ENERGY SECTOR POLICY

cdp

CONTENTS

In the event of conflict between the Italian and the English version, the Italian version shall always prevail.

1. INTRODUCTION AND PURPOSES OF THE DOCUMENT

The CDP Group promotes the country's growth, both in its capacity as a permanent shareholder in strategic infrastructure and assets, and by implementing special purpose actions aimed at business growth in key sectors. The Group plays a significant role in the allocation of financial resources in sectors, companies and projects, seeking an additional approach with respect to financial market operators, generating a multiplier effect of resources, partly thanks to its role of National Promotional Institution, which makes it a privileged contact of the Public Administration for the use of Italian and European funds and a catalyst for the financial resources of other public and private entities.

The progressive expansion of the role and operations of Cassa Depositi e Prestiti S.p.A. (hereinafter "CDP"), reflected in the 2021 amendment to its Articles of Association[1], makes it necessary to adopt precise guidelines, as defined in the Strategic Plan. These guidelines provide for the systematic integration of environmental, social and governance aspects throughout the Financing and Investment process, as these are considered essential factors for ensuring sustainable development and the generation of greater value for both the companies in which it invests and for the community as a whole.

This approach is aligned with the expectations of regulators[2], standard setters and rating agencies (the "ESG driving forces") on sustainability matters, and with the ongoing evolution of National Promotional Institutions and leading credit institutions at European level.

In this context, CDP, in compliance with the relevant regulatory and statutory framework, directs its strategic and operational approach by steering the use of resources towards the priority areas identified within the 2025-2027 Strategic Plan, as subsequently articulated in the Strategic Guidelines ("SGs"). Intended to inform medium-term business decisions, the Strategic Guidelines define CDP's main lines of intervention in line with the principles of additionality and complementarity with the market, including through the identification of priority and strategic fields of action for the country (Figure 1), such as support for the Energy Transition and the Circular Economy. The SGs are subject to updating following any revisions to the Strategic Plan or significant events that lead to a change in the reference context.

In particular, the decarbonization of the economy, combining environmental sustainability with social inclusion, is identified in CDP's Strategic Plan as one of the country's main challenges and constitutes one of the four overarching intervention objectives. Gradually replacing fossil fuels with alternative resources and technologies, while simultaneously reducing overall consumption; rethinking consumption patterns, including in production processes; and ensuring the protection and responsible use of natural resources are essential preconditions for achieving a "green and just transition."

***Figure 1** - Macro-objectives and areas of intervention for CDP's action*

CDP's fields of intervention	Competitiveness	Social and territorial cohesion	Economic security and strategic autonomy	Green and "just" transition
Energy transition	✓		✓	✓
Circular economy				
Safeguarding the territory		✓		
Infrastructures				
Capital markets	✓		✓	
Digitalization		✓		
Technological innovation			✓	
Support for strategic supply chains				
International cooperation				✓
Transport/logistics hubs	✓	✓		
Security and defence				

[1] Introduction of the principle of sustainable development: "The company's corporate purpose, in pursuing long-term economic, social and environmental sustainability to the benefit of shareholders and taking account of the interests of other stakeholders relevant to the company, is..."

[2] In this regard, see, inter alia, the Bank of Italy's 'Expectations for monitoring climate and environmental risks', which contain general indications regarding the integration of climate and environmental risks into company strategies, governance and control systems, risk management frameworks and the disclosures of supervised banking and financial intermediaries.

In light of this context, in 2022 CDP adopted a policy that, with specific reference to sustainability issues, sets out the principles and criteria for treatment, limitation and exclusion, as well as the aspects to be promoted, which CDP applies to its Financing and Investment activities in the Energy Sector, in alignment with the Sustainable Development Goals and the country's international commitments.

This Policy defines:

- the reference context (chapter 2);
- the scope of application ((chapter 3);
- an analysis of the sectors covered by the Policy, the relevant treatment, limitation and exclusion criteria and the aspects to be promoted (chapter 4);
- the roles and responsibilities of the parties involved (chapter 5);
- how transparency and accountability are ensured (chapter 6).

This document is reviewed periodically to take account, among other things, of legislative and regulatory developments, changes in the operating environment and/or the adoption of a new Strategic Plan. In any case, this document is reviewed every 3 years.

This Policy, where appropriate, should be read in conjunction with other policies, in particular with the General Responsible Lending and Investment Policies and the relevant company and/or Group regulatory framework.

2. REFERENCE CONTEXT

2.1 External regulatory and legislative context

The UN Global Compact Principles have long encouraged companies around the world to adopt sustainable policies that respect human and labour rights, the environment, and that fight corruption.

With the ratification of the UN 2030 Agenda for Sustainable Development, signed in September 2015 by Italy together with the governments of 192 other countries, the international community has expressed, more overtly than in the past, a clear judgement on the unsustainability of a development model based exclusively on economic objectives and that fails to take account of environmental and social objectives. The 2030 Agenda and its implementation through the 17 Sustainable Development Goals (SDGs) represent a major challenge for countries around the world which, through the adoption thereof, are committed to actively contributing to this development path.

As far as environmental aspects are concerned, the Conferences of the Parties (COPs)[3] have assumed an increasing role in the international debate on combating climate change, starting with the adoption in 2015 of a universal and legally binding climate agreement during COP21 in Paris, renewed in 2021 with the Climate Pact during COP26 in Glasgow.

The European Union (EU) has, for some time now, embarked on a path aimed at reducing its environmental impact, seeking to reach "Net Zero" emissions by 2050: a scenario in which the economy reaches net zero greenhouse gas emissions, in which a mechanism exists to balance the amount of emissions produced and the amount removed, reducing its impact such as to achieve climate neutrality. To this end, CDP has adopted a series of measures[4] aimed at accelerating decarbonization, especially in strategic sectors and high-energy-intensity industries.

Within this context, as an integral part of the European Green Deal[5], the European Commission adopted the Fit for 55[6] package in July 2021. This comprises the target of reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels, and to reach Net Zero by 2050. This framework has been revised with the introduction of new directives and regulations, including but not limited to, the Energy Efficiency Directive (2023), the Renewable Energy Directive III (2023), which increased the renewable energy target to 42.5% (with an indicative goal of 45%) by 2030, and the Net Zero Industry Act (2024), designed to boost innovation and the manufacturing of technologies essential for achieving decarbonization by 2030.

[3] https://unfccc.int/process/bodies/supreme-bodies/conference-of-the-parties-cop
[4] Such as, by way of example, the Clean Industrial Deal.
[5] https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en
[6] https://www.consilium.europa.eu/en/policies/green-deal/fit-for-55-the-eu-plan-for-a-green-transition/

Within the framework of the Green Deal, the European Union has also developed the Biodiversity Strategy for 2030, with the aim of mitigating the risks associated with the deterioration of biodiversity and ecosystems, driven by the exploitation of natural resources and climate change. These risks have taken on increasing importance and are now central to environmental and sustainable development policies at global level.

In this context, an additional strategic element is the Nature Restoration Law[7], which came into force in 2024, aiming to restore at least 20% of the EU's terrestrial and marine areas by 2030 and all ecosystems requiring recovery actions by 2050, in line with international commitments set out in the Kunming-Montreal Global Biodiversity Framework[8].

In addition, following Russia's invasion of Ukraine, the European Commission, as part of the REPowerEU[9] plan presented in May 2022 and subsequently updated, further tightened the targets for renewables and energy efficiency, in order to break free from foreign dependence more quickly.

Finally, reference should be made to the legislation on trans-European energy networks (TEN-E), which promotes the development of cross-border energy infrastructure in Europe to ensure security of supply, facilitate the integration of renewable energy, and support the transition toward a more resilient and interconnected energy grid.

Lastly, Italy has also established areas of intervention at the national level aimed at developing and strengthening areas and sectors considered strategic. These are in line with the objectives of socio-economic, environmental and digital transition sustainability defined, for example but not only, by the 2030 Integrated National Energy and Climate Plan (PNIEC)[10], the Circular Economy Package[11] and the 2026 Digital Italy Plan[12].

2.2 Main related internal regulations

The internal corporate regulatory sources, in addition to this document, by which CDP upholds and acknowledges the ESG principles of sustainability as fundamental values, include, but are not limited to:

- Articles of Association;
- Code of Ethics;
- Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001;
- Sustainability Framework;
- General Responsible Lending Policy
- General Responsible Investment Policy
- Agrifood, Wood and Paper Industries Sector Policy;
- General Stakeholder Engagement Policy;
- General Stakeholder Grievance Mechanism Policy;
- General Internal Footprint Policy;
- General Risk Policy;
- Credit Risk Policy.

The regulatory and legislative framework of reference is supplemented by additional internal regulatory sources, which lay down the principles, methodologies and operating methods through which sustainability is pursued within the company organisation.

[7] https://eur-lex.europa.eu/legal-content/IT/TXT/HTML/?uri=OJ:L_202401991
[8] https://www.cbd.int/gbf
[9] https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/repowereu-affordable-secure-and-sustainable-energy-europe_en
[10] https://www.mase.gov.it/portale/documents/d/guest/pniec_2024_revfin_01072024-pdf
[11] https://temi.camera.it/leg18/post/OCD15_14155/pubblicati-i-decreti-sull-economia-circolare.html
[12] https://innovazione.gov.it/italia-digitale-2026/il-piano/

3. SCOPE OF APPLICATION

3.1 Scope by type of operation

The scope of application of this document relates to CDP's operations in the Energy Sector, specifically to transactions originated after its approval[13], including Investment (both direct and, where possible, indirect) and Financing (limited to direct transactions with private counterparties), as well as the renewal of such transactions. This Policy does not apply to transactions[14] relating to equity investments already held in the portfolio, nor to amendments to Financing agreements. With regard to investments in the portfolio, in line with the provisions of the General Responsible Investment Policy, to which reference should be made, CDP conducts ongoing monitoring and engages with the company management to discuss possible guidelines with regard to development plans and to conduct specific analyses on ad hoc issues. These regular engagement activities also make it possible to identify any problems that arise in the investment management phase and jointly agree what actions need to be implemented, to be successively verified through appropriate monitoring.

An operation qualifies as part of the Energy Sector in the following cases:

i. a Lending/Investment Investment/Lending transaction with a generic purpose: the counterparty operates in the Energy sector;
ii. a Lending/Investment transaction with a specific purpose: the main focus of the transaction is attributable to the Energy sector.

It should be noted that, within the scope of International Cooperation & Development Finance, in addition to the exclusion criteria defined by CDP, the exclusions arising from CDP's participation in the European Development Finance Institution (EDFI)[15] apply, where these are more restrictive.

Within the scope of its institutional mission, CDP is also required, pursuant to specific legislative provisions and/or dedicated mandates, to manage third-party funds (e.g. resources from Ministries). This activity is carried out in compliance with applicable regulatory requirements and the guidelines of the relevant Institutions.

CDP's Board of Directors may approve exceptions or derogations from this document, in accordance with applicable internal regulations, always on a case-by-case basis, and on the basis of evaluations conducted by the relevant departments, and particularly with the General Responsible Lending Policy and the General Responsible Investment Policy, respectively, for the two areas of operation through which CDP participates in the Energy Sector.

3.2 Scope of the Company

This Policy applies, with the specifications mentioned above, to operations carried out by CDP S.p.A. in the Energy Sector.

CDP is committed to ensuring that the Companies subject to its management and coordination which have adopted a policy in the Energy Sector consistent with CDP's Policy implement the updates periodically made to this Policy, in line with the principle of proportionality and having regard to the decision-making autonomy of the Corporate Bodies of the Group Companies, especially the Regulated Entities[16], as well as the specific sector regulations applicable to them.

[13] The amendments introduced with this update shall apply to transactions originated from the date of approval of this Policy.
[14] This includes equity and similar transactions such as acquisitions, demergers, mergers, share conversions, corporate restructurings, shareholder financing or capital injections, subscriptions to hybrid instruments and convertibles, and capital increases, except where such increases relate to the acquisition of a company operating in the sector.
[15] Harmonized EDFI Exclusion List (https://edfi.eu/policies-shared-by-european-dfis/) e Harmonised EDFI Fossil Fuel Exclusion List (https://edfi-website-v1.s3.fr-par.scw.cloud/uploads/2021/02/EDFI-Fossil-Fuel-Exclusion-List-October-2020.pdf).
[16] Pursuant to Articles 2497 et seq. of the Italian Civil Code.
[17] CDP Equity S.p.A., SIMEST S.p.A., CDP Real Asset SGR.
[18] Companies subjected to a system of authorisations, regulations, inspections and information provision by sectoral Regulators (e.g. Bank of Italy and IVASS).

4. POSITION OF CDP IN THE ENERGY SECTOR

CDP supports the transition of economies towards a more sustainable business model, aimed at ensuring levels of climate-altering emissions consistent with international commitments and with the sustainable curbing of global temperature, as well as effective use of natural resources, thus minimising negative externalities on the environment.

CDP, in compliance with the regulatory and statutory reference context, guides its strategic and operational approach by directing the use of resources towards priority areas as identified through the definition of the Strategic Plan and the resulting Strategic Guidelines. With specific reference to the sector addressed by this document, the Strategic Guidelines contain indications of actions to be taken, following an approach based on additionality and complementarity with respect to the market, which are crucial for reaching the targets established by international agreements and at the EU and national level (e.g. Paris Agreement, PNIEC).

In this regard, CDP considers the sustainability of the energy sector initiatives in relation to their compatibility with the decarbonisation path, in keeping with that which the International Energy Agency has defined as the path for achieving carbon neutrality by 2050[19]. Its aim is to promote the initiatives that contribute to achieving this. In the meantime, given the international geopolitical context and the uneven distribution of certain energy resources, it is necessary not only to ensure long-term carbon neutrality but also to safeguard energy security. This should be assessed based on the regulatory framework and energy market of the country where the supported Project is located, while expanding options for supply diversification.

CDP intends to focus its operations on actions aimed at, inter alia: (i) increasing and integrating renewable generation capacity, improving efficiency, innovation, and grid stability, as well as ensuring supply security; (ii) the electrification of energy consumption, with particular reference to mobility sectors; (iii) greater energy efficiency, especially in sectors with high recovery potential (e.g. construction); (iv) the development of new energy carriers (i.e. hydrogen, biofuels); (v) the development of innovation and new technologies with a positive impact on the fight against climate change; (vi) increasing waste management efficiency by supporting the creation of plants for energy recovery. These initiatives contribute not only to combating climate change but also to improving energy access for communities, thereby generating a positive impact in terms of reducing energy poverty. This is pursued within the framework of a just energy transition and in line with the "leave no one behind" principle of the 2030 Agenda. By way of example, renewable energy communities are cited, as they can play an important social role by offering a democratic and participatory opportunity to combat energy poverty.

In line with the principle of a just transition, CDP considers, in its assessment of eligible operations, the positive social impact these projects generate, with a view to delivering both short- and long-term benefits[20].

In accordance with the stated objectives, this Policy focuses on the following energy sub-sectors, hereinafter referred to as "sectors":
1) Coal (Upstream and Generation);
2) Oil Sector (Upstream, Midstream, Downstream, and Generation);
3) Gas Sector (Upstream, Midstream, and Generation);
4) Nuclear Energy (Generation);
5) Renewables and Storage;
6) Energy Networks;
7) Waste-to-Energy;
8) Energy efficiency;
9) Hydrogen.

The following is provided for each sub-sector mentioned above:

- a description of the general context;
- a brief mention of the spheres of development as defined in the Strategic Guidelines;
- the treatment, limitation and exclusion criteria and the aspects to be promoted.

Regardless of the sub-sector and without prejudice to the environmental exclusions set out in the General Responsible Lending and Investment Policies, CDP supports projects that are compatible with biodiversity and cultural heritage conservation, ecosystem resilience, and that incorporate mitigation and restoration measures. This also takes into account, where available, the Environmental and Social Impact Assessment (ESIA), which identifies, describes, and anticipates in advance the potential effects on the environment, health, and well-being that certain projects may generate.

Furthermore, CDP positively evaluates projects that employ Nature-Based Solutions (NBS), regarded as practical tools to enhance the integration of infrastructure into the surrounding environment, safeguard ecosystem balance, optimise services, mitigate emissions, and increase infrastructure resilience to extreme events. Examples include: green barriers to protect energy infrastructure from extreme weather; water flow regulation solutions supporting hydroelectric plants and reducing outage risks; and phytoremediation systems in power plants for treating cooling water or industrial effluents, thereby reducing energy use in water treatment processes.
For projects with a significant environmental impact, CDP requires the adoption of appropriate mitigation measures, promoting the use of Best Available Practices (BAP) through:

- confirming the substantial alignment of the main plant solutions with the Best Available Technologies (BAT) on the global market;
- confirming the adoption of operating and management procedures that are in line with the best market practices and procedures in terms of safety;
- assessing the technical and managerial capabilities of the Counterparty proposing the Project to ensure environmental and safety standards.

Furthermore, in accordance with IFC Standards and other leading industry benchmarks, CDP is committed to promoting activities in the Energy Sector that ensure respect for the ownership rights of local communities. In pursuit of this objective, CDP does not support projects, particularly those involving activities in developing countries, that are not aligned with international best practices, including:

- IFC Performance Standard 5 "Land Acquisition and Involuntary Resettlement", with reference to the relocation and loss of livelihoods for local communities;
- IFC Performance Standard 7 "Indigenous People", with reference to the involvement of local communities, respect for the rights of indigenous peoples and mitigation of any negative impacts. In cases where activities affect local communities as set out in paragraphs 13 -17 of IFC Performance Standard 7, free, prior and informed consent of the affected local communities is required.

Within such projects, CDP also welcomes Counterparties that have adopted a mechanism for reporting critical issues that is open to local communities.

In the application of this Policy, CDP - in accordance with the procedures defined in the General Responsible Lending and Investment Policies, and as laid down in the detailed internal regulations - acquires from the Counterparty the documentation necessary (e.g. integrated report, self-declarations, technical documents, press releases, etc.) to carry out the assessments[21].

In certain specific circumstances, if deemed necessary, CDP may make use of an advisory contribution from independent experts to assist in the assessment of compliance to Policy requirements.

[19] https://www.iea.org/reports/net-zero-by-2050
[20] For further details on the evaluation of operations, please refer to the chapter "Methodological Approach to the Assessment of Individual Financings" in the General Responsible Lending Policy.
[21] In its evaluation activities, and in line with the Group Policy on International Financial Sanctions, CDP complies with the restrictive measures identified therein (i.e., economic and trade restrictions, including those concerning the oil & gas sector and/or energy infrastructure, as summarized in the individual Country Sheets attached to the Group Policy on International Financial Sanctions).

4.1 Coal Sector

Thermal coal, used for energy purposes, represents one of the biggest contributors to climate change, as it is the largest source of CO_2 emissions and, at the same time, of electricity generation.

Every climate change mitigation scenario requires a drastic reduction in the use of thermal coal in the medium term. However, in the short term, the reduction in thermal coal consumption by advanced economies - which may slow down their reduction process due to the current tensions in global energy markets - is offset by increased use of this source in emerging countries. It is expected that the phase-out of coal, for most European countries, will happen by 2040 and subsequently, power generation from fossil fuels should be integrated with Carbon Capture, Utilization and Storage (CCUS) technologies.

As outlined in the International Energy Agency's (IEA) Net Zero 2050 scenario, CDP maintains that no further investments should be made in new mining capacity or coal-fired power generation. The least efficient coal-fired plants should be scrapped by 2030 and the remaining coal-fired plants still in use in 2040 should be subject to environmental remediation and modernisation.

In this regard, CDP's Strategic Guidelines also recommend, where electrification projects are not scalable and energy efficiency measures are limited, directing interventions toward new CCUS technologies.

This Policy aims to guide CDP's operations in the Energy Sector, both in relation to upstream activities in the coal sector and the processes for thermal coal-fired power generation. The Policy is not applicable to the coal sector in areas of use other than those for energy purposes - as an example and without limitation - the metallurgical industry, where coke is used in processes such as the smelting of iron ore to produce steel, or in the cement industry.

4.1.1 Upstream activities

With regard to upstream activities in the coal sector, reference is made to the Projects and the Counterparties that are active in the extraction, transport, intermediate logistics and distribution sections, including the sale of or trade in thermal coal.

CDP does not support Projects that provide for the development of new thermal coal mining capacity or the expansion of existing plants, including new infrastructure and related marketing and trading activities. For every other type of Project, as an example and without limitation, the extension of the useful life of a coal deposit, CDP requires the adoption of the BAP.

Moreover, CDP does not grant Financing to and does not carry out Investments in Counterparties that operate in the upstream segment of the coal sector (i) whose Revenues deriving from upstream activities exceed 10% of the overall Revenues of the group[22] or (ii) that have not adopted a Net Zero by 2050 Plan.

4.1.2 Power generation

With regard to coal-fired power generation activities, reference is made to the Projects and the Counterparties that promote the development and management of power plants.

In this context, CDP does not support Projects relating to coal-fired power generation, except in cases that envisage the reactivation or extension of the useful life of existing plants that contribute to achieving stringent national energy security objectives and that adopt the Best Available Practices.

Moreover, CDP does not grant Financing to and does not carry out Investments in Counterparties that operate in coal-fired power generation (i) where the coal- or fuel oil-fired power generation of the group to which it belongs exceeds 20% of overall production; or (ii) that have not adopted a Net Zero by 2050 Plan.

Finally, CDP supports counterparties that have established a pathway for the gradual reduction of coal use in energy production (i.e., phase-out), at least in line with the decarbonization targets of the countries where the initiatives are located[23].

[22] For the purposes of this document, reference is made to the group as defined in the "Credit Risk Policy".
[23] Regarding Italy, reference is made to the PNIEC (https://www.mase.gov.it/portale/documents/d/guest/pniec_2024_revfin_01072024-pdf (chap. 3.1.3 Phase out of Coal)).

4.2 Oil Sector

Today, oil represents one of the most used energy sources with impacts on production chains in various sectors (e.g. petrochemical, industrial, transport, etc.). Every climate change mitigation scenario requires a drastic reduction in the use of oil in the medium term across all sectors for which alternative technologies, which are more environmentally sustainable, are available. For example, in the transport and energy sectors. Oil continues to be used primarily in the petrochemical sector, where the absence of end products intended for direct combustion helps reduce overall emissions, as well as in areas related to the use of Carbon Capture, Utilization and Storage technologies.

Within this context, it is clear that extraction and use of Unconventional oil, that is, resources trapped in rocky deposits characterised by low porosity and permeability, must not be promoted. Such exploitation consists of applying specific recovery technologies that have a high environmental impact. This position is reinforced by the absence of critical issues related to the distribution and transport of oil and, consequently, by the sufficient potential for supply diversification.

Within the context of these assessments, it is also important to take the refining sector into consideration. This has been suffering for some time from a profound structural crisis, where overcapacity in refining at the global level, mainly in Europe and in North America, has triggered a drastic change in investments that are, as things stand, increasingly oriented towards the production of fuels with a low carbon impact (e.g. biofuels) and towards greater integration with the petrochemical sector (Crude oil-to-Chemicals).

CDP does not consider fuel oil-fired electricity generation an energy transition technology that can help achieve the Paris Agreement goals and, therefore, in accordance with the International Energy Agency (IEA), it maintains that further investments should not be made in new extraction or power generation capacity.

CDP's Strategic Guidelines also point in the same direction. Their aim is to minimise consumption of energy from fossil fuels, which includes fuel oil, as well as to promote the development of new technologies and new energy carriers. This includes providing support for the transition of the refining section, by converting existing plants into bio-refineries.

This Policy governs oil-related activities in the Upstream and Midstream segments, as well as refining (Downstream) and processes for generating energy from fuel oil.

4.2.1 Upstream and Midstream activities

With regard to oil sector activities, reference is made to projects and counterparties engaged in exploration, extraction, and production, including the sale or trade of oil (Upstream), as well as transportation, intermediate logistics, and storage (Midstream).

CDP does not support Projects that provide for the development of new Unconventional oil extraction capacity, or the expansion of existing plants, including new infrastructure and related marketing and trading activities. For every other type of Project, as an example and without limitation, the extension of the useful life of an oil field, CDP requires the adoption of the BAP.

Furthermore, CDP does not provide Financing or make Investments in counterparties operating in the oil sector's Upstream and Midstream activities that (i) derive more than 30% of their total group revenues from Upstream and Midstream activities involving unconventional fossil sources, or (ii) have not adopted a Net Zero Plan for 2050.

4.2.2 Refining (Downstream)

CDP does not support Projects that do not adopt Best Available Practices and that commit most of their production capacity to refining unconventional fossil fuels. It should be noted that, based on the latter condition, the Project would be excluded even if the adoption of the BAP were to be confirmed.

CDP considers in a particularly positive way Projects that provide for:

- a development or conversion plan for the production of biofuels (e.g. Sustainable Aviation Fuels) from residual biomass and biomass waste products and from sustainable raw materials, that is, that are not competing with the food value chain and are compatible with the sustainable use of the land;
- power plant revamping initiatives aimed at increasing the energy efficiency of processes.

4.2.3 Power Generation

With regard to fuel oil-fired power generation activities, reference is made to the Projects and the Counterparties that promote the development and management of power plants.

CDP does not support Projects relating to fuel oil-fired power generation, except in cases that envisage the reactivation or extension of the useful life of existing plants that contribute to achieving stringent national energy security objectives and that adopt the Best Available Practices.

Moreover, CDP does not grant Financing to and does not carry out Investments in Counterparties that operate in the fuel oil-fired power generation sector (i) where the coal- or fuel oil-fired power generation of the group to which it belongs exceeds 20% of overall production; or (ii) that have not adopted a Net Zero by 2050 Plan.

4.3 Gas Sector

As the hydrocarbon with the lowest environmental impact for energy use, natural gas can make a significant contribution to the energy transition, both in electricity generation and domestic applications, helping to ensure system stability while renewable sources are integrated. Within the context of electricity generation, gas can play a complementary role in the penetration of renewables into the energy mix, as a result of its capacity to provide flexibility services for managing grid stability. In terms of domestic use, on the other hand, the electrification of consumption requires a gradual modernization and technological transition, in which natural gas continues to serve as the most sustainable alternative to obsolete and more polluting technologies. Within this context, supply diversification is closely linked to the presence of suitable transport and distribution infrastructure. Therefore, whilst limiting the extraction of Unconventional gas, it is believed that it is possible to grant favourable exceptions for consumption intended for areas with severe deficits, whose energy security may not be adequate. Furthermore, considering that natural gas can play an important role as a transitional energy source, being the least polluting hydrocarbon and offering greater storage flexibility, CDP supports initiatives for natural gas-based power generation, as part of the broader development of renewable energy.

CDP's Strategic Guidelines for the Energy Transition also point in the same direction. They promote the sizing and diversification of supply sources, supporting, in particular, strategic infrastructure for the use of transitional energy carriers, such as natural gas.

This Policy governs gas sector activities in the Upstream and Midstream segments, as well as processes for generating energy from natural gas.

4.3.1 Upstream and Midstream activities

With regard to gas sector activities, reference is made to projects and counterparties engaged in extraction and production (Upstream), as well as transportation, intermediate logistics, and natural gas storage (Midstream).

CDP does not support Projects that envisage the development of new Unconventional gas extraction capacity, including new infrastructure and related activities, except for Projects that contribute significantly to reducing supply risk in specific areas. For every other type of Project, as an example and without limitation, the extension of the useful life of an oil field, CDP requires the adoption of the BAP.

Furthermore, CDP does not provide Financing or make Investments in counterparties operating in the gas sector's Upstream and Midstream activities that (i) derive more than 30% of their total group revenues from Upstream and Midstream activities involving unconventional fossil sources, or (ii) have not adopted a Net Zero Plan for 2050.

4.3.2 Power Generation

With regard to gas-fired power generation activities, reference is made to the Projects and the Counterparties that promote the development and management of power plants.

CDP does not support Projects relating to gas-fired power generation, excluding those cases in which the Best Available Practices are adopted and one of the following criteria has been met:

i. they are compatible with achieving the emissions reduction goals of the country in which the production site is located, which are, in turn, in line with the Paris Agreement goals; or
ii. they are promoted by Counterparties that have adopted a Net Zero by 2050 Plan.

4.4 Nuclear Energy Sector

Nuclear energy, despite the difficulties encountered in becoming established in some countries, has notable potential for contributing to the decarbonisation of the energy sector, as a result of its capacity to generate electricity without producing CO_2 emissions.

In line with the IEA Net Zero 2050 scenario, nuclear installed capacity is expected to double by 2050, supported by ongoing technological advancements that have contributed to improving global operational safety. To date, advanced technological solutions such as small modular reactors, advanced modular reactors, and the use of fusion processes currently under research could further enhance safety and scalability, strengthening the low-carbon energy mix, provided they are supported by an appropriate regulatory framework. CDP is aware of the importance of nuclear energy, of the complexities involved in its correct technical management and of the responsibility towards society and future generations in terms of environmental impact, public health and safety.

This Policy regulates the activities associated with the development and management of nuclear power plants and the management of radioactive waste.

CDP does not support Projects for the construction and operation of nuclear power plants, and the management of the storage and disposal of nuclear waste which do not adopt the Best Available Practices and:

- which do not have systems to monitor[24] on-site radiation and the radiation in areas surrounding the site;
- for which the health and safety of on-site workers is not guaranteed;
- for which a plan for managing high level and intermediate level nuclear waste does not exist[25];

[24] Such as those defined by the International Atomic Energy Agency (IAEA), for example
[25] High-level radioactive waste (Article 5, Italian Legislative Decree no. 45 of 4 March 2014): radioactive waste with very high levels of activity concentration, high enough to generate significant quantities of heat or large amounts of long-lived radionuclides, or both of these characteristics, which require a degree of isolation and confinement of the order of thousands of years and beyond. Such waste must be disposed of in geological formations.

- which have not defined a suitable emergency and prevention plan either at the local and/or the national level relating to natural hazards;
- which have not obtained official authorisation from the supervisory bodies of the nuclear energy sector;
- which do not have a temporary storage site for the radioactive waste produced by the power plant.

Moreover, with regard to Projects for the construction and operation of nuclear power plants and the management of the storage and disposal of nuclear waste, CDP looks at the countries of location as well, excluding those that fall into at least one of the cases listed below (so-called "Country Criteria"):

- where there is a conflict;
- where nuclear material is not used for peaceful purposes[26];
- that are not members of the International Atomic Energy Agency (IAEA);
- that do not have a national safety agency (NSA) for nuclear activities. Moreover, the agency must have the power to carry out inspections, impose sanctions and, subsequent to any incidents, order a review of their safety standards;
- for which critical issues have been identified in monitoring nuclear facilities based on the latest Global Safeguards Agreements Report published by the IAEA[27];
- that do not participate in the IAEA Incident Reporting System (IRS); in cases of non-participation, enrollment must be planned prior to commissioning the first nuclear plant;
- that do not adhere to or have not ratified the following international treaties or conventions:
  - the Convention on Nuclear Safety, the Convention on the Physical Protection of Nuclear Material or the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management;
  - the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and the International Convention for the Suppression of Acts of Nuclear Terrorism.

CDP does not support initiatives promoted by Counterparties whose capabilities are deemed unsuitable, that is, parties whose operating licences for the company or the entity responsible for operating the nuclear power plant have been suspended in the host country or in a country of reference[28].

CDP does not grant Financing to and does not carry out Investments in Counterparties involved in the development and operation of nuclear power plants and in the storage and disposal of nuclear waste that (i) operate in countries excluded on the basis of the aforementioned Country Criteria; (ii) have suspended licences in the host country or in a country of reference; (iii) do not have guidelines or policies to prevent or limit radioactive emissions, to monitor radiation at sites and in the surrounding areas and to protect workers.

4.5 Renewables and Storage Sector

Renewable energy sources play a crucial role in the transition toward a decarbonized and independent economy. Their deployment, supported by key policies such as, among others, REPowerEU, is one of the main factors in keeping the rise in global average temperature below 1.5°C.

Within this context, CDP's Strategic Guidelines promote the increase in and the integration of power generation capacity from renewable sources and identify the following strategic lines of action: (i) constructing new plants; (ii) Repowering and Revamping existing plants; (iii) streamlining plants; (iv) developing energy communities towards self-production and self-consumption of energy; and (v) developing storage systems.

[26] It is formalised through the implementation of the IAEA's global safeguard agreement or an equivalent agreement and in the most recent conclusions on security control matters (IAEA Annual Report and Safeguards Implementation Report https://www.iaea.org/publications/reports) as confirmed by the IAEA reports, the nuclear material is used exclusively for peaceful purposes.

[27] With reference to the IAEA Annual Report and Safeguards Implementation Report https://www.iaea.org/publications/reports.

[28] The country of reference is defined as any country that has demonstrated a high level of nuclear safety and reliability in the operation of nuclear power plants, particularly OECD countries with a high-level of expertise in operational nuclear power plants and no reported nuclear accidents - as defined by Level 4 and above in the INES scale - in a nuclear power plant in the last five years.

This Policy is applicable to plant construction and operation initiatives to generate power from renewable sources, that is, sources of energy that are virtually inexhaustible and have a limited environmental impact, and to storage systems.

Therefore, CDP looks especially positively upon technologies and solutions which:

- make it possible to minimise the use of land and the impact on the landscape, as an example and without limitation: (i) power generation plants in industrial and abandoned areas; (ii) photovoltaic systems integrated with the cultivation of agricultural areas; (iii) offshore wind power plants with floating foundations that minimise the impact on the seabed;
- optimise and/or increase electricity generation on the same amount of land;
- provide solutions that are integrated with energy storage systems;
- optimise and maximise the recovery of materials in the end-of-life management of the infrastructure and electrical energy storage systems used.

4.5.1 Hydropower

Hydropower is the leading renewable source for electricity generation in Italy, as it provides low-impact energy thanks to strong scheduling capabilities and flexible resource management. It can play a key role in meeting the growing demand for reliable and accessible energy. However, the construction of large-scale hydroelectric plants can be associated with a range of environmental and social risks, such as biodiversity loss, ecosystem disruption, displacement of populations or economic activities, with significant impacts on the surrounding environment and local communities, both due to reservoir creation and alterations to river flow and water volume. In this context, CDP encourages counterparties to apply the highest industry design and construction standards and to undertake initiatives aimed at mitigating environmental and social impacts.

Moreover, CDP considers it important to promote development initiatives as well as the preservation of existing plants, supporting modernization and expansion projects to maintain or improve their performance and increase flexibility, all in compliance with the environmental criteria set out in the General Policies on Responsible Financing and Investment.

This Policy is applicable to initiatives aimed at the modernisation, construction and operation of hydroelectric power generation plants.

CDP does not support Projects for hydroelectric power generation that do not apply the Best Available Practices.
With regard to the initiatives in the sector of power generation from hydroelectric power generation plants, CDP does not support projects that have not ensured:

i. adequate protection of the ecosystem and appropriate compensatory actions or measures towards the local community, focusing particularly on the relocation of the population, as well as on the productive/economic activities that support the local community;
ii. the minimisation of risks associated with operation, natural events and any structural failures.

Moreover, CDP considers in a particularly positive way the use of water resources for multiple uses, in addition to that of power generation, such as for irrigation and potable use.

4.6 Energy networks

In the next decade, in accordance with the IEA's Net Zero by 2050 scenario, transmission and distribution networks will absorb an increasing amount of total investments in the energy sector, considering their critical role in supporting the transition towards decarbonisation. The focus is particularly on the connection of distributed energy resources and of offshore wind farms, on the modernisation of obsolete infrastructure and the digitalisation of networks. Within the context of the Net Zero scenario, investments in electricity networks are expected to triple by 2030, remaining high until 2050, driven by the development of renewables and the increase in demand.

There is also a growing need to adapt energy networks to make them increasingly "smart", efficient and flexible to respond to the needs of the national economic system.

CDP's Strategic Guidelines also point in this direction. They promote interventions on infrastructure and energy networks in order to diversify the energy mix and to develop alternative energy carriers.

This Policy regulates the development of gas and electricity networks, the strengthening of existing networks and the efficient management of interconnected risks, focusing particularly on electric charging networks as a factor that enables sustainable mobility.

CDP does not support Projects for the development, strengthening and modernisation of gas and electricity networks and systems that (i) are not compatible with the path to carbon neutrality appropriate for the country in which the initiative is located and (ii) do not apply the Best Available Practices.

CDP considers in a particularly positive way Projects that focus on, including but not limited to:

- promoting gas transportation using hydrogen and other biofuel blends, encouraging the conversion of existing infrastructure (e.g., networks and storage capacity);
- increasing the adequacy, resilience, and flexibility of networks by promoting climate adaptation and digitalization to prevent physical, climate-related, and cybersecurity risks;
- supporting the penetration of renewables (on/offshore);
- diversifying resource supply (e.g., cross-border connections and regasification plants) and strengthen the role of supply and storage infrastructure, as well as their interconnection;
- developing electric vehicle charging systems in areas with a low level of coverage or that provide for a reduction in the average charging time;
- strengthening the resilience of energy infrastructure to safeguard operational continuity against risks of disruption to essential service supply;

4.7 Waste-to-Energy Sector

The Waste-to-Energy (WtE) sector or the exploitation of energy from waste represents a nationally strategic priority to reduce the landfilling of municipal waste, consequently limiting the impact associated with the transporting this waste outside the region or the country and, at the same time, contributing to energy autonomy.

In order to ensure European targets are achieved by 2035 - a recycling target of 65%[29] and a 10% cap on the landfilling of municipal waste[30] - it is increasingly clear that a residual portion of municipal waste needs to be utilised in energy recovery.

CDP's Strategic Guidelines point in the same direction. They highlight the need to pursue greater efficiency in waste management, enabling investments in Waste-to-Energy, particularly in geographic areas with an infrastructure gap, such as, for example, Central and Southern Italy.

CDP does not support Projects that (i) do not adopt the BAP and that (ii) do not provide for the installation of new plant capacity in macro-areas with a plant gap or that do not directly serve areas with a plant gap.

Furthermore, CDP considers in a particularly positive way Projects that provide for a plant structure such as to:

- maximise energy efficiency by providing a cogeneration system;
- mitigate CO_2 emissions by providing for the start-up - even at a pilot scale - of plant sections to capture and possibly reuse the carbon dioxide produced (Carbon Capture Utilization and Storage);
- also allow for sludge from waste water treatment plants to be input in such a way as to limit its disposal in landfills and to maximise energy recovery with the aim of targeting, together with material recovery, levels of efficiency improvement in the management strategy that are environmentally and economically sustainable;
- strengthen material recovery from combustion ash in the interests of a circular economy.

[29] Directive (EU) 2018/851 of the European Parliament and of the Council of 30 May 2018 amending Directive 2008/98/EC on waste.
[30] Directive (EU) 2018/850 of the European Parliament and of the Council of 30 May 2018 amending Directive 1999/31/EC on the landfill of waste.

4.8 Energy Efficiency Sector

Heating buildings and industrial energy consumption represent approximately 40% of direct greenhouse gas emissions (scope 1) in Italy[31]. Most of these emissions are attributable to domestic heating and the so-called 'hard to abate' sectors, such as the paper, steel and chemical industries. This is a critical aspect for reducing consumption and for lowering emissions. National and European regulations (the National Recovery and Resilience Plan - PNIEC, the Energy Performance of Buildings Directive - EPBD, the Emissions Trading Scheme - ETS) provide for ambitious goals in terms of improving energy efficiency.

As indicated in the Strategic Guidelines, investments in the energy efficiency sector are considered functional for an energy transition towards a climate-neutral impact system. Specifically, CDP ascribes the greatest development opportunities to the civil sector, linked both to building redevelopment interventions - converting buildings into Nearly Zero Energy Buildings (nZEBs) - and the diffusion of new technologies to improve energy efficiency, as an example and without limitation, district heating and heat pumps.

With regard to the construction of new buildings, CDP supports Projects that:

- for Italy and the EU, are in line with the EPBD[32], which provides for the construction of new buildings that are nZEBs;
- for the OECD area, have an energy efficiency class at least equal to class B;
- for the non-OECD area, adopt sustainability standards in social settlements in low-income areas, according to the local logistical and infrastructural characteristics.

With regard to Projects concerning the redevelopment of existing buildings, CDP requires an energy efficiency improvement certification obtained through an Energy Performance Certificate (APE) and/or an energy audit.

CDP considers in a particularly positive way Projects that provide for:

- the improvement of the energy efficiency class by two or more classes;
- simultaneous anti-seismic interventions;
- positive effects on the social dimension, particularly the reduction of energy poverty.

In addition to the civil sector, CDP sees ample room for gradual improvement in energy efficiency in the industrial sector. For small and medium-sized enterprises, access to suitable financing products needs to be facilitated and internal energy-related skills need to be expanded. For large enterprises, particularly those operating in hard-to-abate sectors, it is essential to promote investments in new technologies such as, by way of example and without limitation, hydrogen, CCUS systems, and solutions aimed at electrification and process efficiency (e.g., the use of electric arc furnaces (EAF) for producing green steel from scrap).

With regard to the industrial sector, CDP provides for the exclusion of new interventions to improve energy efficiency, modernise or expand existing production capacity that do not adopt the Best Available Practices. Moreover, energy savings must be certified and measurable and, in the event of an increase in production capacity, additional efficiency improvement measures must be implemented (on existing processes or with offsets), so as to reduce energy consumption per unit of product of the pre-intervention site.

4.9 Hydrogen Sector

Today, in Italy, almost all of the hydrogen produced is done through thermochemical processes using fossil fuels (grey hydrogen). Most of the hydrogen produced is destined for captive power plants in petrochemical industries, which use this energy carrier as a raw material (feedstock) in their own production processes.

CDP's Strategic Guidelines promote hydrogen decarbonisation processes through the use of CCUS technologies (blue hydrogen) and through production using renewable energy sources (green hydrogen), in order to accelerate market growth, in terms of both demand and supply.

[31] Industrial Decabonization Pact, 2022
[32] The EPBD is a legislative framework designed to improve the energy performance of buildings.

CDP does not support Projects for the production of hydrogen derived from fossil fuels (so-called grey hydrogen) for uses that are not captive.

For all other uses, CDP only supports interventions for the production of hydrogen derived from fossil fuels which involve the use of CCUS technology, capturing at least 80% of the CO_2 generated.

CDP considers in a particularly positive way initiatives to produce and use hydrogen from renewable sources.

5. ROLES AND RESPONSIBILITIES

In the light of the context outlined, the roles and responsibilities of the various parties involved – in compliance with the regulatory and organisational system and with company powers and internal delegations – are defined below:

Board of Directors

- approves this document, as well as any non-formal revision and the possible repeal thereof, on an exclusive and non-delegable basis;
- assesses whether it is also appropriate to intervene in Financing/Investment operations in the areas excluded from this document, approving any exceptions or interventions by way of derogation, as indicated in Section 3, "Scope of Application".

Risk and Sustainability Committee

- issues an opinion to the Board of Directors on this document and on any revisions;
- issues specific opinions on any intervention in the excluded sectors and on any derogations.

Chief Executive Officer

- proposes to the Board of Directors the approval of this Policy, as well as any changes;
- continuously supervises, receiving information flows for this purpose, the application of this Policy, thus ensuring an organisational structure appropriate for the objective.

Administration, Finance, Control and Sustainability Department

- ensures the development of proposals to update this document, in coordination with other relevant units, in compliance with the Strategic Guidelines defined from time to time, while providing ongoing advisory support on its interpretation;
- ensures the monitoring and reporting of objectives and sustainability indicators;
- oversees the dialogue with the ESG rating agencies in order to acquire information and content aimed at contributing to the improvement of this document.

Public Administration Department

- contributes in coordination with the Administration, Finance, Control and Sustainability Department to updating this Policy;
- ensures, in collaboration with the relevant units, the proper implementation of this Policy by assessing the consistency of CDP's various lines of intervention with the principles defined herein, including compliance by projects with sector Best Available Practices and the identification of excluded countries under the "Country Criteria," while jointly contributing to necessary adjustments to the contractual framework;
- ensures during investigations, in cooperation with the competent Business Units, that social, environmental, and economic impacts are in line with expectations, addressing any discrepancies, partly through the establishment of mitigation measures.

Sector Strategy and Impact Department

- ensures the definition and the proposals for updating the Strategic Guidelines in the Energy Sector that address the intervention priorities aimed at bridging the market/socio-economic gaps;
- ensures, as part of the ex-ante sustainability and impact assessment, the identification of the relevant sustainability issues connected with the sectors covered by this Policy, within the sustainability impact assessment of the transaction in support of the competent functions.
- ensures, in cooperation with the competent structures, the periodic monitoring of the impact generated by the initiatives put in place by CDP, collecting the data necessary to carry out the ex-post evaluation;
- ensures the ex post evaluation of the aggregated impact and by clusters of projects actually generated by the initiatives undertaken by CDP.

Business and International Cooperation & Development Finance Departments

- ensures, also by leveraging the necessary support from the Public Administration Department, compliance with the principles set out in this document in Financing/Investment operations, including guiding origination activities toward transactions consistent with this Policy and with the General Responsible Lending and Investment Policies;
- ensures, where necessary, acquisition from the counterparty of the data and information useful for carrying out the analyses referred to in this document;
- manages, together with the counterparties, any inconsistencies with respect to expectations of social, environmental, and economic impacts, as a result of the ex-post evaluations carried out by the competent structures;
- submits to the Board of Directors for approval all operations for which exceptions apply, in accordance with the provisions of this Policy.

Investment Management, People, Transformation, and External Relations Department

- ensures, with the necessary support of the Administration, Finance, Control and Sustainability Department and/or the Public Administration Department, that the principles set out in this document are complied with in Investment transactions, including by guiding origination activities towards transactions consistent with this Policy and CDP's General Responsible Investment Policy;
- ensures, where necessary, acquisition from the counterparty of the data and information useful for carrying out the analyses referred to in this document;
- submits to the Board of Directors for approval any transactions involving exceptions, as specified in this Policy;
- contributes to identifying relevant issues useful for defining the strategic priorities, through constant dialogue with the relevant stakeholders;
- oversees, in collaboration with other relevant structures, the dialogue with civil society to acquire, monitor and guide policy on issues relevant to the definition of the contents of this document;
- ensures appropriate awareness-raising and training initiatives with regard to this document.

Risk Department

- ensures second-level monitoring of risks (of competence), in compliance with the principles of the General Risk Policy, the Group Assessment of Reputational Risk Policy, the Anti-Money Laundering Policy and the Anti-Money Laundering Anomaly Indicators Regulation;
- ensures the assessment of ESG risks, which complements and completes the ex-ante sustainability assessment.

Internal Audit Department

- ensures third-level monitoring, based on the Regulations approved by the Board of Directors and according to a risk-based approach, assessing the completeness, adequacy, functionality (in terms of effectiveness and efficiency) and reliability of the internal control system as applicable to business processes;
- promptly reports critical issues identified during audits to the relevant company structures and periodically monitors the correct implementation of the resulting mitigation actions.

6. TRANSPARENCY AND ACCOUNTABILITY

CDP, recognising the value of transparency and continuous dialogue with its customers, investors, rating agencies and civil society organisations, in order to understand their legitimate expectations, undertakes to ensure continuous and transparent reporting.

To this end, CDP publishes annually on its website sustainability reporting in accordance with the European Sustainability Reporting Standards, as required by the Corporate Sustainability Reporting Directive.

This document is available on CDP's website.

7. ANNEXES

CDP, recognising the value of transparency and continuous dialogue with its customers, investors, rating agencies and civil society organisations, in order to understand their legitimate expectations, undertakes to ensure continuous and transparent reporting.

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This document is available on CDP's website.

7.1 Glossary

- **Paris Agreement:** the Paris Agreement is a legally binding international treaty on climate change, which came into effect in 2016. Its goal is to limit global warming to well below 2, preferably to 1.5, degrees Celsius, compared to pre-industrial levels. To achieve this long-term temperature goal, countries aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by mid-century.
- **UN 2030 Agenda[33]:** plan of action for people, the planet and prosperity signed in September 2015 by the governments of the 193 UN Member Countries. It incorporates 17 Sustainable Development Goals (SDGs) in a major agenda for action with a total of 169 targets.
- **Best Available Practices (BAPs):** the set of the best actions for ensuring (i) the substantive alignment of the main plant solutions to the best available techniques (BATs) on the global market; (ii) the adoption of operational and management procedures that are consistent with the best market practices in terms of safety; (iii) technical and managerial capabilities to ensure compliance with environmental and safety standards.
- **Best Available Techniques (BAT):** the best technological and management standards provided for by local legislation in the countries in which the initiatives are located, by relevant international standards (e.g. International Finance Corporation / Equator Principle) for export/international financing operations, by BAT reference documents (BREFs) in a European context or by the best commonly accepted market standards.
- **Carbon Capture, Utilization and Storage (CCUS):** technologies for capturing, utilising and storing CO_2, including CO_2 that is generated by industrial processes and combustion techniques.
- **Counterparty:** the Beneficiary Company receiving the Financing or the Investment. In the case of operations: (i) for exports, the Counterparty includes both the promoting/exporting company and the borrower; (ii) for project financing, the Counterparty includes both the borrower/SPV and the shareholders of the latter who individually or collectively hold a majority stake (at least 51% of the capital).
- **Downstream:** oil transformation activities (refining), logistics (depots and pipelines) and retail distribution activities (fuel sales points).
- **Environmental, Social and Governance (ESG):** the environmental, social and governance factors which qualify a financial activity as sustainable.
- **Financing/Lending:** without prejudice to other applicable internal and/or Group regulations, for the purposes of this document the term refers to the use of funds for general or specific purposes, carried out through any technical form permitted by law and by CDP's Articles of Association, using both own resources and third-party funds, at domestic and international level, including bond issues, revolving credit facilities, the acquisition of corporate receivables and the provision of guarantees[34].

[33] https://unric.org/it/agenda-2030/

[34] For information on the Financing Transactions to which this Policy applies, please refer to paragraph "Scope by Type of Transaction".

- **Unconventional fossil fuels:** sources of Unconventional oil and Unconventional gas.
- **Renewable sources:** in accordance with European Directive 2018/2001, energy from renewable energy sources includes wind, solar (thermal and photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogas.
- **Unconventional gas:** sources of gas present in low permeability clay or rocky formations. This category comprises: natural gas present in clay formations (Shale Gas); natural gas present in low permeability clastic deposits (Tight Gas); natural gas present in coal deposits (Coal Bed Methane).
- **CDP Group:** Cassa Depositi e Prestiti S.p.A. and Companies subject to management and coordination by CDP S.p.A. pursuant to Articles 2497 and following of the Italian Civil Code.
- **Investment:** without prejudice to the other related internal and/or Group regulations, for the purposes of this document this term refers to investment activity carried out both through direct investments (investments in shares, units and/or securities representing the risk capital of companies, participating financial instruments in companies, and other instruments, including hybrid instruments, similar in economic substance to the above, both domestically and internationally, as well as real estate investments) and through indirect investments (investments in units of debt and equity investment funds or fund-of-funds managed by Asset Management Companies (SGR), and holdings in other UCITS (Collective Investment Undertakings), both domestically and internationally), using both own funds and third-party funds[35].
- **Midstream:** for the purposes of this document, refers to transportation, intermediate logistics, and storage activities for oil and gas.
- **Nature-Based Solutions (NBS):** solutions inspired and supported by nature, economically advantageous, delivering simultaneous environmental, social, and economic benefits while enhancing resilience. These solutions introduce more numerous and diverse natural elements and processes into cities, terrestrial landscapes, and marine environments through systemic interventions that are resource-efficient and adapted to local contexts.
- **Sustainable Development Goals (SDGs):** 17 goals agreed by the United Nations that aim to achieve a total of 169 targets relating to economic and social development, including poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, urbanisation, the environment and social equality.
- **Unconventional oil:** oil resources present in low permeability rocky deposits, the exploitation of which involves the use of specific recovery technologies. Shale Oil and Tar Sands (oil sands) belong to this category.
- **Net Zero by 2050 Plan:** the set of actions and interventions, defined by the Counterparty/by the group it belongs to, aimed at contributing to the achievement of the Paris Agreement goals through which organisations aim to have their activities carbon neutral by 2050. For the purpose of applying this sectoral Policy, implementing the plan must be plausible, clearly specifying the implementation levers and the intermediate milestones.
- **Strategic Plan:** CDP's 2025-2027 Strategic Plan, approved by CDP's Board of Directors at its meeting of 19 December 2024, including any subsequent updates.
- **Project:** for the purposes of this document, this is the subject of the "specific purpose financing/project financing" and/or of the Investment, clearly identifiable as an asset and/or activity.
- **Repowering:** for the purposes of this document, this is the increase in the power and productivity of a plant and the modification of its components without acting on the entire plant.
- **Revamping:** for the purposes of this document, this is all the maintenance and technological modernisation activities carried out on a plant in order to maintain performance and/or extend its useful life.
- **Revenues:** the revenues referring to the group to which the Counterparty belongs.
- **Energy Sector:** all the forms of energy products, fossil fuels, heat, renewable energy, electricity or any other form of energy, as defined in Article 2, letter d) of Regulation (EC) 1099/2008 of the European Parliament and of the Council of 22 October 2008. Within this document, that which is defined by Article 2 of the regulation is considered throughout the entire life cycle, referring to all the economic activities ascribable to energy, which include: the procurement of raw materials (coal, oil, etc.), the production of renewable and non-renewable energy, the sectors associated with the collection, transformation and production of fossil fuels, the distribution and transmission, and the end-of-life management and decommissioning of plants.
- **Upstream[36]:** refers to exploration, extraction, and production activities for crude oil and natural gas, including the sale or trade of oil and gas.

The first issued Policy was approved by the Board of Directors on 23 February 2023, while this update was approved by the Board of Directors on 18 December 2025.

[34] For information on the Financing Transactions to which this Policy applies, please refer to paragraph "Scope by Type of Transaction".
[35] For information on the Investment Transactions to which this Policy applies, please refer to paragraph "Scope by Type of Transaction".
[36] For the purposes of this document, in the case of coal, this also includes transportation and intermediate logistics activities.