types recommended by the ICMA GBP.

It will use net proceeds from green instruments exclusively to finance or refinance eligible green expenditures for projects or programmes that provide clear environmental benefits in line with Italy's national strategies. The framework applies a three-year lookback period prior to issuance and a one-year look-forward period after issuance.

Proceeds from transactions under the framework can be allocated to six green UoP categories (renewable energy; energy efficiency; clean transport; measures for climate and environmental resilience; protection of the environment, water and biological diversity; and environmental research).

All economic activities included under renewable energy, energy efficiency and clean transportation align either fully or partially with the relevant substantial contribution criteria (SCC), while the measures for climate and environmental resilience; and for protection of the environment, water and biological diversity both include aligned and non-aligned economic activities. The environmental research category could not be mapped against the EU taxonomy.

The issuer has indicated that allocations under this framework will broadly mirror the existing green bond allocations, as these are aligned with the country's objectives and the long-term programmes established to support them. It expects to allocate most proceeds to the energy efficiency and clean transport categories.

A dedicated interministerial committee, chaired by the director general of the Public Debt Directorate within the Treasury Department of the Ministry of Economy and Finance (MEF), oversees the framework's design and upkeep; the selection, evaluation and ongoing review of eligible green expenditures; the management of proceeds; and allocation and impact reporting. It is supported by a dedicated team within the Public Debt Directorate, as well as by a technical evaluation unit consisting of experts from relevant ministries and agencies that conducts detailed screening of candidate expenditures.

Italy sets out a clearly defined list of excluded activities to prevent financing of environmentally and socially controversial practices; we mentioned the additional exclusion criteria applicable to specific UoP categories in our analysis where relevant.

Italy will publish an annual report starting one year after issuance and subsequently on annual basis until the programme ends. The 2025 green bond framework also updated the allocation and impact reporting commitment, to improve traceability and comparability for investors, and to ensure strong external review.

The reporting will provide an overview of Italy's environmental commitments; a detailed account of funds raised by auctions or syndications in the previous year and their allocation to green expenditures; a summary of disbursement progress for financed interventions; and a breakdown of disbursements by environmental category, including, where applicable, sectoral and geographical details.

We positively view that all the UoP categories directly contribute to the UN Sustainable Development Goals (SDGs).

The ICMA recommends that eligible projects are clearly described in the legal documentation for transactions. We have only reviewed the green government securities framework for this Second-Party Opinion and have not reviewed any transaction legal documents or marketing materials.

Source: Sustainable Fitch, Italian green bond framework 2025

Entity Highlights

Italy has a strong commitment to climate action and the energy transition, which derives from a broader sustainability strategy that is constitutionally anchored (Constitutional Law No. 1/2022) and aligned with the SDGs, reflecting the link between environmental integrity and societal prosperity.

Italy aims to cut GHG emissions, expand renewable energy and improve efficiency, while strengthening energy security by reducing reliance on fossil fuels, diversifying supply and accelerating the move to clean energy.

The NIECP is at the heart of this strategy, as the central instrument for delivering Italy's 2030 objectives.

The NIECP was updated in 2024 and refined in line with European Commission recommendations, the NIECP sets clear pathways across the energy union's five pillars of decarbonisation, efficiency, security, market integration and innovation; by strengthening existing tools, fully implementing a national recovery and resilience plan and REPowerEU measures, and introducing new cross-sector policies.

Italy has a high dependency on imported energy, with around 81% of energy for domestic use being imported in 2023, versus around 58% for the EU as a whole; this underscores the economic and geopolitical imperative to decarbonise and strengthen energy security. Italy is responding through measures derived from the European Green Deal and Fit for 55 that prioritise renewable energy deployment, grid reinforcement, electrification (including heat pumps and electric mobility), deep energy-efficiency renovations, and the scale-up of domestic low-carbon fuels such as biomethane and hydrogen.

Internationally, Italy has supported climate finance and biodiversity through G7 and G20 leadership, the Italian Climate Fund and the Mattei Plan for Africa. The sovereign green bond programme mobilises capital for power-sector decarbonisation, building efficiency and low-carbon mobility to address fossil fuel dependence and price volatility while maintaining a leading role in the global green bond market.

Italy's climate change adaptation is advancing in parallel. The National Climate Change Adaptation Plan includes aims to invest in strengthening territorial resilience to floods, landslides and extreme heat, including EUR30 million annually in 2025–2029 and a new integrated monitoring system due in 2026.

Meeting the NIECP goals requires about EUR174 billion of additional investment by 2030, with sustained capital beyond 2030 for grid, renewables, efficiency, transport electrification and industrial decarbonisation.

Italy's updated 2025 BTP green bond framework reinforces the state's ability to mobilise credible, high-impact climate finance. It tightens governance across the full life cycle of selection, allocation, management of proceeds and post-issuance review, while also providing a more granular definition of eligible expenditures (covering renewables, grids, energy efficiency, sustainable mobility, adaptation, circular economy and biodiversity).

Financing is central to delivering the NIECP's targets. The BTP green bond programme channels proceeds exclusively to qualifying green budget items, with ring-fencing, robust monitoring and periodic disclosure of impact metrics (eg installed capacity, emissions avoided and energy saved). The framework is designed in line with EU Regulation 2024/1263 and harmonised with the EU taxonomy and disclosure rules, which strengthens credibility, broadens investor participation and supports pricing advantages.

This alignment helps Italy scale investments in renewables and grids, accelerate building retrofits and low-carbon transport, fund resilience projects, and support the protection and restoration of Italy's rich biodiversity and ecosystems; it links sovereign finance directly to measurable climate outcomes and 2030 ambitions.

Source: Sustainable Fitch, Italian green bond framework 2025, BTP green allocation and impact report 2025

Use of Proceeds – Eligible Projects

Alignment: Excellent

Company Material

Renewable energy

- This UoP covers expenditures, tax expenditures (including deductions of investments and ancillary charges) and subsidies supporting the development, installation, maintenance and repair of renewable and low-carbon energy systems, such as wind, solar, hydropower, geothermal, hydrogen and heat pumps.
- It also covers expenditures related to the development of smart electricity transmission and distribution networks, and hydrogen and energy storage.
- These expenditures are mapped to EU taxonomy activities. The framework includes the following activities, for which the issuer commits to ensure compliance with the EU taxonomy SCC:
  - 3.10 "manufacture of hydrogen";
  - 3.2 "manufacture of equipment for the production and use of hydrogen";
  - 4.1 "electricity generation using solar photovoltaic technology";
  - 4.3 "electricity generation from wind power";
  - 4.5 "electricity generation from hydropower";
  - 4.6 "electricity generation from geothermal energy";
  - 4.9 "transmission and distribution of electricity" (under point 2(f), installation of smart metering systems);
  - 4.10 "storage of electricity";
  - 4.11 "storage of thermal energy";
  - 4.12 "storage of hydrogen"; and
  - 4.14 "transmission and distribution networks for renewable and low-carbon gases".
- All activities related to electricity generation must meet the 100gCO_2e/kWh carbon intensity threshold.
- The category also maps bioenergy expenditures to EU taxonomy economic activity 4.8 "electricity generation from bioenergy". Bioenergy must achieve an 80% GHG emissions reduction compared with fossil fuels and be sourced from sustainable feedstock.
- Hydropower plants with a capacity above 1,200MW are excluded.
- Also, expenditures are excluded if they produce energy from high carbon-stock land or high biodiversity-value land, or involve conversion from forest or arable land.
- The category excludes any facility that is dedicated to supporting electricity storage directly linked to fossil-fuel-based generation.
- All expenditures within this category are compliant with the EU taxonomy minimum safeguards.

Sustainable Fitch's View

- This category is aligned with the list of eligible green projects within the ICMA GBP.
- We consider this eligible project category to deliver positive environmental impacts by increasing the share of renewable energy in the country's energy mix.
- The power sector remains one of the largest contributors to global GHG emissions. Fossil fuels accounted for about 80% of total energy supply in 2024, while renewables delivered the largest share of growth, according to the International Energy Agency. Increasing the share of renewables in the global energy mix is therefore critical to meeting the Paris Agreement targets.
- The International Renewable Energy Agency estimates that the global share of renewable energy must rise to 77% by 2050, from 16% in 2020, to stay on a 1.5°C pathway. A higher renewable share can also deliver benefits beyond emissions reduction, including enhanced energy security and progress on energy poverty through affordable, reliable energy, particularly in developing countries.
- Italy has established a solid renewable energy base and continues to add capacity, supporting its ambition to achieve carbon neutrality by 2050. The country aims for renewables to make up 39.4% of total energy consumption and 53.2% of electricity generation by 2030.
- Annual deployments of solar and wind would need to increase significantly, alongside expansion of energy storage solutions, to further accelerate the renewable energy growth and meet the NIECP's targets.
- Therefore, we positively view that this UoP category includes renewable energy generation from zero-carbon sources (solar, wind and hydropower) and low-carbon sources (bioenergy and hydrogen), as well as storage technologies (electricity storage, thermal energy storage and hydrogen storage).
- The category requires all activities related to electricity generation to meet the 100gCO_2e/kWh carbon intensity threshold.
- We positively assess zero-carbon energy sources such as solar and wind, as they are automatically aligned to the EU taxonomy SCC; we also positively view that the issuer expects that around 80% of proceeds under this UoP category will be used for solar and wind projects.
- We view positively the financing of hydropower electricity generation that meets the 100gCO2e/kWh carbon-intensity threshold, as well as the exclusion of large hydropower installations with capacity above 1,200MW, as they are compliant with the EU taxonomy SCC.
- We positively assess the manufacturing of hydrogen by electrolysis, as the issuer has confirmed that investments in this subcategory will meet the 3tCO_2e per tonne of hydrogen threshold for life-cycle GHG emissions and the threshold of 94gCO_2e/MJ for GHG emissions from hydrogen-based synthetic fuels. Therefore, we consider these subcategories to be aligned with the SCC of the EU taxonomy.
- We also view positively the manufacturing of equipment for the production and use of hydrogen, as this subcategory will be aligned with the SCC.
- Electricity generation from geothermal energy can contribute to climate change mitigation by providing renewable and

stable baseload power; therefore, we view this subcategory positively.

- We view bioenergy electricity generation positively, as the issuer foresees an 80% GHG reduction versus fossil fuels for this subcategory; uses only sustainable feedstocks (forestry and agricultural waste; excluding food crops, peat, palm oil, non-certified food crops, wood pellets and palm waste without Roundtable on Sustainable Palm Oil certification); and funds only biogenic electricity with no fossil blending. However, these criteria still do not fully meet the SCC under the EU taxonomy.
- We positively view transmission and distribution of electricity (including installation of smart metering systems), storage of thermal energy, and transmission and distribution networks for renewable and low-carbon gases, as we expect that, based on our issuer interaction, future expenditures under these subcategories will align with the SCC of the EU taxonomy.
- We also positively view the financing of storage of electricity and storage of hydrogen from an environmental perspective. Based on our interaction with the issuer, we expect future expenditures under these subcategories to be aligned with the SCC of the EU taxonomy.
- It is positive from a sustainability perspective that the issuer has identified additional category-level exclusions, including expenditures for energy production on high carbon-stock land, high biodiversity-value land and land converted from forests or arable use. We also view positively that it excludes any facility dedicated to electricity storage that is directly linked to fossil-fuel-based generation.
- The issuer confirmed that, following recent allocations of eligible expenditures and given the consistency of Italian state budget line items, it expects this UoP category to have a limited allocation share, though this may change.
- We view this category as directly supporting SDGs 7 (affordable and clean energy) and 9 (industry, innovation and infrastructure).

Energy efficiency

- This UoP covers projects supporting green buildings, and heating and cooling production and distribution.
- For green buildings, the allocation of expenditures, tax incentives and subsidies is focused on renovating properties with high potential for energy savings and implementing measures to reduce energy use or enhance energy efficiency across public and private assets.
- All investments within the green buildings subcategory correspond to activities identified in the EU taxonomy for this area.
- The issuer aims to ensure that its energy-efficiency activities, classified under the following relevant economic activities, meet the SCC of the EU taxonomy:
  - 4.15 “district heating/ cooling distribution”;
  - 4.21 “production of heat/cool from solar thermal heating””;
  - 4.22 “production of heat/cool from geothermal energy”;
  - 4.24 “production of heat/cool from bioenergy”;
  - 4.25 “production of heat/cool using waste heat”;
  - 7.1 “construction of new buildings”;
  - 7.3 “installation, maintenance and repair of energy efficiency equipment”;
  - 7.5 “installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings”; and

- This category is aligned with the list of eligible green projects within the ICMA GBP.
- We consider this eligible project category to deliver positive environmental impacts by supporting the transition to a low-carbon economy, reducing GHG emissions and helping to limit the global temperature rise.
- This UoP category is important for mitigating the impact of climate change especially in Italy, where buildings in 2023 accounted for around 40% of total energy consumption, according to the Agenzia nazionale per le nuove tecnologie, l’energia e lo sviluppo economico sostenibile (the Italian national agency for new technologies, energy and sustainable economic development).
- Energy efficiency is one of the pillars of the NIECP, so we expect this category to be an essential instrument for implementing the Italian national climate strategy.
- This category includes investments in new green buildings, which have positive environmental impacts by increasing the share of new, energy-efficient buildings and improving the energy efficiency of the existing building stock, which are all aligned with the EU taxonomy SCC.
- These investments are mainly provided through expenditures, tax expenditures and subsidies related to the renovation of buildings with significant potential for energy savings.
- Under the renovation of existing buildings subcategory, we consider the expenditures for programmes that are compliant

   - 7.6" installation, maintenance and repair of renewable energy technologies".
- An exception is the specific building renovation programmes under activity 7.2 "renovation of existing buildings". We consider investments in programmes launched after the EU taxonomy criteria were initiated as aligned with the SCC.
- Legacy renovation programmes established before the EU taxonomy technical screening criteria came into effect, for which substantial contribution alignment cannot currently be determined, are regarded as eligible only if they can demonstrate measurable improvements in energy efficiency and positive environmental outcomes.
- Where applicable, a do no significant harm assessment will be performed for selected interventions in the green buildings subcategory.
- For heating and cooling production and distribution, qualifying heating networks must source at least 50% of their energy from renewables.
- All investments in the heating and cooling production and distribution subcategory are mapped to relevant EU taxonomy activities.
- All expenditures within this category are compliant with the EU taxonomy minimum safeguards.

with the SCC as having an excellent impact. These projects will also contribute to the objectives set in the NIECP, to decarbonise the building sector by 2050.

- The Ministry of Environment and Energy Security (MASE), Italy needs to retrofit 2.6% of the residential and tertiary building stock annually from 2020 to 2050. Key policy instruments are tax rebates and reductions, such as the "Superbonus 110%" tax incentive scheme, which supports improving energy efficiency.
- Italy can also finance programmes under the renovation of existing buildings subcategory that were introduced prior to the establishment of the EU taxonomy SCC (for example, the Ecobonus programme), for which we cannot evaluate the alignment with the taxonomy SCC.
- We positively assess that this UoP category includes financing for installation, maintenance and repair of energy-efficiency equipment; instruments and devices for measuring, regulating and controlling building energy performance; and renewable energy technologies, which are all aligned with the EU taxonomy SCC.
- This UoP also includes heating and cooling production and distribution, which are directly linked to energy efficiency as centralised systems reduce energy waste compared to individual building solutions. This is particularly important for Italy, which meets around 81% of its energy needs through imports, according to Eurostat data in 2023, and where improving heating and cooling networks supports national efforts to reduce energy dependency.
- We positively view district heating and cooling networks as they are an established form of efficient energy distribution; they reduce negative environmental impacts from building operations, such as GHG emissions, reducing waste heat and improving air quality.
- Heating networks using at least 50% renewable energy, solar thermal, or geothermal sources are automatically aligned with the EU taxonomy's climate change mitigation criteria, so positively contribute to climate change mitigation.
- We positively assess the production of heat and cooling from bioenergy as we expect it to have a positive environmental impact. Based on our interaction with the issuer, we expect future expenditures under this subcategory to be aligned with the SCC of the EU taxonomy.
- We positively assess the production of heat and cool using waste heat that is aligned with the SCC for climate change mitigation under the EU taxonomy. Using waste heat for heating and cooling supports climate change mitigation because it reuses energy (from industrial processes and power generation) that would otherwise be discarded and improves energy efficiency, reduces carbon emissions and promotes a circular economy approach.
- The issuer confirmed that, following recent allocations of eligible expenditures and given the consistency of Italian state budget line items, it expects this UoP category to have a relevant allocation share, though this may change.
- We view this category as directly supporting SDGs 7 and 9.

Clean transport

- This UoP covers three subcategories: rail infrastructure and transport systems (including maintenance) and vehicles; urban and suburban road transport systems; and low-carbon water transport.
- Each subcategory is mapped to the relevant EU taxonomy activities and is compliant with the EU taxonomy minimum safeguards.

- This category is aligned with the list of eligible green projects within the ICMA GBP.
- We view this eligible project category as having a positive environmental impact, as it covers low-carbon transport and infrastructure across road, rail and water modes, thereby reducing GHG emissions and air pollution from the transportation sector.

- Eligible expenditures for rail infrastructure and vehicles include the construction of new electrified lines, electrification of existing lines, development of high-speed and high-capacity lines, and maintenance (limited to the electrified components of the railway network).
- These expenditures are mapped to EU taxonomy activities 6.1 “passenger interurban rail transport”, 6.2 “freight rail transport” and 6.14 “infrastructure for rail transport”.
- Investments also cover signalling and safety systems, as well as infrastructure dedicated to transhipment, including terminal facilities for loading, unloading and transhipment of goods.
- Eligible expenditures for urban and suburban road transport comprise passenger transport vehicles and operations; personal mobility or transport devices powered by human effort, zero-emissions motors or a combination of both; incentives for the purchase of electric vehicles (EVs) by private individuals or companies; and the construction, modernisation, maintenance and operation of pedestrian infrastructure.
- These expenditures are mapped to EU taxonomy activities:
  - 6.3 “urban and suburban transport, road passenger transport”;
  - 6.4 “operation of personal mobility devices, cycle logistics”;
  - 6.5 “transport by motorbikes, passenger cars and light commercial vehicles”;
  - 6.6 “freight transport services by road”;
  - 6.13 “infrastructure for personal mobility, cycle logistics”, and
  - 6.15 “infrastructure enabling low-carbon road transport and public transport”.
- For road vehicles other than heavy-duty vehicles (HDVs), it is related only to EVs.
- Eligible expenditures for low-carbon water transport include the construction, modernisation, operation and maintenance of port and vessel infrastructure required for zero tailpipe CO_2 operation, as well as facilities dedicated to transhipment.
- These expenditures are mapped to EU taxonomy activity 6.16 “infrastructure enabling low-carbon water transport”.
- Infrastructure and vehicles dedicated to the transport or storage of fossil fuels are excluded.
- All expenditures within this category are compliant with the EU taxonomy minimum safeguards.

- The International Energy Agency reports the transportation sector accounts for 23% of global energy-related CO_2 emissions; transitioning to low-carbon transport can therefore make an important contribution to climate change mitigation.
- According to the Istituto Superiore per la Protezione e la Ricerca Ambientale (an Italian institute for environmental protection and research) transport is the fastest-growing source of GHG emissions (at 26%–28% of total emissions) in Italy, driven by heavy reliance on fossil fuel vehicles. Italy has ambitious but underdelivered NIECP targets and an ongoing policy debate between biofuels and EVs, amid the EU’s 2035 phase-out plans.
- Investments in low-carbon transport are key enablers of the energy transition in Italy and important contributors to climate change mitigation. Promoting urban public transport, such as light rail, zero-emissions buses and bus rapid transit systems, reduces emissions and can also lower pollution, in line with the objectives of the National Air Pollution Control Programme.
- Strategic high-speed corridors (eg Naples–Bari and Salerno–Reggio Calabria) and cross-border mega-projects (eg the Brenner Base Tunnel and Lyon–Turin) are cutting travel times, shifting passengers and freight from road to rail, and integrating southern regions with European networks.
- Piano Nazionale di Ripresa e Resilienza-funded projects in southern Italy (eg Naples–Bari, and Palermo–Catania–Messina) aim to position the area as a strategic Mediterranean hub, with modern, sustainable links that reduce CO_2 and enhance cohesion.
- Collectively, these investments, covering infrastructure upgrades, network expansion and new rolling stock, support cleaner operations, greater capacity and reliability, and stronger long-term resilience across Italy’s transport system.
- Vehicles under this subcategory are restricted to electric trains and those with zero tailpipe CO_2 emissions, including bimode trains where conventional engines are required due to infrastructure limitations.
- We positively assess the projects financed under this subcategory, as they are aligned with the SCC for climate change mitigation.
- The road transport system for urban and suburban areas comprises several subcategories, including passenger transport vehicles and operations, personal mobility or transport devices powered by human effort, zero-emissions motors, incentives for the purchase of EVs, and pedestrian infrastructure.
- Vehicles are restricted to EVs, while HDVs are eligible only if they have no internal combustion engine, an engine emitting less than $1gCO_2/kWh$, or specific CO_2 emissions at least 50% lower than the reference CO_2 emissions for the relevant sub-group. Investments also include infrastructure for public transport, signalling systems and safety enhancements.
- We positively assess all these subcategories, based on our interaction with the issuer, as we expect future expenditures under them to be aligned with the SCC of the EU taxonomy. Low-carbon water transport is an important component of this category; it supports the construction, modernisation, operation and maintenance of port and vessel infrastructure that is required for zero tailpipe CO_2 operation, as well as facilities dedicated to transhipment.

- In Italy, low-carbon water transport is a growing focus area, with initiatives spanning vessels, ports, fuels and transshipment and logistics.
- EU policy momentum supports Italy's shift to renewable and low-carbon maritime fuels, with the sustainable transport investment plan and nearly EUR3 billion in EU funding being available to support the growth of green fuels for aviation and shipping, and to align port and vessel investments with zero-tailpipe CO_2 operations.
- Italy also has cross-Mediterranean and Adriatic projects that support zero-emissions maritime corridors and port upgrades, including initiatives to introduce green hydrogen in maritime links and modernise port operations through shared standards and collaboration, facilitating transshipment and low-carbon supply chains.
- All the expenditures under this category are compliant with the SCC for climate change mitigation.
- We positively consider that all selected expenditures are compliant with the EU taxonomy minimum safeguards.
- For all projects, Italy excludes financing of activities dedicated to the transport or storage of fossil fuels, which we consider positively.
- The issuer confirmed that, following recent allocations of eligible expenditures and given the consistency of Italian state budget line items, it expects this UoP category to have a relevant allocation share, though this may change.
- We view this category as directly supporting SDGs 7, 9, 11 (sustainable cities and communities) and 13 (climate action).

Measures for climate and environmental resilience

- This UoP category covers climate change adaptation, pollution prevention and control, and the circular economy.
- Expenditures are directed to enhancing adaptation and climate resilience by managing risks from flooding, wildfires, drought and extreme weather.
- Investments cover emergency services for extreme events; prevention and control of forest and wildfires, including firefighting; development of flood risk prevention and protection infrastructure such as levees, reservoirs, drainage systems and hydraulic regulation works; and integrated systemic measures to reduce territorial vulnerability and safeguard lives and assets.
- Examples of expenditures within this category are mapped to EU taxonomy activities 5.13 "desalination", 14.1 "emergency services", 14.2 "flood risk prevention and protection infrastructure" and 3.1 "nature-based solutions for flood and drought risk prevention and protection".
- Measures aimed at pollution prevention and control include combating and reducing pollution in inland and marine waters, air and soil; and environmental restoration plans and remediation of contaminated land.
- Expenditures supporting the circular economy focus on promoting sustainable consumption and production, particularly in high-recycling sectors such as packaging and plastics.
- Measures include reducing packaging and its environmental impact, recycling goods and raw materials, incentivising the use of recyclable packaging and recycled or reused products, and supporting integrated waste management through infrastructure and technologies for the collection, sorting, processing and recycling of materials.
- Examples of expenditures within this subcategory are mapped to the following EU taxonomy activities:
  - 2.1 "collection and transport of hazardous waste";

- This category is aligned with the list of eligible green projects within the ICMA GBP.
- We view this eligible project category as having a positive environmental impact, as the financing supports climate change adaptation, pollution prevention and control, and the circular economy.
- Italy follows strong EU-based environmental rules on climate change adaptation, pollution control and the circular economy, and this UoP also supports international climate and environmental agreements.
- Therefore, all eligible spending in this category complies with current and upcoming regulations on adaptation, waste management and circular practices, and meets national rules to prevent and control pollution in air, water and soil.
- We view this positively from an environmental perspective because clear, enforceable standards promote a prevention-first approach, drive cleaner technologies and support long-term sustainability. This results in lower pollution across air, water and soil; stronger climate resilience to floods, heat and drought; and more efficient resource use through waste reduction, reuse and recycling.
- We view the eligible projects under the climate change adaptation subcategory as having a positive environmental impact as they directly implement adaptation solutions to reduce material climate risks.
- Investments in climate change adaptation projects include desalination plants. We positively assess that the desalination plants financed under this UoP will maintain a carbon intensity of energy supplied below the 100gCO_2e/kWh threshold. However, we cannot determine if they align with the SCC for this subcategory.
- Emergency services, flood risk prevention and protection infrastructure, and nature-based solutions for flood and

6 CLEAN WATER AND SANITATION

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

- – 2.2 “treatment of hazardous waste”;
- – 2.3 “remediation of legally non-conforming landfills and abandoned or illegal waste dumps”;
- – 2.4 “remediation of contaminated sites and areas”;
- – 2.1 “phosphorus recovery from wastewater”;
- – 2.2 “production of alternative water resources for purposes other than human consumption”;
- – 2.3 “collection and transport of non-hazardous and hazardous waste”;
- – 2.4 “treatment of hazardous waste”;
- – 2.5 “recovery of bio-waste by anaerobic digestion or composting”;
- – 2.6 “depollution and dismantling of end-of-life products”; and
- – 2.7 “sorting and material recovery of non-hazardous waste”.

- All expenditures within this category are compliant with the EU taxonomy minimum safeguards.
- Expenditures also relate to Italy’s participation in international agreements, protocols and frameworks aimed at addressing pollution, climate change and broader environmental challenges.
- Expenditures related to waste incineration, landfilling and waste-to-energy facilities are excluded.

drought risk prevention and protection, are all important components of Italy’s climate change adaptation strategy.

- Collectively, these investments are important due to the increasing frequency and severity of extreme events, and the long-term impact of climate change. Italy, especially given its territory composition, is particularly at risk from flooding. According to Istituto Superiore per la Protezione e la Ricerca Ambientale, over 7 million people in Italy live in areas at risk of flooding.
- The activities within the pollution prevention and control subcategory include collection and transport, treatment of hazardous waste, remediation of legally non-conforming landfill and abandoned or illegal waste dumps, and remediation of contaminated sites and areas.
- Collectively, these investments have a positive environmental impact by contributing to efficient collection and management of waste and to the remediation of waste impacts.
- The OECD projects that global municipal solid waste generation will increase to 3.4 billion tonnes by 2050 from 2 billion tonnes in 2016. This highlights the urgent need for effective waste management and pollution prevention measures.
- We positively assess these investments, as they contribute to Italy’s continuous progress in increasing recycling and reducing landfilling of municipal waste. According to European Environment Agency, Italy recycled 71% of packaging waste in 2022, as well as 53% of municipal waste, demonstrating strong performance in waste management. Italy is on track to meet its 2025 target for preparing municipal waste for reuse and recycling, and these investments further support that goal.
- The European Commission reports that 48% of municipal waste produced in the EU was recycled in 2022, with around 23% being sent to landfill. This can lead to significant negative environmental impacts, as landfills are a significant source of GHG emissions and can also lead to soil, air and water pollution.
- Therefore, we view investments in the remediation of non-conforming landfills, illegal waste dumps and contaminated sites as crucial, especially in Italy, where some regions suffer both environmentally and socially (from a health perspective) due to illegal waste dumping and contaminated sites.
- We view the eligible projects under the circular economy subcategory as having a positive environmental impact by promoting sustainable consumption and supporting recycling efforts.
- This category also covers phosphorus recovery from wastewater; production of alternative water resources; collection, transport and treatment of non-hazardous and hazardous waste; recovery of bio-waste through anaerobic digestion or composting; depollution and dismantling of end-of-life products; and sorting and material recovery of non-hazardous waste.
- Global consumption of raw materials is steadily increasing, with each European consuming 14.9 tonnes of raw materials annually, according to Eurostat. Recycling existing raw materials can mitigate the negative side effects of this consumption, as well as reduce GHG emissions, the use of natural resources and biodiversity loss.
- We positively assess the projects financed under the circular economy subcategory as they are crucial for Italy’s transition to a circular economy, in line with the national strategy for

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circular economy approved in 2022, which followed the National Waste Prevention Programme for 2013–2020.

We positively consider that Italy excludes all expenditures related to waste incineration, landfilling and waste-to-energy facilities.
We view this category as directly supporting SDGs 6 (clean water and sanitation), 11, 12 (responsible consumption and production) and 13 (climate action).
We could only determine the alignment of projects under activity 2.4 “treatment of hazardous waste” to the SCC.
We could not determine whether all of the other projects included in this category meet the SCC.
We positively consider that all selected expenditures are compliant with the EU taxonomy minimum safeguards.

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<td colspan="3">Protection of the environment, water and biological diversity</td>
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This UoP category covers sustainable water and wastewater management, terrestrial and aquatic biodiversity, and environmentally sustainable management of living natural resources and land use.
Expenditures will fund interventions across forests, wetlands and marine environments, covering afforestation, sustainable forest management and conservation, wetland restoration, sustainable land use and protection; and will also finance actions to protect and restore terrestrial and marine biodiversity and ecosystems, including safeguarding endangered species, to preserve and enhance natural habitats.
Examples of expenditures are mapped to EU taxonomy activities 1.1 “afforestation”, 1.2 “rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event”, 1.3 “forest management”, 1.4 “conservation forestry” and 2.1 “restoration of wetlands”.
Expenditures will cover primary investments and initiatives to ensure the security of the water supply, enhance water collection and saving, promote sustainable water resource management, monitor and improve water quality, and reduce losses in distribution networks. They also include support for water purification, sanitation, recycling and treatment; water collection; and urban drainage infrastructure, including stormwater management and sewer separation.
Examples of expenditures are mapped to the following EU taxonomy activities under annex I (sustainable use and protection of water and marine resources):

1.1 “manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems”;
2.1 “water supply”;
2.2 “urban wastewater treatment”;
2.3 “sustainable urban drainage systems”; and
4.1 “provision of IT/OT data-driven solutions for leakage reduction”.

Expenditures also map to the follow activities under annex I (climate change mitigation):

5.1 “construction, extension and operation of water collection, treatment and supply systems”;
5.2 “renewal of water collection, treatment and supply systems”;
5.3 “construction, extension and operation of wastewater collection and treatment”;
5.4 “renewal of wastewater collection and treatment”; and

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This category is aligned with the list of eligible green projects within the ICMA GBP.
We view financing afforestation as positive environmentally, as it absorbs carbon, restores soils and water cycles, improves biodiversity, and reduces erosion and air pollution.
We view financing land restoration and other sustainable land management projects that reverse the impact of land degradation as having a positive environmental impact.
Actions that regulate land use are fundamental to combating land degradation and desertification by preventing harmful activities, helping maintain soil health, preventing erosion and preserving ecosystem services.
Land degradation intensifies climate change, undermines land productivity, and harms ecosystems and communities. In Italy, this leads to soil erosion and desertification risks in regions such as Sicily and Sardinia, declining agricultural yields in drought-prone areas of the Po Valley and southern Italy.
It also has cascading impacts on coastal, marine and freshwater systems that range from increased sediment and nutrient runoff into the Adriatic and Tyrrhenian seas to reduced river flows and wetland health, which ultimately affects livelihoods in farming, tourism, fisheries and water management.
Financing activities to achieve land-degradation neutrality helps to safeguard land resources by preventing net loss of productive land. These investments promote sustainable agricultural practices, including crop rotation, agroforestry and soil conservation, which maintain soil health, reduce erosion and improve water retention. In turn, they strengthen food security and climate resilience while minimising ecological impacts.
Financing land restoration increases carbon sequestration and biodiversity, and enhances ecosystem services such as water purification and flood regulation. Restored landscapes are more climate-resilient and support sustainable livelihoods, supporting environmental and social sustainability.
We view financing water, wastewater management and marine protection as critical to maintaining healthy ecosystems; it preserves habitats, safeguards biodiversity and supports fish stock recovery, while increasing resilience to climate change and ocean acidification.
Stringent frameworks such as the EU taxonomy require eligible activities to enhance species conservation and be supported by approved conservation and management plans.
Environmental laws and permitting frameworks in Italy require projects to include baseline data on land use and biodiversity, have a management or restoration plan and have

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– 5.8 "composting of bio-waste". • Finally, expenditures fall under activity 1.1 "conservation, including restoration, of habitats, ecosystems and species", under annex IV (protection and restoration of biodiversity and ecosystems). • Expenditures will support sustainable and certified organic farming initiatives, as well as other activities in the agricultural sector that are not yet mapped under the EU taxonomy but are consistent with national and EU legislation. These include certified organic agriculture, climate-smart farming practices and initiatives aimed at preserving crop and seed diversity. • Expenditures will support Italy's participation in international agreements, protocols and frameworks aimed at environmental protection, biodiversity and the conservation of ecosystems and species habitats. • Italy has a comprehensive, EU-aligned legislative framework covering forestry, environmental protection and restoration, biodiversity, water and marine resources, and sustainable agriculture. • Eligible expenditures in these categories comply fully with national and EU rules on sustainable resource use, ecosystem preservation and restoration, water quality and biodiversity conservation. • All expenditures will, to the fullest extent possible, be mapped to relevant EU taxonomy activities. • All expenditures under this category comply with the EU taxonomy minimum safeguards.	measures to prevent invasive species and protect livelihoods. These safeguards are embedded in environmental impact and strategic assessments, Natura 2000 appropriate assessments, invasive species controls, and water and soil management plans, to ensure impacts are mitigated and projects support environmental and social sustainability. • We view financing sustainable agriculture in Italy as positive because certified organic farming cuts synthetic inputs, reducing nutrient runoff and pesticide-related biodiversity loss; while crop rotations and cover crops build soil carbon and improve soil health, which is key to prevent droughts in drought- and erosion-prone regions of Italy. • Climate-smart practices (such as reduced tillage, agroforestry, optimised fertilisation and efficient irrigation) lower GHG emissions and protect waterways, boosting resilience to heatwaves and the intense rainfall typical of Italy's Mediterranean climate. • Water stewardship (such as drip and deficit irrigation, mulching and data-driven scheduling) improves efficiency and eases pressure on stressed basins in the Po Valley and southern regions; healthier soils enhance infiltration and drought buffering. • Biodiversity and genetic resources (such as growing traditional varieties and hedgerows, and mixed cropping) strengthen ecosystem resilience and provide natural pest control, supporting Italy's diverse agro-landscapes and Natura 2000 areas. • Pollution prevention and circularity (such as nutrient plans, manure valorisation, composting and on-farm renewables) reduce ammonia and nitrate losses in nitrate-vulnerable zones and lower farm carbon footprints, aligning with Italian and EU environmental safeguards. • We positively view financing of Italy's participation in international environmental agreements and climate funds as well as of implementation of international legislative frameworks; these channels resources to biodiversity protection, ecosystem conservation and climate resilience in developing countries, while improving cross-border coordination and standards. • Examples of this cooperation include the transposition of EU directives into Italian law, and participation in the Italian Climate Fund, which is managed by MASE and CDP to support adaptation and mitigation in OECD Development Assistance Committee partner countries. • We view this category as directly supporting SDGs 6, 14 (life below water) and 15 (life on land). • We could only determine the alignment of projects under activity 1.1 "afforestation" to the SCC. • We could not determine whether all of the other projects included in this category meet the SCC.
Environmental research	
• This UoP covers environmental research and innovation, with a focus on the transition to a circular economy, climate action and sustainable resource management, including funding of environmental research centres and institutes. • Expenditures target technological solutions, policy measures and practices that enhance energy efficiency, biodiversity, and ecosystem resilience; promote sustainable agriculture; and foster international collaboration in environmental research. • The scope covers R&D, knowledge development and technological innovation aligned with all EU taxonomy climate and environmental objectives and related interventions.	• "Research" is not a standalone category under the ICMA GBP, though it is an eligible project type under these principles and can support one or more environmental objectives. This expenditure is consistent with the GBP and the 2025 ICMA Guidance Handbook, which permit the financing or refinancing of related intangible assets and R&D-specific expenditures that support eligible projects. • We view this category as having a positive environmental impact when used to finance or refinance expenditures related to, or supporting, eligible green projects, provided the intangible assets and expenditures are tied to clear environmental benefits.

• Focus areas include circular transition; SDG-oriented policy tools; water and carbon footprint reduction; biodiversity and natural capital tech; energy efficiency; weather and climate tech; sustainable agriculture; species and genetic diversity; biodiversity monitoring and mapping; nuclear R&D per EU taxonomy; and international collaboration (including in Italy). • All expenditures will, to the fullest extent possible, be mapped to relevant EU taxonomy activities. • All expenditures under this category comply with the EU taxonomy minimum safeguards.	• Its thematic scope is well defined; it covers the circular economy, climate, biodiversity, sustainable agriculture and resource management. The inclusion of research centres and institutes aligns with ICMA GBP categories such as eco-efficient and circular economy–adapted products, production technologies and processes; pollution prevention and control; terrestrial and aquatic biodiversity conservation; and sustainable water management. • R&D and policy-oriented spending can be broad and may include activities without measurable, near-term environmental benefits, whereas the ICMA expects a transparent linkage between expenditures and intended environmental outcomes. • To strengthen alignment, the issuer could benefit from disclosing explicit eligible sub-categories with illustrative examples and clear exclusions; for example, by committing to not support activities that risk causing significant harm to other environmental objectives, such as intensive agriculture without robust safeguards. It could also benefit from introducing a materiality test to ensure funded R&D has a credible pathway to deployment or delivers measurable improvements in environmental performance. • We view this category as directly supporting SDGs 6, 7, 11, 12, 13, 14 and 15. • However, we could not determine whether any of the projects included in this category align to the SCC.	
Source: Italian green bond framework 2025	Source: Sustainable Fitch	

Use of Proceeds – Other Information	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• Eligible green expenditures under the framework can include: government capex, intervention expenditures, transfers and subsidies, tax relief measures, selected opex and R&D in the environmental field, benefiting entities inside or outside the public administration. • Funds may be directed to public agencies, regions and local authorities; education and research institutes; private or public companies; and households. Assets financed can be tangible or intangible. • All eligible expenditures must be financed by general taxation and drawn from the Italian state budget, with strict controls to avoid double counting: any portion financed from non-state-budget sources is excluded; in co-financed projects, only the state-budget share qualifies; and expenditures earmarked by other entities for their own green bonds are excluded. • The financed expenditures include initiatives and programmes implemented within the national territory, as well as activities related to programmes and projects carried out abroad, in the form of contributions to Italy's participation in international agreements, protocols and frameworks, as well as in international cooperation initiatives. The expenditures associated with these programmes and projects will be allocated to one of the six environmental expenditure categories listed in the framework, based on the targeted environmental objectives. • For each green bond, the eligible expenditures are selected from the state budget within a window spanning three fiscal years before to one fiscal year after the issuance, with priority, where possible, to expenditures incurred within the current budget year and the two preceding years. • Only expenditures or tax relief measures that meet the framework's criteria qualify as eligible; those that do not are excluded. Explicit exclusions cover fossil fuel exploration, manufacturing and transport; alcoholic beverage production; military contracts; gambling; arms manufacturing; and tobacco manufacturing and production. • In addition, the sovereign green bonds apply EU Paris-Aligned Benchmark exclusion rules.	• The framework is dedicated exclusively to financing sovereign expenditures across a broad range of instruments. Eligible uses of proceeds include long-term capital investments in infrastructure, opex directly linked to eligible projects and programmes, and shorter-term policy measures such as subsidies and tax expenditures. • This design enables support for multi-year project delivery while also advancing near-term policy objectives. • The financed expenditures cover domestic initiatives and programmes, as well as contributions to international agreements, protocols, frameworks and cooperation projects outside Italy. All expenditures are assigned to one of the six environmental categories based on their targeted environmental objectives. • The framework does not specify the expected ratio of refinancing to financing; Italy intends to disclose this after allocation, as the issuer is unable to determine in advance the share of new financing for BTP green issuances. Nonetheless, the stability of the Italian state budget's macro-categories suggests the refinancing share will be broadly consistent with past allocations. Some UoP subcategories may fund longstanding programmes that may include new projects or new beneficiaries; the precise share for these is difficult to quantify. • The issuer will consider capex as green as long as it meets the eligibility criteria set out in the framework and clearly states that Italy will finance public expenditures that are intended to contribute to the six environmental objectives of the EU taxonomy. • Based on historical data for budget line items already allocated and projections for Italian state budget chapters that are potentially eligible for forthcoming BTP green issuances under the new green bond framework, the issuer estimates the share of capex will be in the 70%–85% range. This share may marginally vary during the life of the framework. • Eligible expenditures must be funded by the Italian state budget, with safeguards to avoid double counting. Any spending financed from sources outside the state budget are excluded, which we consider as in line with market best practices. • The lookback period of three years is in line with standard market practice, particularly in the context of a sovereign issuer where the issuances are often allocated to projects and programmes with long-term horizons. • The framework establishes a comprehensive and clearly defined set of exclusion criteria that prevent issuances under the framework from financing controversial sectors with negative environmental impacts such as fossil fuels and other extraction-related operations. • We consider positive that the exclusion criteria align with the EU Paris-Aligned Benchmark, which applies strict 1.5°C-aligned exclusions and removes issuers tied to fossil fuels (including coal and unconventional oil and gas, or expansion plans), those failing the minimum safeguards or lacking credible decarbonisation pathways, producers of controversial weapons, companies with severe unresolved ESG controversies, tobacco manufacturers, and other activities inconsistent with climate goals (eg heavy coal power or very high emissions without transition plans). • We positively view that the issuer set additional social exclusions in the framework (for weapons, gambling and alcohol).
Source: Italian green bond framework 2025	Source: Sustainable Fitch

Evaluation and Selection	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• Italy's interministerial CIGB supports the MEF in defining eligible expenditures and overseeing timely, complete, high-quality reporting on the use of proceeds.	• The issuer has a well-defined, documented process and procedures for evaluating and selecting eligible projects, with the steps described in detail in the framework, in line with the requirements of the ICMA GBP.

Evaluation and Selection	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• The committee includes representatives from: – the Prime Minister Office (Presidency of the Council of Ministers); – the MEF; – the Ministry of Infrastructure and Transport; – the MASE; – the Ministry of Enterprises and Made in Italy; – the Ministry of Agriculture, Food Sovereignty and Forests; – the Ministry of University and Research; – the Ministry of Culture; – the Ministry of Defence; and – the Ministry of the Interior. • Within the MEF, the treasury, state general accounting and finance departments supply key data on eligible expenses. The treasury department's directorate of public debt issues sovereign green bonds; and its director-general chairs the CIGB, supported by a dedicated secretariat and a specialised team that: – screens budget and tax data to identify potential green expenditures aligned with the ICMA GBP and the EU taxonomy; – coordinates pre- and post-issuance activities and prepares the annual BTP green allocation and impact report; – conducts bilateral checks with relevant ministries to confirm eligibility and data availability, and avoid double counting, before submitting a list to the CIGB for review; and – ensures traceability, allocation monitoring and ongoing eligibility throughout the bond's life. • Ministry representatives must confirm the projects contribute to environmental objectives, verify the absence of other direct funding, ensure monitoring capability, and assess EU taxonomy alignment, including with the SCC and, where possible, do no significant harm (DNSH) criteria. • If an expense becomes non-compliant, the specialised team of the directorate of public debt proposes replacements or seeks alternatives from the CIGB In case of legal disputes, MEF and the relevant ministry jointly assess whether to maintain or remove the expense. • The CIGB also defines how state administrations provide information needed for the annual report.	• The selection and evaluation process is multi-layered, with involvement and oversight from multiple ministries and functional areas, such as the MEF's treasury, finance and state general accounting departments, as well as relevant departments from other ministries, which supports oversight and accountability, and ensures the selection process involves relevant expertise. • The issuer has established an interministerial committee, governed by a specific decree of the president of the council of ministers, that monitors traceability, allocations and continued eligibility throughout the bond's life. Ministries must confirm alignment with environmental objectives, ensure no overlapping funding, demonstrate monitoring capacity, and assess EU taxonomy alignment (SCC and, where possible, DNSH). • We consider the internal control structure to be in line with best practice as the multi-layered process ensures that all included projects meet the framework criteria as well as the issuer's internal due diligence, and that there are proper checks and balances in place. • The issuer highlighted that expenditures that no longer meet the selection criteria will be removed and replaced within one year.
Source: Italian green bond framework 2025	Source: Sustainable Fitch

Management of Proceeds	Alignment: Good
Company Material	**Sustainable Fitch's View**
• Sovereign green bond proceeds are managed like other government securities and transferred to the general treasury cash account. Green allocations are tracked "virtually" via an accounting entry that is credited at issuance and debited as eligible projects draw funds. Actual disbursements occur through the issuer's financial management system, with the virtual account reconciling allocations to proceeds. • MEF can include qualifying central government expenditures in support of the programme as relevant to the issuance, in an amount at least equal to the net proceeds. • Italy issues sovereign green bonds within a predefined perimeter of eligible expenditures and commits to allocate net proceeds promptly, by no later than the end of the calendar year following issuance (the allocation period). • The eligible expenditure basket will exceed issuance amounts to maintain alignment between tracked proceeds and allocations, and to enable swift reallocation. If an item is postponed, cancelled, divested or becomes ineligible, it will be replaced within one year.	• The issuer tags green expenditures in its internal systems, providing virtual segregation and fund traceability, in line with the requirements of the ICMA GBP and standard market practices. • We consider further segregation between the bond proceeds and the issuer's other funds, such as by using a dedicated bank account, as best practice to prevent comingling and to ensure stronger separation and control. However, we recognise that sovereign issuers may face administrative constraints on fully segregating funds raised under labelled bonds or loans. • The issuer has committed to maintaining an eligible expenditure pool larger than the bond size, to ensure net proceeds are fully matched and allow for swift reallocation. If any item is postponed, cancelled, divested or deemed ineligible, it will be replaced with a new eligible expenditure within one year. • The ICMA recommends issuers disclose the intended types of temporary placement for unallocated proceeds. Holding the proceeds in cash aligns with market practice.

Management of Proceeds	Alignment: **Good**
Company Material	**Sustainable Fitch's View**
• MEF may tap outstanding sovereign green bonds; taps are fungible with the original bond, but each is managed as a new issuance for proceeds tracking. Funds raised after the current framework's entry into force follow its rules. A detailed mapping aligns green categories from the 2021 framework to the current framework to ensure transparency.	• The issuer will strive to allocate all proceeds within one year from the bond issuances, which we consider as in line with market practice.
Source: Italian green bond framework 2025	Source: Sustainable Fitch

Reporting and Transparency	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• Italy will publish an annual allocation and impact report on the BTP green bond programme until the programme ends, detailing how net proceeds were allocated to eligible expenditures and their environmental performance. Reports are posted on the MEF website and sent to Italy's Interministerial Committee for Economic Planning and Sustainable Development (Comitato Interministeriale per la Programmazione Economica e lo Sviluppo Sostenibile). The first appears the year after the first issuance under this framework; thereafter annually. If proceeds are not fully allocated within the year, that is disclosed and carried forward, and any material developments are reported. • Each report confirms allocation equal to the prior-year's net proceeds, with a lookback period of up to three years for eligible expenditures. It includes Italy's environmental commitments, amounts raised and allocated, and progress of disbursements overall and by environmental category (and, where relevant, sector and geography). It may also provide project or programme descriptions, financing versus refinancing shares, and case studies. Monitoring relies on the state's standard expenditure procedures. • The impact reporting in the same document covers environmental results for expenditures sufficiently implemented to assess impact, the methodologies and assumptions used, and, where relevant, social benefits such as employment. Output indicators may be listed, in line with the ICMA's Harmonised Framework (June 2024), and the MEF will evolve indicators with emerging standards. • The EU taxonomy disclosure assesses eligibility and alignment of financed projects, indicating the six climate and environmental objectives pursued and, where applicable, degrees of alignment with the SCC, DNSH and minimum safeguard requirements. The report is independently verified externally each year before publication.	• We consider the reporting and verification commitments described in the framework to be in line with the requirements of the ICMA principles. • The issuer confirmed that the post-issuance report will be independently verified by an external party each year prior to publication. • In addition, the issuer will rely on data provided by the ministry, specifically the accounting information supplied by the ministry's general accounting department covering the expenditures underpinning sovereign green issuances, as well as information from the ministry's finance department for the identification of eligible tax expenditures. • The general accounting department is the authority responsible for accounting and for monitoring expenditures across the entire general government, and thus the primary source of this data. Any verification or analysis by other entities must rely on data and information issued by this department. Additionally, the Court of Auditors performs ex-post oversight of the state budget's management. • We also view positively that Italy will provide additional information in the allocation report, such as the list of eligible expenditures, the amount of unallocated proceeds and the allocation by geography, as well as the EU taxonomy alignment of financed projects, thereby providing more transparency to stakeholders. • On a best-effort basis, the issuer intends to provide impact reporting, subject to data availability and in accordance with the ICMA Harmonised Framework for Impact Reporting (specifically, the June 2024 version for green projects). • The impact indicators listed in the framework are specific and measurable; they reflect the environmental impact of eligible projects. This meets good practice for impact reporting. • To report on environmental impact, the issuer also adopted an evidence-based methodology developed by recognised research institutions (including the Agenzia nazionale per le nuove tecnologie, l'energia e lo sviluppo economico sostenibile within a European consortium) to plan, monitor and evaluate investments by translating financial allocations into category-specific CO_2 emission impacts across the full programming cycle and asset lifetimes. This enables robust, comparable estimates grounded in standardised investment structures, validated emission factors and external life-cycle studies.
Source: Italian green bond framework 2025	Source: Sustainable Fitch

Relevant UN Sustainable Development Goals

- **6.1:** By 2030, achieve universal and equitable access to safe and affordable drinking water for all.
- **6.3:** By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
- **6.4:** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

6 CLEAN WATER AND SANITATION

- **7.1:** By 2030, ensure universal access to affordable, reliable and modern energy services.
- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.
- **7.3:** By 2030, double the global rate of improvement in energy efficiency.

7 AFFORDABLE AND CLEAN ENERGY

- **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.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- **11.2:** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
- **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.

11 SUSTAINABLE CITIES AND COMMUNITIES

- **12.2:** By 2030, achieve the sustainable management and efficient use of natural resources.
- **12.3:** By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.
- **12.4:** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.
- **12.5**: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- **13.1:** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- **13.2:** Integrate climate change measures into national policies, strategies and planning.

13 CLIMATE ACTION

- **14.4:** By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics.

14 LIFE BELOW WATER

- **15.1:** By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.
- **15.2:** By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

15 LIFE ON LAND

Source: Sustainable Fitch, UN

EU Taxonomy Assessment

Summary of EU Taxonomy-Aligned Activities

UoP	Economic Activity	E/T	Technical Screening Criteria								Full Alignment
			SCC						DNSH	MS	
			EO1	EO2	EO3	EO4	EO5	EO6			
Renewable energy	3.10 3.2 4.1 4.3 4.5 4.6 4.9 4.10 4.11 4.12 4.14	E, T	√	—	—	—	—	—	Assessment not performed	√	P
Energy efficiency	4.15 4.21 4.22 4.24 4.25 7.1 7.3 7.5 7.6	E, T	√	—	—	—	—	—		√	P
	7.2		P	—	—	—	—	—		√	P
Clean transport	6.1 6.2 6.3 6.4 6.5 6.6 6.13 6.14 6.15 6.16	E	√	—	—	—	—	—		√	P
Measures for climate and environmental resilience	2.4	E	—	—	—	√	—	—		√	P
Protection of the environment, water and biological diversity	1.1	E	—	—	—	—	—	√		√	P
									Overall alignment		P

Key

√ Fully aligned with the requirements
X Not aligned with the requirements
P Partially aligned with requirements
— No applicable requirements

UoP Use of proceeds
E Enabling, as per EU Taxonomy Compass
T Transitional, as per EU Taxonomy Compass
SCC Substantial contribution criteria
DNSH Do no significant harm criteria
MS Minimum safeguards

Source: Sustainable Fitch

The table above lists all economic activities for which sufficient information was made available for us to confirm full or partial alignment with the SCC. Activities that were not aligned with any of the SCC are not included within it.

Not all economic activities in the framework are fully or partially aligned with the relevant SCC. All economic activities included under renewable energy, energy efficiency and clean transport align either fully or partially with the relevant SCC, while measures for climate and environmental resilience, and protection of the environment, water and biological diversity include both aligned and non-aligned economic activities. We could not map expenditures under environmental research against the EU taxonomy.

Therefore, the above table offers a partial view, confirming high-level alignment with the SCC for specific economic activities within the six broad UoP categories, but does not cover the framework in its entirety. Instead, our EU taxonomy analysis section includes an assessment of both aligned and non-aligned activities within each of the UoP categories.

Based on Italian sovereign green bond issuances from 2021 to 2024, the renewable energy, energy efficiency and clean transport categories together accounted for more than 75% of cumulative financed expenditures, on average, while protection of the environment, water and biological diversity accounted for around 10%.

The sovereign's record of financed green expenditures indicates the aligned and partially aligned economic activities accounted for a majority of expenditures in the past three years and provides a reasonable indication that potential expenditures to be funded by green debt under the framework will have a high degree of taxonomy alignment.

Assessment of the DNSH principle was not conducted under the green bond framework; for selected activities, Italy will assess DNSH alignment during the reporting phase.

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6).

Use of Proceeds	**Renewable energy**
Contribution to EU Environmental Objectives (EOs)	**EO1**
	Projects aligned with the SCC
Applicable Economic Activity	• 3.10 Manufacture of hydrogen • 3.2 Manufacture of equipment for the production and use of hydrogen • 4.1 Electricity generation using solar photovoltaic technology • 4.3 Electricity generation from wind power • 4.5 Electricity generation from hydropower • 4.6 Electricity generation from geothermal energy • 4.9 Transmission and distribution of electricity (point 2(f) installation of smart metering systems) • 4.10 Storage of electricity • 4.11 Storage of thermal energy • 4.12 Storage of hydrogen • 4.14 Transmission and distribution networks for renewable and low-carbon gases
Substantial Contribution Criteria (SCC)	Yes. Based on the issuer's framework and issuer interactions, we expect projects under the economic activities listed above to be fully aligned with the EU taxonomy SCC for climate change mitigation. For categories 4.1, 4.3, 4.9 and 4.11, the EU taxonomy does not set additional quantitative thresholds, and alignment is achieved by meeting the activity description. For activities with explicit SCC to meet, we expect there to be alignment based on the framework and issuer interactions, as demonstrated for the following categories: • 3.10: investment will meet the threshold of $3tCO_2e/tH_2$ for life-cycle GHG emissions and the threshold of $94gCO_2e/MJ$ for GHG emissions from hydrogen-based synthetic fuels; • 3.2: aligned given the criteria of 3.10; • 4.5: investments will meet the $100gCO_2e/kWh$ carbon intensity threshold; • 4.6: investments will meet the $100gCO_2e/kWh$ threshold and undergo independent verification; • 4.10: assets will exclude direct connection to electricity generation from fossil fuel source; • 4.12: aligned given the criteria of 3.10; and • 4.14: investments will include leak detection and repair of existing gas pipelines and other network elements to reduce methane leakage.
Do No Significant Harm (DNSH)	DNSH alignment has not been assessed due to the difficulty in accessing the information required to evaluate this section, leaving the issuer unable to make the relevant commitment. Assessment of the DNSH principle not conducted under the green bond framework; for selected activities, the issuer will assess alignment with the principles during the reporting phase.
Minimum Safeguard (MS)	Yes. Italy demonstrates alignment with the EU taxonomy's MS through a combination of constitutional guarantees, comprehensive labour and human rights legislation, and implementation of the EU acquis. Italy is an EU member state, so is bound by the EU Charter of Fundamental Rights; it has transposed key directives on worker health and safety, equal treatment and anti-discrimination, whistleblower protection and corporate sustainability reporting into its legislation, underpinning enforcement through labour inspectorates, judicial remedies and administrative oversight. Internationally, Italy has ratified the International Labour Organization (ILO) core conventions covering freedom of association and collective bargaining, elimination of forced and child labour, and non-discrimination; and it supports the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through its National Action Plan on Business and Human Rights, which promotes due diligence, stakeholder engagement and access to remedy.

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6).

	Projects not aligned with SCC
Applicable Economic Activity	• 4.8 Electricity generation from bioenergy
Substantial Contribution Criteria (SCC)	No. Under category 4.8, the issuer finances expenditures related to electricity generation from bioenergy that achieves at least an 80% reduction in GHG emissions compared to a fossil fuel comparator. Only sustainable feedstock will be used for electricity production. Feedstock for bioenergy will exclude food crops and will be limited to forestry and agricultural waste. It does not consider peat, palm oil, non-certified food crops, wood pellets, and waste from non-Roundtable on Sustainable Palm Oil-certified palm oil operations to be sustainable sources of biomass for bioenergy production. All eligible expenditures will be selected only if the electricity is generated exclusively from biogenic sources, with no blending of fossil fuels. However, it is not possible for us to determine if there is full alignment with all of the SCC under the EU taxonomy as we have insufficient information on other requirements, including the specific characteristics and provenance of the biomass, the size of the plants (based on total rated thermal input), and related criteria. As a result, we consider this activity to not be aligned with the SCC.
Do No Significant Harm (DNSH)	DNSH alignment has not been assessed due to the difficulty in accessing the information required to evaluate this section, leaving the issuer unable to make the relevant commitment. Assessment of the DNSH principle not conducted under the green bond framework; for selected activities, the issuer will assess alignment with the principles during the reporting phase.
Minimum Safeguard (MS)	Yes. Italy demonstrates alignment with the EU taxonomy's minimum safeguards through a combination of constitutional guarantees, comprehensive labour and human rights legislation, and implementation of the EU acquis. Italy is an EU member state, so is bound by the EU Charter of Fundamental Rights; it has transposed key directives on worker health and safety, equal treatment and anti-discrimination, whistleblower protection and corporate sustainability reporting into its legislation, underpinning enforcement through labour inspectorates, judicial remedies and administrative oversight. Internationally, Italy has ratified the ILO core conventions covering freedom of association and collective bargaining, elimination of forced and child labour, and non-discrimination; and it supports the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through its National Action Plan on Business and Human Rights, which promotes due diligence, stakeholder engagement and access to remedy.

Use of Proceeds	**Energy efficiency**
Contribution to EU Environmental Objectives (EOs)	**EO1**
	Projects aligned with SCC
Applicable Economic Activity	• 4.15 District heating/cooling distribution • 4.21 Production of heat/cool from solar thermal heating • 4.22 Production of heat/cool from geothermal energy • 4.24 Production of heat/cool from bioenergy • 4.25 Production of heat/cool using waste heat • 7.1 Construction of new buildings • 7.3 Installation, maintenance and repair of energy efficiency equipment • 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings • 7.6 Installation, maintenance and repair of renewable energy technologies
Substantial Contribution Criteria (SCC)	Yes. Based on the issuer's framework and issuer interactions, we expect this UoP to be fully aligned with the EU taxonomy SCC for climate change mitigation across the listed activities.

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6).

	For categories 4.21 and 4.25, the EU taxonomy does not set additional quantitative thresholds, and alignment is achieved by meeting the activity description. For activities requiring explicit SCC to be met, we expect there to be alignment based on the framework and issuer interaction, as demonstrated for the following categories: • 4.15: issuer commits to meet Article 2(41) of Directive 2012/27/EU for efficient systems and will target refurbishment starting within three years under a contractual obligation, or modifications to lower temperature regimes and advanced pilot systems; • 4.22: investments included will comply with the requirement for the life-cycle GHG emissions from heat and cool generation to be below 100gCO_2e/kWh, based on a recognised life-cycle assessment consistent with the taxonomy methodology; • 4.24: investments will include assets where GHG emission savings are demonstrated to be at least 80% relative to the taxonomy's fossil comparator, using the taxonomy GHG saving methodology and applicable default values or verified calculations; • 7.1: buildings will demonstrate they are at least 10% below the nearly zero-energy building threshold set in the relevant jurisdiction, as shown by the applicable calculation method; • 7.3: this category will cover insulation; windows and doors; efficient lighting; and efficient heating, ventilation, and air conditioning and water heating; these measures will meet national minimum requirements and, where applicable, form part of the top two energy-efficiency classes; • 7.5: this category will cover smart thermostats and sensors, building energy management systems, energy management systems and smart meters; and • 7.6: investments will be restricted to on-site solar PV and solar hot water, heat pumps (Directive (EU) 2018/2001), wind, energy storage, micro combined heat and power, and heat recovery, in line with the SCC.
Do No Significant Harm (DNSH)	DNSH alignment has not been assessed due to the difficulty in accessing the information required to evaluate this section, leaving the issuer unable to make the relevant commitment. Assessment of the DNSH principle not conducted under the green bond framework; for selected activities, the issuer will assess alignment with the principles during the reporting phase.
Minimum Safeguard (MS)	Yes. Italy demonstrates alignment with the EU taxonomy's minimum safeguards through a combination of constitutional guarantees, comprehensive labour and human rights legislation, and implementation of the EU acquis. Italy is an EU member state, so is bound by the EU Charter of Fundamental Rights; it has transposed key directives on worker health and safety, equal treatment and anti-discrimination, whistleblower protection and corporate sustainability reporting into its legislation, underpinning enforcement through labour inspectorates, judicial remedies and administrative oversight. Internationally, Italy has ratified the ILO core conventions covering freedom of association and collective bargaining, elimination of forced and child labour, and non-discrimination; and it supports the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through its National Action Plan on Business and Human Rights, which promotes due diligence, stakeholder engagement and access to remedy.
Projects partially aligned with SCC	
Applicable Economic Activity	• 7.2 Renovation of existing buildings
Substantial Contribution Criteria (SCC)	Partial. Under activity 7.2, the issuer may finance expenditures that relate to eligible programmes launched after the EU taxonomy criteria were established. These will be aligned with the SCC, as the issuer has a clear commitment to reduce the primary energy demand by at least 30%. However, legacy support programmes financed under activity 7.2 that were introduced prior to the establishment of the EU taxonomy are not considered aligned at this stage, as the issuer cannot assess SCC alignment due to a lack of verifiable information on documented energy efficiency improvements. As a result, we consider this UoP category as partially aligned with the SCC.
Do No Significant Harm (DNSH)	DNSH alignment has not been assessed due to the difficulty in accessing the information required to evaluate this section, leaving the issuer unable to make the relevant commitment. Assessment of the DNSH principle not conducted under the green bond framework; for selected activities, the issuer will assess alignment with the principles during the reporting phase.

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6).

Minimum Safeguard (MS)	Yes. Italy demonstrates alignment with the EU taxonomy's minimum safeguards through a combination of constitutional guarantees, comprehensive labour and human rights legislation, and implementation of the EU acquis. Italy is an EU member state, so is bound by the EU Charter of Fundamental Rights; it has transposed key directives on worker health and safety, equal treatment and anti-discrimination, whistleblower protection and corporate sustainability reporting into its legislation, underpinning enforcement through labour inspectorates, judicial remedies and administrative oversight. Internationally, Italy has ratified the ILO core conventions covering freedom of association and collective bargaining, elimination of forced and child labour, and non-discrimination; and it supports the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through its National Action Plan on Business and Human Rights, which promotes due diligence, stakeholder engagement and access to remedy.

Use of Proceeds	**Clean transportation**
Contribution to EU Environmental Objectives (EOs)	**EO1**
	Projects aligned with SCC
Applicable Economic Activity	• 6.1 Passenger interurban rail transport • 6.2 Freight rail transport • 6.14 Infrastructure for rail transport • 6.3 Urban and suburban transport, road passenger transport • 6.4 Operation of personal mobility devices, cycle logistics • 6.5 Transport by motorbikes, passenger cars and light commercial vehicles • 6.6 Freight transport services by road • 6.13 Infrastructure for personal mobility, cycle logistics • 6.15 Infrastructure enabling low-carbon road transport and public transport • 6.16 Infrastructure enabling low carbon water transport
Substantial Contribution Criteria (SCC)	Yes. Overall, we expect this UoP to be fully aligned with the EU taxonomy SCC for climate change mitigation across all eligible project types. We expect SCC alignment, based on the framework and issuer interaction, for the following activities: • 6.1 and 6.2: trains, passenger coaches and wagons have zero direct tailpipe CO_2 emissions. • 6.14: investments will include assets where trackside infrastructure and associated subsystems are electrified or have a credible plan for electrification; are fit for use by trains with zero tailpipe CO_2 emissions within 10 years; include passenger and freight transfer facilities; or include digital tools that increase efficiency, capacity or energy saving. • 6.3: the issuer commits to invest in assets where direct tailpipe CO_2 emissions are zero; EURO VI M2 and M3 vehicles are eligible until end-2025, while only vehicles with zero direct tailpipe CO_2 emissions are eligible from 2026 onwards. • 6.4: the issuer confirmed investment is limited to assets whose propulsion comes from user physical activity, zero-emissions motors or a mix of both. • 6.5: category M1 and N1 vehicles selected will conform with specific emissions of less than 50gCO_2/km until 31 December 2025 and of 0gCO_2e/km from 1 January 2026, while category L vehicles will have tailpipe CO_2 equivalent emissions of 0gCO_2e/km. • 6.6: we expect to be aligned as the issuer has committed to finance HDVs with no internal combustion engine or with an internal combustion engine emitting less than 1gCO_2/kWh, or, for non-zero-emissions HDVs, specific CO_2 emissions of less than 50% of the reference for the relevant sub-group. • 6.13: we expect alignment where expenditures are dedicated to pavements, bike lanes and pedestrian zones, and to electric charging and hydrogen refuelling for personal mobility devices. • 6.15: issuer intends to invest in expenditures in assets dedicated to the operation of vehicles with zero tailpipe CO_2 emissions, including charging points, electricity grid connection upgrades, hydrogen fuelling stations and electric road systems, which all comply with the SCC.

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6).

	• 6.16: expenditures are restricted to the operation of vessels with zero direct tailpipe CO_2 emissions (charging and hydrogen refuelling), shore-side electrical power at berth, port operations with zero tailpipe CO_2 emissions, transshipment terminals, and modernisation enabling modal shift and zero-emissions vessels subject to verified climate proofing. Across all activity categories, we expect the infrastructure and vehicles to exclude dedication to the transport or storage of fossil fuels, aligned to the criteria for the relevant activities.
Do No Significant Harm (DNSH)	DNSH alignment has not been assessed due to the difficulty in accessing the information required to evaluate this section, leaving the issuer unable to make the relevant commitment. Assessment of the DNSH principle not conducted under the green bond framework; for selected activities, the issuer will assess alignment with the principles during the reporting phase.
Minimum Safeguard (MS)	Yes. Italy demonstrates alignment with the EU taxonomy's minimum safeguards through a combination of constitutional guarantees, comprehensive labour and human rights legislation, and implementation of the EU acquis. Italy is an EU member state, so is bound by the EU Charter of Fundamental Rights; it has transposed key directives on worker health and safety, equal treatment and anti-discrimination, whistleblower protection and corporate sustainability reporting into its legislation, underpinning enforcement through labour inspectorates, judicial remedies and administrative oversight. Internationally, Italy has ratified the ILO core conventions covering freedom of association and collective bargaining, elimination of forced and child labour, and non-discrimination; and it supports the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through its National Action Plan on Business and Human Rights, which promotes due diligence, stakeholder engagement and access to remedy.
Use of Proceeds	**Measures for climate and environmental resilience**
	Projects aligned with SCC
Contribution to EU Environmental Objectives (EOs)	**EO4**
Applicable Economic Activity	• 2.4 Treatment of hazardous waste
Substantial Contribution Criteria (SCC)	Yes. We expect category 2.4 to be fully aligned with the SCC based on the issuer's framework. This alignment is underpinned by EU Waste Framework Directive (2008/98/EC) and national transpositions that mandate separate collection and handling of hazardous waste, and ensure end-of-waste quality standards.
Do No Significant Harm (DNSH)	DNSH alignment has not been assessed due to the difficulty in accessing the information required to evaluate this section, leaving the issuer unable to make the relevant commitment. Assessment of the DNSH principle not conducted under the green bond framework; for selected activities, the issuer will assess alignment with the principles during the reporting phase.
Minimum Safeguard (MS)	Yes. Italy demonstrates alignment with the EU taxonomy's minimum safeguards through a combination of constitutional guarantees, comprehensive labour and human rights legislation, and implementation of the EU acquis. Italy is an EU member state, so is bound by the EU Charter of Fundamental Rights; it has transposed key directives on worker health and safety, equal treatment and anti-discrimination, whistleblower protection and corporate sustainability reporting into its legislation, underpinning enforcement through labour inspectorates, judicial remedies and administrative oversight. Internationally, Italy has ratified the ILO core conventions covering freedom of association and collective bargaining, elimination of forced and child labour, and non-discrimination; and it supports the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through its National Action Plan on Business and Human Rights, which promotes due diligence, stakeholder engagement and access to remedy.

Projects not aligned with SCC				
Contribution to EU Environmental Objectives (EOs)	EO2	EO3	EO4	EO5
Applicable Economic Activity	• 5.13 Desalination • 14.1 Emergency Services • 14.2 Flood risk prevention and protection infrastructure	• 3.1 Nature-based solutions for flood and drought risk prevention and protection	• 2.1 Phosphorus recovery from wastewater • 2.2 Production of alternative water resources for purposes other than human consumption • 2.3 Collection and transport of non-hazardous and hazardous waste • 2.5 Recovery of bio-waste by anaerobic digestion or composting • 2.6 Depollution and dismantling of end-of-life products • 2.7 Sorting and material recovery of non-hazardous waste	• 2.1 Collection and transport of hazardous waste • 2.2 Treatment of hazardous waste • 2.3 Remediation of legally non-conforming landfills and abandoned or illegal waste dumps • 2.4 Remediation of contaminated sites and areas
Substantial Contribution Criteria (SCC)	No. The issuer did not provide sufficient information for us to verify alignment with the SCC. For adaptation activities 5.13 14.1 and 14.2, the issuer would be expected to: • demonstrate a robust, proportionate climate risk and vulnerability assessment using state-of-the-art, projections consistent with the Intergovernmental Panel on Climate Change, and at appropriate resolution and time horizons; • implement adaptation solutions that materially reduce identified risks; • not harm other environmental objectives; • prefer nature-based or blue-green options; • align with adaptation plans; • monitor projects, with indicators, including DNSH principles where applicable; and • for enabling activities, demonstrate they primarily increase resilience or support adaptation for people, nature, heritage, assets or other activities.	No. The issuer did not provide sufficient information for us to verify alignment with the SCC. Compliance for activity 3.1 requires the activity to be a quantifiable, time-bound flood or drought risk-reduction measure aligned with river-basin plans (EU: Floods Directive 2007/60/EC; Water Framework Directive 2000/60/EC; third countries: equivalent basin or coastal plans). The activity must identify and address risks to water quality and water stress, to achieve or maintain good water status, ecological potential and marine environmental status, in line with relevant plans and stakeholder consultation. It includes nature restoration and conservation with clear, binding, time-framed targets and measures delivering ecosystem co-benefits, that follows the International Union for Conservation of Nature's Nature-based Solutions	No. The issuer did not provide sufficient information for us to verify alignment with the SCC. Evidence for activity 2.1 to show alignment would include documented recovery rates at wastewater treatment plants showing at least 15% of incoming phosphorus is captured via process integrated methods, or at least 80% is captured from sewage sludge ash after thermal oxidation, with recovered phosphorus used in fertilising products compliant with Regulation (EU) 2019/1009 or another regulated application. Evidence for activity 2.2 would include proof that reclaimed water is suitable for use. For agriculture, it must meet EU and national rules; for other uses, it must be fit for purpose, meet national standards, and be authorised within integrated water management systems, ideally in a water or drought plan, with environmental risk assessments for agricultural reuse. Rain and stormwater reuse must keep sources	No. The issuer did not provide sufficient information for us to verify alignment with the SCC. For activities 2.1 and 2.2, compliance would entail, among others, source-segregation of hazardous waste, leak prevention during collection and transport, and use of vehicles meeting at least EURO V. For waste from electrical and electronic equipment, compliance would entail the main categories to be collected separately; integrity to be preserved to prevent hazardous leakage; an environmental, health and safety management system to be in place; and practices to align with recognised norms or equivalents. For treatment, facilities need to comply with relevant best-available techniques without derogations; thorough pre-acceptance and acceptance assessments need to be conducted (covering sampling, analysis and quarantine); and dilution is not to be used to declassify hazardous waste. Other

		principles, involves local stakeholders and (outside the EU) considers national biodiversity strategies and action plans. A monitoring programme must measure effectiveness and be reviewed regularly (at least every 10 years outside the EU).	separate from wastewater, be properly treated, and be reflected in urban plans or permits. Greywater must be separated at source, treated for its reuse, and its performance documented through building certification or technical design. For activity 2.5, bio-waste must be source-separated and, if bagged, use certified compostable bags. In digestion, at least 70% of inputs must be this bio-waste; the rest can be clean, eligible co-feedstocks (no mixed waste). Outputs must be compliant compost or digestate for soils or chemicals via fermentation. If digestion is used, biogas must be beneficially used (for heat or power, upgraded fuel, grid injection, chemical feedstock or hydrogen). For activities 2.3, 2.6 and 2.7, compliance requires waste to originate from source-segregated collection systems, with separate streams for key fractions. Operations must enable material recovery, reuse of components, or conversion into secondary raw materials. All activities must comply with EU waste legislation. Facilities must implement quality management systems, track performance against recovery targets, and document all outputs and waste flows. For activity 2.3 specifically, municipal collection requires high-quality separate collection with economic incentives (door-to-door, pay as you throw, or deposit or refund schemes). For activity 2.6, state-of-the-art dismantling must segregate hazardous substances and recover critical raw materials. For activity 2.7, at least 50% (by weight) of mandatory separately collected waste	science-based criteria would apply for landfill physico-chemical treatment. For activities 2.3 and 2.4, evidence should show the polluter does not perform the remediation; contaminants are removed or controlled; investigations and option analysis align with relevant EU directives; competent authority approval and stakeholder consultation are secured; recovered materials meet quality standards and hazardous waste is managed by authorised operators; dilution-based methods are not used; and monitoring and control are implemented for at least 10 years.

		streams must be converted to secondary raw materials, using best available techniques.
Do No Significant Harm (DNSH)	DNSH alignment has not been assessed due to the difficulty in accessing the information required to evaluate this section, leaving the issuer unable to make the relevant commitment. Assessment of the DNSH principle not conducted under the green bond framework; for selected activities, the issuer will assess alignment with the principles during the reporting phase.	
Minimum Safeguard (MS)	Yes. Italy demonstrates alignment with the EU taxonomy's minimum safeguards through a combination of constitutional guarantees, comprehensive labour and human rights legislation, and implementation of the EU acquis. Italy is an EU member state, so is bound by the EU Charter of Fundamental Rights; it has transposed key directives on worker health and safety, equal treatment and anti-discrimination, whistleblower protection and corporate sustainability reporting into its legislation, underpinning enforcement through labour inspectorates, judicial remedies and administrative oversight. Internationally, Italy has ratified the ILO core conventions covering freedom of association and collective bargaining, elimination of forced and child labour, and non-discrimination; and it supports the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through its National Action Plan on Business and Human Rights, which promotes due diligence, stakeholder engagement and access to remedy.	
Use of Proceeds	**Protection of the environment, water and biological diversity**	
	Projects aligned with SCC	
Contribution to EU Environmental Objectives (EOs)	**EO6**	
Applicable Economic Activity	• 1.1. Conservation, including restoration, of habitats, ecosystems and species	
Substantial Contribution Criteria (SCC)	Yes. We expect category 1.1 to be fully aligned with the SCC based on the issuer's framework. This alignment is supported by the current national regulatory framework for the conservation of habitats, species and ecosystems, which allows activity 1.1 to be aligned with the taxonomy. This regulatory framework includes national legislation (Law 394/1991) on parks and nature reserves, the habitats and birds directives, and the transposition of EU Regulation 2024/1991 on nature restoration; this is comprehensive and meets the SCC requirements.	
Do No Significant Harm (DNSH)	DNSH alignment has not been assessed due to the difficulty in accessing the information required to evaluate this section, leaving the issuer unable to make the relevant commitment. Assessment of the DNSH principle not conducted under the green bond framework; for selected activities, the issuer will assess alignment with the principles during the reporting phase.	
Minimum Safeguard (MS)	Yes. Italy demonstrates alignment with the EU taxonomy's minimum safeguards through a combination of constitutional guarantees, comprehensive labour and human rights legislation, and implementation of the EU acquis. Italy is an EU member state, so is bound by the EU Charter of Fundamental Rights; it has transposed key directives on worker health and safety, equal treatment and anti-discrimination, whistleblower protection and corporate sustainability reporting into its legislation, underpinning enforcement through labour inspectorates, judicial remedies and administrative oversight. Internationally, Italy has ratified the ILO core conventions covering freedom of association and collective bargaining, elimination of forced and child labour, and non-discrimination; and it supports the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through its National Action Plan on Business and Human Rights, which promotes due diligence, stakeholder engagement and access to remedy.	
	Projects not aligned with SCC	
Contribution to EU Environmental Objectives (EOs)	**EO1**	**EO3**
Applicable Economic Activity	• 1.1 Afforestation • 1.2 Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event	• 1.1 Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems • 2.1 Water supply

	• 1.3 Forest management • 1.4 Conservation forestry • 2.1 Restoration of wetlands • 5.1 Construction, extension and operation of water collection, treatment and supply systems • 5.2 Renewal of water collection, treatment and supply systems • 5.3 Construction, extension and operation of wastewater collection and treatment • 5.4 Renewal of wastewater collection and treatment • 5.8 Composting of bio-waste	• 2.2 Urban wastewater treatment • 2.3 Sustainable urban drainage systems • 4.1 Provision of IT/OT data-driven solutions for leakage reduction
Substantial Contribution Criteria (SCC)	No. The issuer did not provide sufficient information for us to verify alignment with the SCC. For activities 1.1 and 1.2 (including reforestation and natural forest regeneration after an extreme event) as well as activities 1.3, 1.4 and 2.1: evidence of SCC compliance would typically include legally backed and continuously updated management plans; avoidance of degradation of high-carbon land; stakeholder consultation; monitoring; permanence guarantees; and independent audits at defined intervals, alongside demonstration of net climate benefits consistent with the 2019 Intergovernmental Panel on Climate Change guidelines covering all carbon pools. For water infrastructure activities 5.1, 5.2, 5.3 and 5.4, evidence of SCC alignment would consist of meeting or improving energy performance thresholds and leakage benchmarks set under Directive (EU) 2020/2184, with appropriate baselines and disclosure where direct GHG impacts are assessed. Evidence for activity 5.8 would include source-segregated collection and use of compost meeting EU Regulation (EU) 2019/1009 Annex II CMC3 or national requirements.	No. The issuer did not provide sufficient information for us to verify alignment with the SCC. Compliance to the SCC for activity 1.1 requires the activity to manufacture or install leakage control technologies, including pressure control valves, pressure transmitters, flow meters and communication devices. The activity also needs to address environmental degradation risks related to water quality and water stress, per the EU Water Framework Directive. Evidence of compliance for activity 2.1 would include compliance with Directive (EU) 2020/2184 and implementation of Decision (EU) 2022/679, where applicable. Achievement of leakage performance at the relevant zone, district-metered area or pressure-managed area level (including closing the gap to an infrastructure leakage index of 1.5 for renewals), consumer metering at contractual delivery points, integration with river basin management plans under Directive 2000/60/EC, no deterioration of water body status and contribution to good status or potential. The system must have the necessary abstraction permits under Directive 2000/60/EC. For activity 2.2, issuers are expected to do no harm to water bodies and help improve them. The system must not worsen the status of any affected water body and should support achieving or maintaining good status (and marine good environmental status where relevant), in line with EU water directives. It must meet local discharge limits and be covered by a river basin (or equivalent) management plan. The plant must have a collecting system and provide secondary treatment; and comply with the size-specific requirements of Directive 91/271/EEC. Energy-efficient sludge is also expected. For activity 2.3, evidence of compliance is met when the sustainable drainage is integrated within the wider urban drainage and wastewater system, demonstrated through a flood risk management plan or other planning tools. The activity must support achieving or maintaining good status and ecological potential of surface and groundwater, prevent deterioration, and align with EU legislation, including for marine waters where applicable. The design must deliver at least one quantified outcome: • retain and delay discharge of a defined share of rainwater; • remove a defined share of pollutants such as oil, heavy metals, hazardous chemicals and microplastics before discharge; or • reduce runoff peak flow by a defined percentage consistent with flood risk management requirements. For activity 4.1, compliance is achieved when the activity delivers IT or OT data-driven solutions for leakage control in water supply

	systems (monitoring to identify and trace leaks, tools to manage or mitigate leaks, and interoperability for district metered areas with new systems). Environmental risks to water quality and water stress are identified and addressed to achieve or maintain good water status and ecological potential.
Do No Significant Harm (DNSH)	DNSH alignment has not been assessed due to the difficulty in accessing the information required to evaluate this section, leaving the issuer unable to make the relevant commitment. Assessment of the DNSH principle not conducted under the green bond framework; for selected activities, the issuer will assess alignment with the principles during the reporting phase.
Minimum Safeguard (MS)	Yes. Italy demonstrates alignment with the EU taxonomy's minimum safeguards through a combination of constitutional guarantees, comprehensive labour and human rights legislation, and implementation of the EU acquis. Italy is an EU member state, so is bound by the EU Charter of Fundamental Rights; it has transposed key directives on worker health and safety, equal treatment and anti-discrimination, whistleblower protection and corporate sustainability reporting into its legislation, underpinning enforcement through labour inspectorates, judicial remedies and administrative oversight. Internationally, Italy has ratified the ILO core conventions covering freedom of association and collective bargaining, elimination of forced and child labour, and non-discrimination; and it supports the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through its National Action Plan on Business and Human Rights, which promotes due diligence, stakeholder engagement and access to remedy.

Source: Sustainable Fitch

Appendix A: Principles and Guidelines

Type of Instrument: Green

Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes

Independent External Review Provider	
Second-party opinion	Yes
Verification	Yes
Certification	No
Scoring/Rating	No
Other	n.a.

1) Use of Proceeds (UoP)	
Renewable energy	Yes
Energy efficiency	Yes
Pollution prevention and control	Yes
Environmentally sustainable management of living natural resources and land use	Yes
Terrestrial and aquatic biodiversity conservation	Yes
Clean transportation	Yes
Sustainable water and wastewater management	Yes
Climate change adaptation	Yes
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	Yes
Green buildings	Yes
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n.a.

2) Project Evaluation and Selection	
Evaluation and Selection	
Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability instrument proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.

Evaluation and Selection, Responsibility and Accountability	
Evaluation and selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.

3) Management of Proceeds	
Tracking of Proceeds	
Sustainability instrument proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.

Type of Instrument: Green

Additional Disclosure	
Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	No
Allocation to a portfolio of disbursements	Yes
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.

4) Reporting

UoP Reporting	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual instrument(s)	No
Other	n.a.

UoP Reporting/Information Reported	
Allocated amounts	Yes
Sustainability instrument-financed share of total investment	No
Other	n.a.

UoP Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.

Impact Reporting	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual instrument(s)	No
Other	n.a.

Impact Reporting/Information Reported (exp. ex-post)	
GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	Yes
Other ESG indicators	A full list of impact indicators is included in the framework.

Impact Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.

Means of Disclosure	
Information published in financial report	No
Information published in ad hoc documents	Yes

Type of Instrument: Green

Information published in sustainability report	No
Reporting reviewed	Yes
Other	n.a.

Note: n.a. – not applicable.
Source: Sustainable Fitch, ICMA, LMA, LSTA and APLMA

Appendix B: Definitions

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
Standards	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EC Platform on Sustainable Finance

SOLICITATION STATUS

The Second-Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.