

SUSTAINABLE PROCUREMENT



November 8th, 2024



WHO WE ARE



FEDERICO INTROVIGNE

Head of Procurement Excellence and Governance



CHIARA NORDIO

Vendor Management

TABLE OF CONTENTS

- 01 A2A Life Company
- 02 Reference Framework
- 03 Sustainable Procurement
- 04 How to apply

A2A LIFE COMPANY

Who we are
Our way to be sustainable.

A2A. LIFE COMPANY



WE CARE ABOUT LIFE. AND PEOPLE.

We are a **Life Company**, because we place **life** and its quality at the heart of everything we do.

We deal with **energy, water** and **environment**.

We serve **families** and **businesses**, to guide our country's **sustainable growth**, based on respect for the environment, social equality and inclusive development.

Because we look far ahead, thinking about **everyone's future**.

A2A. LIFE COMPANY

Our strategy in line with the UN Agenda 2030

Our wide-ranging Strategic Plan provides for **16 billion euros** of investments in projects 90% aligned with the UN Agenda 2030.

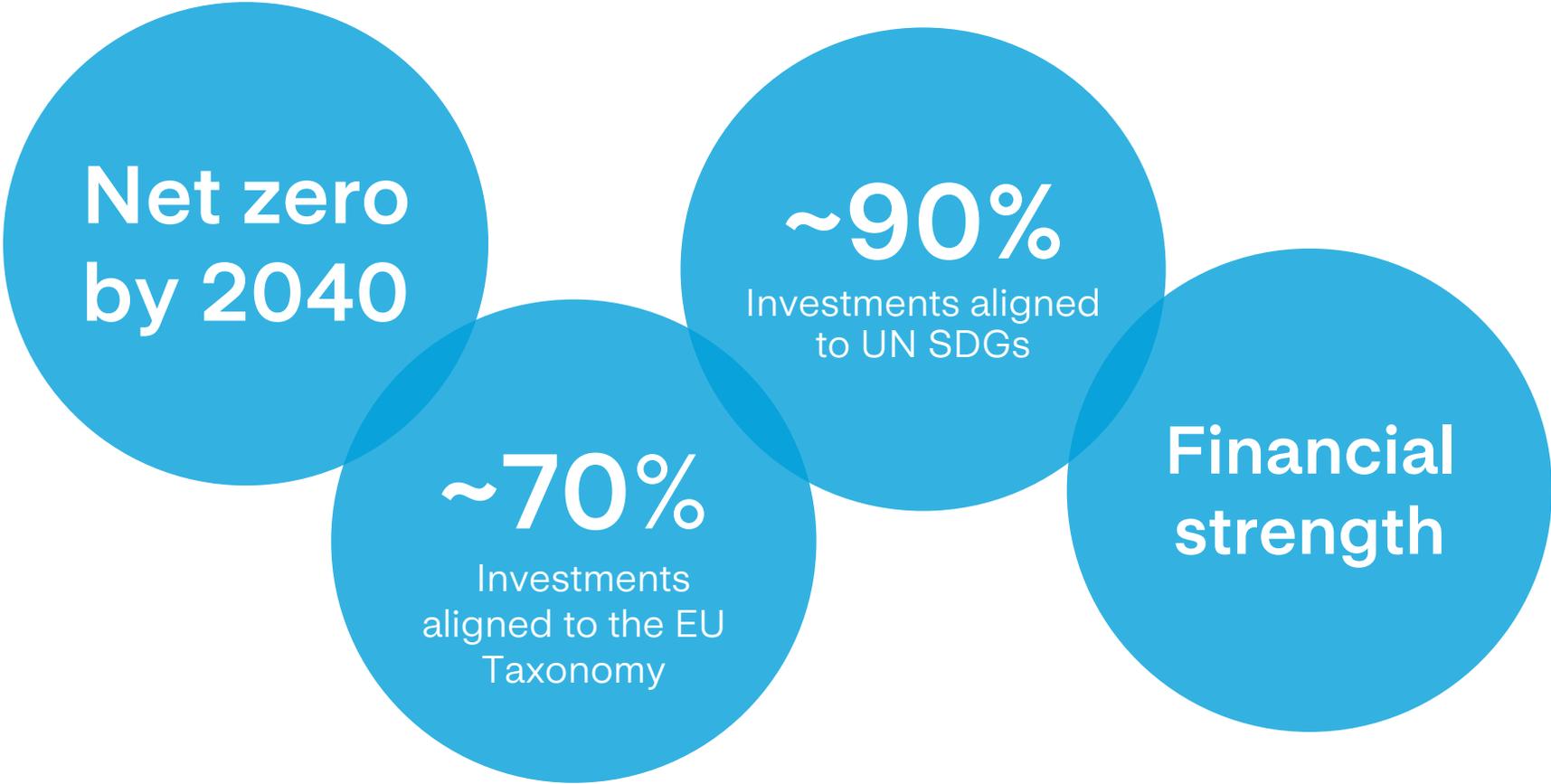
It is our *decade of action* that will allow us to make the **energy transition** and the **circular economy**. Our strategy is based on these 2 pillars.

Our goal is to lead the country's **sustainable growth**, placing it at the forefront in Europe.



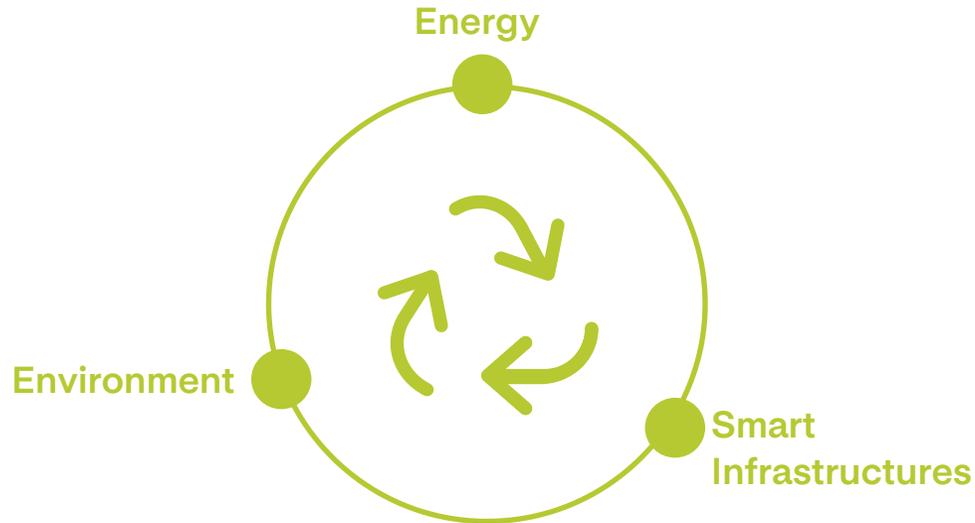
A2A. Life Company

Sustainability at the helm of A2A's strategy: the key elements



A2A. Life Company

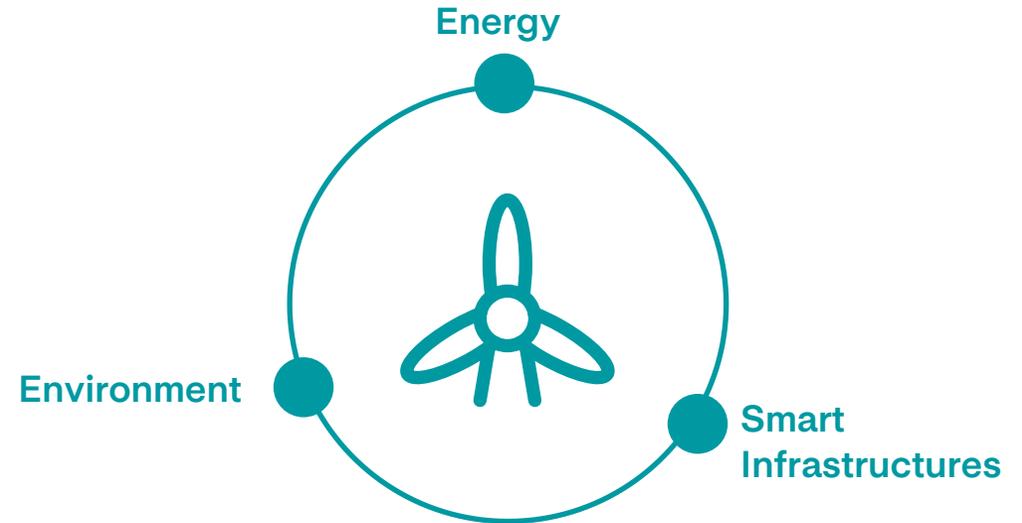
Sustainability driving A2A strategy: pillars



Circular Economy

Enabling circular economy to **preserve planet's resources** and **protect the environment**

5 billions (€)
of investments



Energy Transition

Ensure the **production** and **use** of **clean energy** by speeding up **decarbonization** and enabling the **electrification** of consumption

11 billions (€)
of investments

A2A. Life Company

Where and what

A2A plants in Italy

- | | | |
|---|---|---|
|  Wind |  Waste treatment |  Bioenergy |
|  Solar |  Material recovery | |
|  Thermoelectric |  Waste-to-Energy | |
|  Hydro |  Landfill | |

Services offered

- | | |
|---|--|
|  Gas transport |  Public lighting |
|  Electricity distribution |  Integrated water cycle |
|  Gas distribution |  E-mobility charging stations |
|  Waste collecting |  District heating |



A2A PURCHASES

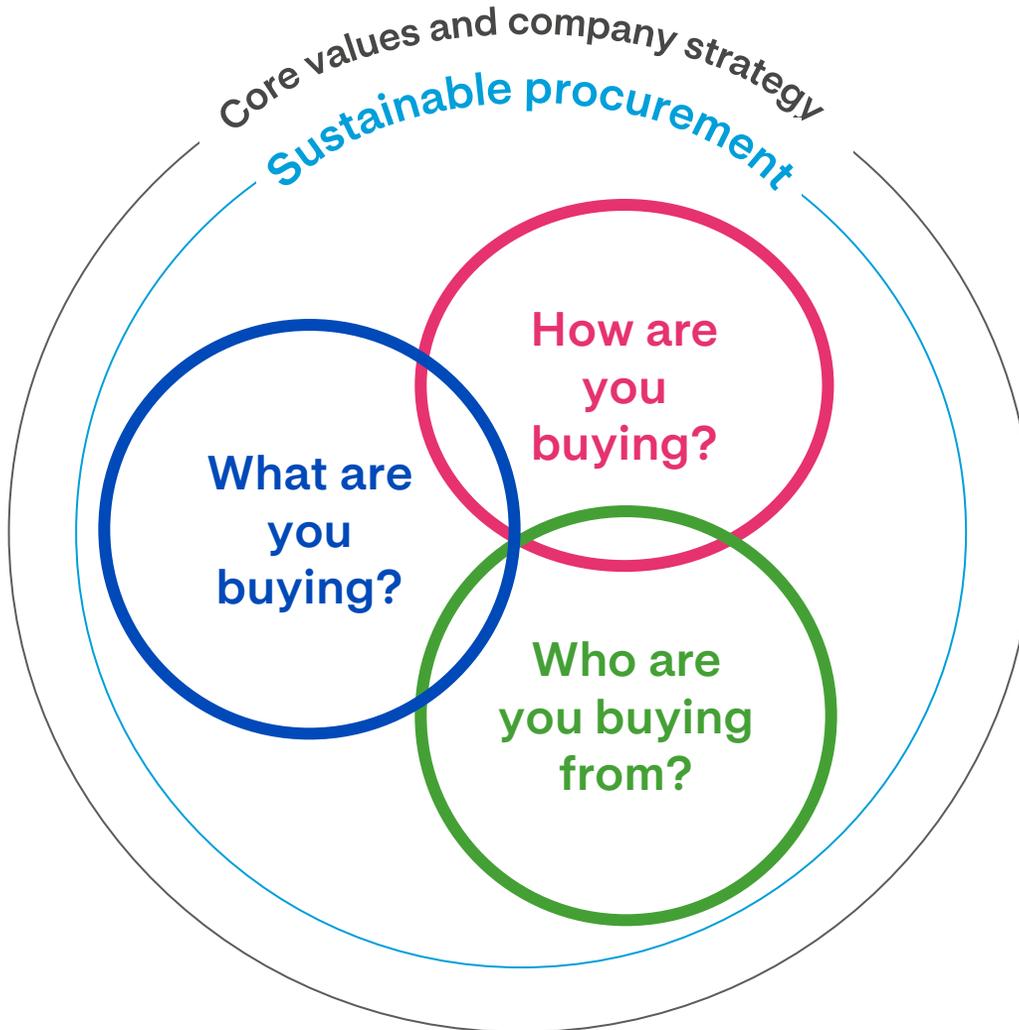
Volumes and trends



THE REFERENCE FRAMEWORK

SUSTAINABLE PROCUREMENT

Buying sustainable supplies in a sustainable way and from sustainable suppliers



What are you buying?

- **Technical specifications and attributes** of supplies (e.g., life cycle emissions, recyclability) throughout the whole life cycle

How are you buying?

- **Integration of ESG issues** in procurement processes and activities

Who are you buying from?

- **Supplier performance and maturity** on Environmental, Social and Governance (ESG) criteria

SUSTAINABLE PROCUREMENT

Purchased products with positive sustainability attributes have a significant impact on the ESG profile across the value chain – **What are you buying?**

Products with attributes such as recyclability with minimal impacts in terms of emissions, with proven health and safety qualities during production, use & disposal and without negative impacts on communities



Use of Materials (virgin or recycled)

- Renewable natural resources
- External certifications on the materials used
- Recycled, reused, refurbished materials



Services

- Processes that respect the environment and the communities in which they are carried out



Emissions Scope I, II e III

- Developed components with minimal emissions
- Products with minimal emissions during use and disposal



Health & Safety

- Components and products with no negative impact on safety and health at any stage of the value chain

SUSTAINABLE PROCUREMENT

Advanced purchasing methods minimize risks and enhance ESG efforts across the entire value chain: **How are you buying?**

Processes, practices and policies used by the procurement organization that ensure the integration of ESG issues within the core principles of business development



ESG Profile

- Ecosystem of partners engaged in a path towards ESG excellence
- Definition of clear and comprehensive ESG objectives for procurement
- Positioning of brands as excellence in sustainability



Processes Involved

- Integration of ESG criteria in the selection and management of suppliers
- Investment in specific skills
- Supplier base ESG performance monitoring
- Fair share of responsibility on all levels



Systems e reporting

- Use of systems for integrating sustainability and maximizing its impact
- Regular qualitative and quantitative reporting on ESG metrics

SUSTAINABLE PROCUREMENT

Purchasing from suppliers with a good sustainability profile improves performance on the social and governance axes: **Who are you buying from?**

Suppliers with a clear track record of excellent ESG performance and with a strategy in place to continuously improve their ESG performance



Suppliers' visibility, transparency and collaboration

- Clear and smooth access to supplier information
- ESG performance review mechanisms
- Collaboration to achieve shared ESG goals



Fair sourcing and protection of workers' rights

- Compliance with regulations and 'soft law' regarding human rights and social responsibility, e.g.
 - Protection of competition
 - Occupational health and safety



Ethical Business Standards

- No evidence of reputational risk
- Commitment to full disclosure of risks and related mitigation plan
- Short supply chain with positive impacts on the community

SUSTAINABLE PROCUREMENT

Our 2035 goals



KPIs	2023	2026	2030	2035
Impact of sustainability criteria on the vendor rating	30%	30%	30%	30%
ESG score weighted average	NA	52	60	70
Supplier CO2 emissions (Scope 3)	NA	-5%	-16%	-30%
Order value to suppliers with DE&I policies implemented	NA	30%	42%	70%
Order value to suppliers assessed with ESG indicator	73%	75%	90%	90%



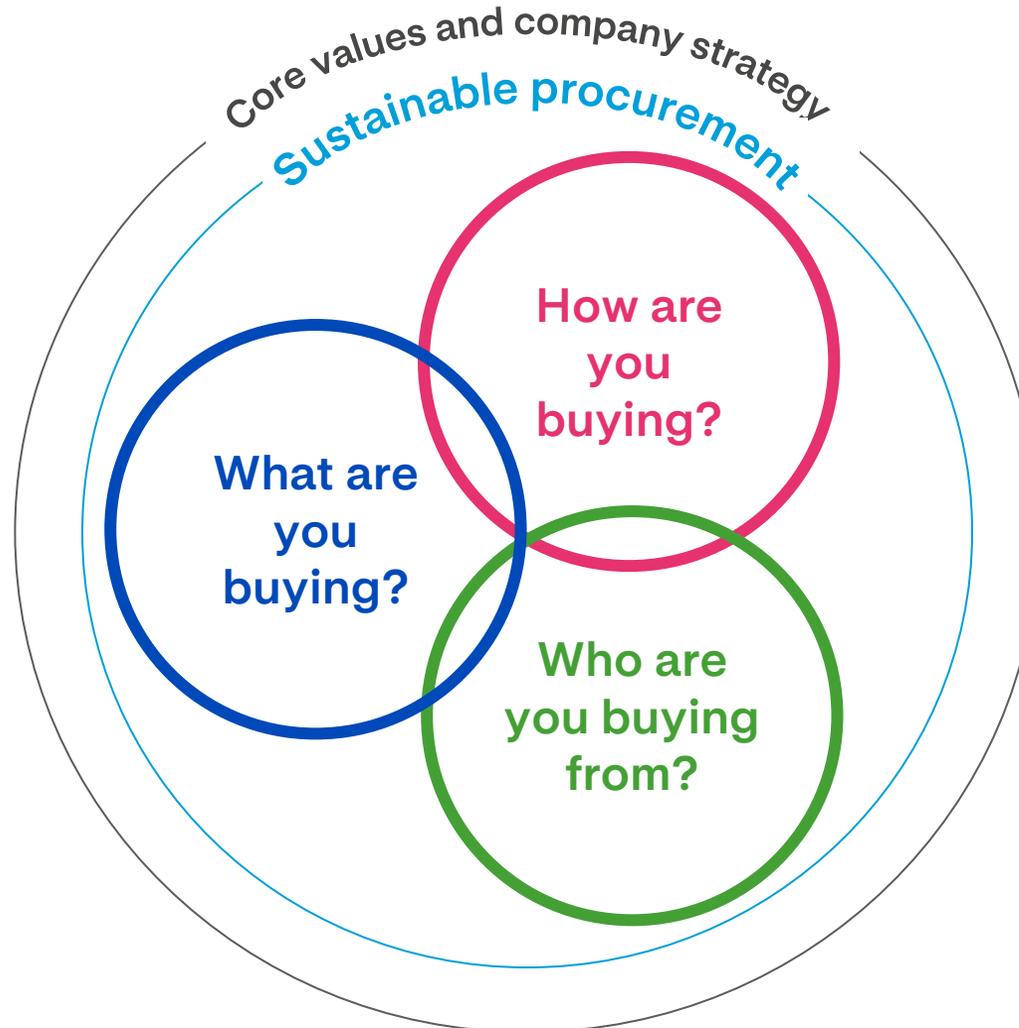
SUSTAINABLE PROCUREMENT

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THE A2A PROJECT*

Maturity matrix

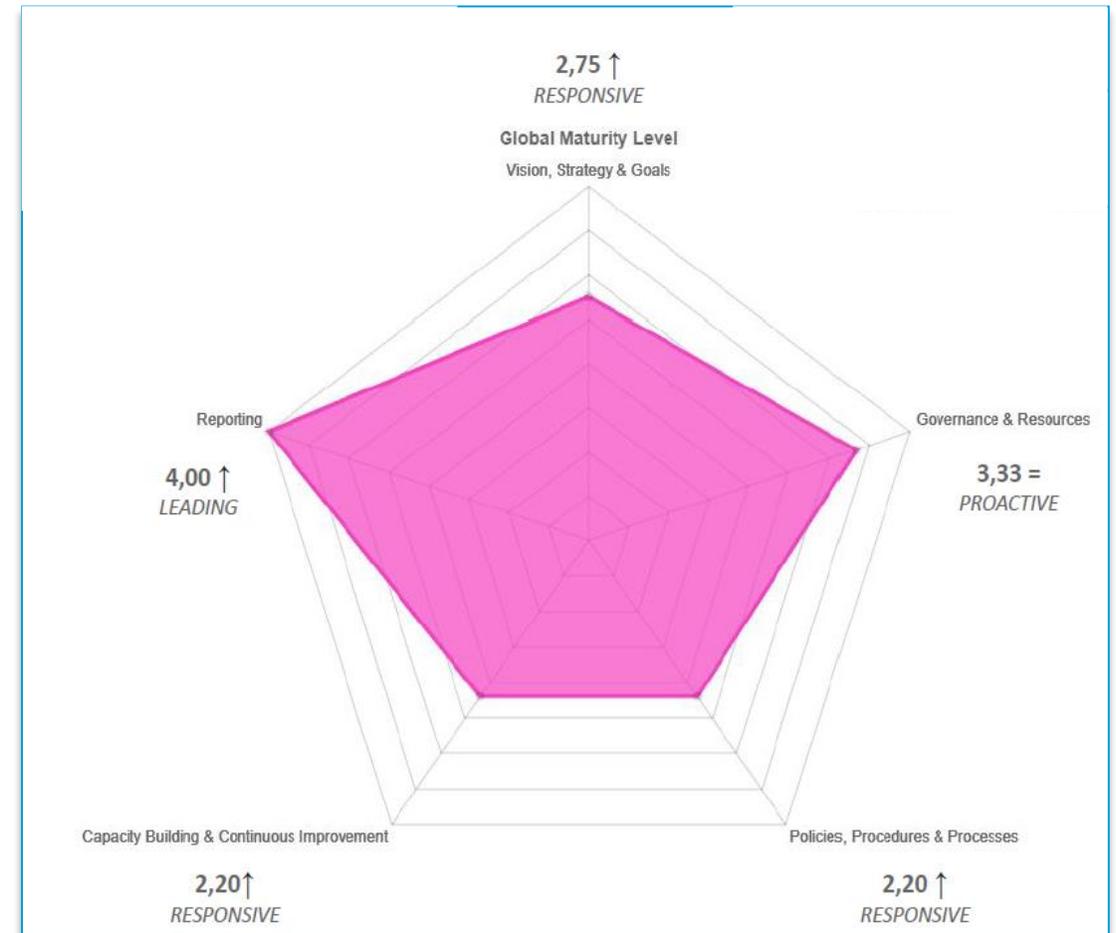
- It is an **annual check** of the **sustainability maturity** level in A2A **procurement** processes
- It represents an A2A program **evolution snapshot**, with a particular focus on its **strengths** and **improvement** areas. The matrix helps us to reach an optimal strategic development of the program
- The **maturity matrix** was developed to collect and analyse qualitative data on essential aspects for building a solid and successful **sustainable procurement** program

* In partnership with **ecovadis**

THE A2A PROJECT

Main conclusions 2023:

- **A2A maturity** resulted as **Responsive (level 3 out of 4)** and **increased its overall score by more than 20% in two years**;
- **“Reporting”** was the most successful area;
- Our **Vision** and **Strategy** have been **formalized and communicated** to our stakeholders (internal and external);
- A2A ranked as a **leader** in the **“Procurement Systems”** section. This translates into excellent integration between internal systems and processes;
- We are **integrating sustainability into our processes even more deeply** (public tenders, management of relations with suppliers, etc.) and results will be visible in the next maturity review.



A ROBUST METHODOLOGY: CSR* 21 DRIVERS

ENVIRONMENT	LABOR AND HUMAN RIGHTS	ETHICS	SUSTAINABLE PROCUREMENT
Policy - Actions - Results			
<ul style="list-style-type: none"> • Energy consumption and greenhouse gas emissions • Waterfall • Biodiversity • Local and accidental pollution • Materials, chemicals and waste • Use of the product • Product end of life • Customer health and safety • Environmental services and advocacy 	<ul style="list-style-type: none"> • Employee health and safety • Working conditions • Social dialogue and collective bargaining • Career management and training • Child and forced labor, human trafficking • Diversity, discrimination and harassment • Human rights of external stakeholders 	<ul style="list-style-type: none"> • Corruption • Anti-competitive practices • Responsible information management 	<ul style="list-style-type: none"> • Suppliers' environmental practices • Suppliers' social practices



*Corporate Social Responsibility



RESPONSIBLE PROCUREMENT

2021



- ✓ **sustainable procurement project started** –EcoVadis platform
- ✓ **Responsible Procurement Policy** publication

2022

- ✓ Insertion of **ESG contractual clause**
- ✓ **Ecovadis rating** as a criterion for defining the **Vendor List**

2023

- ✓ Definition of **strategy** for **calculating & reducing scope 3**
- ✓ **Supplier Relationship Management** on critical suppliers
- ✓ **Watchlist ESG**
- ✓ **ESG rating 30%** of Vendor Rating
- ✓ **Internal training**
- ✓ **Stakeholder engagement Workshops**



• **50% order value** to evaluated suppliers

✓ **65% order value** to evaluated suppliers (vs tgt 60%)

- ✓ **73% order value** to evaluated suppliers (vs tgt 65%)
- ✓ **~ 1000 evaluated suppliers**
- ✓ Publication of **a handbook to help SMEs** on a2a website



✓ Lessons at **Politecnico di Milano and Roma Tor Vergata** and **vendor rating review project**

- ✓ **Podium @TheProcurement awards** 
- ✓ **A2A best practice @EcoVadis World Tour Italy '23** 



2024 +



- **Spend-based calculation for scope 3 emissions** Lug 2024
- **Platform set-up and application of CO2 Scope 3 reduction model** Nov 2024
- **Monitoring suppliers' DE&I policies** 2025
- **Increasing Ecovadis rating evaluations to reach 75% order value** 2026
- **Application of European directives on Suppliers' Due Diligence** 2027



First place: Outstanding Program Management Award
March 2024
Paris

RESPONSIBLE PROCUREMENT – RESULTS (H1 2024)

Distribution of published scorecards by BU*

1.501

A2A suppliers with ESG
Ecovadis rating

75%

order value to evaluated
suppliers
vs 70% target 2024

	Generation	110
	Corporate	224
	Smart Infrastructure	268
	Market	46
	Environment	339
	No order	514

EcoVadis scores in the 4 key dimensions of the questionnaire

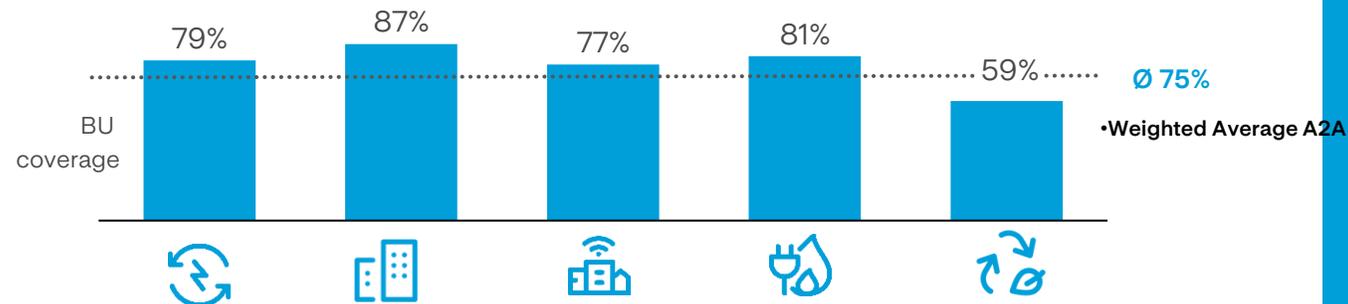
Environment 57,2	Labor & human rights 58,6
Ethics 52,8	Sustainable procurement 44,9

55,7/100

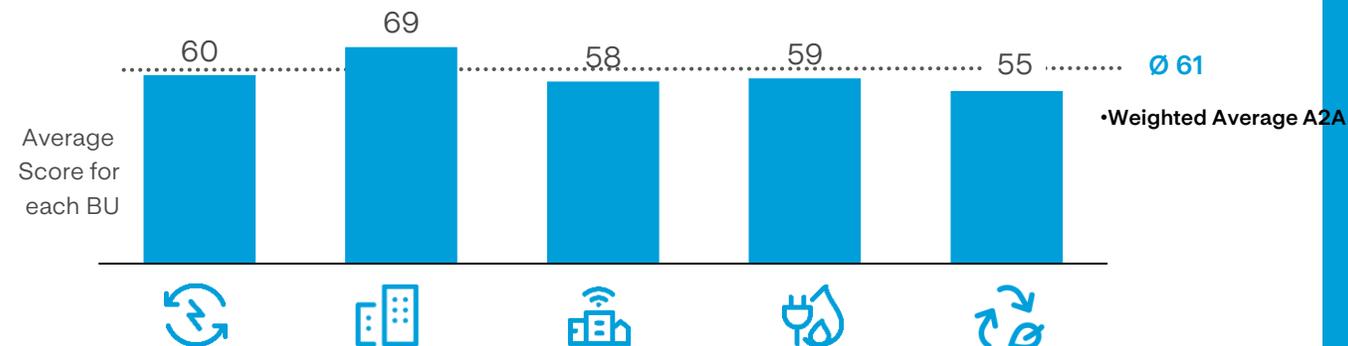
overall average score of A2A suppliers

which is **better than the industry average** (Italy 55.6/100 – EMEA 55.1/100 / Global 53.6/100) and the **average of Italian companies** (all sectors) 52.5/100.

% Single BU coverage [FY2022 + FY2023+YTD24]



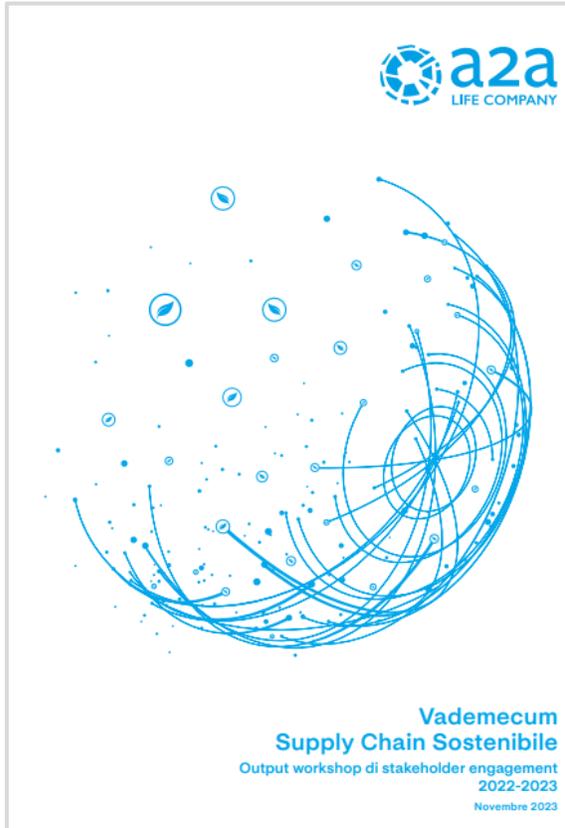
Score weighted average for each BU



*Supplier score distributed across the main BU

STAKEHOLDER ENGAGEMENT

We are aware that the sustainability of a company involves its **whole value chain**: we want to concretely support our suppliers, especially SMEs, in the process of integrating sustainability into their corporate strategy.



The Sustainable Supply Chain project was launched in 2022 following A2A Territorial Multistakeholder Forums.

The analysis of EcoVadis data, combined with the sharing of experiences and expertise from our stakeholders (universities, trade associations, suppliers, cooperatives), led to the creation of **a tool – a handbook – to support small and medium-sized enterprises** (SMEs).

The Handbook (*'Vademecum'* in Italian) is a practical guide for the creation and formalization of 3 ESG-related documents:

- The code of ethics
- The environmental policy
- The labor and human rights policy

LOOKING TO START YOUR CAREER AT A2A?

<https://www.gruppoa2a.it/en/careers>

OUR CAREER AREAS

We are looking for professional and other applicants for the two mainstays of our Business Plan to 2030, and also for specialists in core strategic areas.

Find out more



Opportunities in the circular economy

In order to generate new resources in the form of material and energy by reducing wastage and thus safeguard the planet and protect the environment



Energy Transition, a challenge to overcome

In order to develop the production and consumption of green energy by speeding up decarbonization and encouraging the electrification of consumption.

THANK YOU



