Consolidated Non-Financial Statement of the CDP Group

pursuant to Legislative Decree 254/16

2018

cassa depositi e prestiti

since 1850

We invest in the Italy of tomorrow

Contents

Consolidated Non-Financial Statement of the CDP Group 2018


Letter to the Stakeholders

In a constantly evolving global and national environment, new challenges are emerging concerning the relationship between the economy and the environment, between technology and the labour market, between advanced and emerging countries, and between old and new generations. To deal with the complexity of these scenarios, the Cassa depositi e prestiti Group, through the new Business Plan, has decided for the first time to direct its strategic and operational approach towards the principles of Sustainable Development, which now represents an unavoidable horizon not only for institutions, but also for enterprises, the general public and the financial sector. A holistic approach to the future of mankind and the planet we all live on. For the Group, this is not a question of becoming aware of the issue of social and environmental impact, but of directing its awareness more effectively. Indeed, for over 160 years, CDP has been committed to supporting investments that can produce positive outcomes for the entire community in order to stimulate the processes of economic growth and increase the competitiveness of our country, fully in accordance with the paradigm of "creating shared value".

This new direction aims to supplement the process of creating economic and financial value, with an increasing focus on the benefits and outcomes that are produced for the communities and local areas in which we operate. This approach has always been built in to the nature of the Group's activities and will increasingly be the foundation for our commitment, in the knowledge that we play a key role as a promoter of development and a driver of sustainable and inclusive growth in our country.

The Group's DNA and mission are made up of a delicate balance. First of all, we are responsible for postal savings, the main source of our funding, to protect the 26 million people who consider Postal Savings Bonds and Savings Passbooks to be secure and reliable instruments. This responsibility is expressly stated in our Articles of Association and commits us to paying the utmost attention to the economic and financial stability of our investments. At the same time, we have a responsibility to use funds from postal savings to target actions that can have a significant impact on our economy and society in the long term.

Our constant commitment to managing postal savings as a means of social and financial inclusion, is accompanied by the objective of increasingly including social and environmental considerations in investment decisions, in order to contribute to the achievement of the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda and, more generally, to creating a model of responsible development, to protect the environment and social cohesion of the local areas in which the Group operates. For the Group, sustainability is the "bridge" that unites our historic role of enhancing the savings of Italians in support of the real economy with the most innovative challenges of the present and future of our country.

The new 2019-2021 Business Plan provides not only a new strategic horizon, but also concrete objectives to be pursued: over 110 billion euro of our own resources for the economic growth and sustainable development of Italy and over 90 billion euro of additional resources from private investors and other local, national and international institutions. This will be accompanied by a process of integrating sustainability into the organisation of the Group, by creating an organisational structure dedicated to the implementation of this new approach.

The achievement of this ambitious project will require a paradigm shift. In assessing investments, sustainability will be an integral part of the analysis, strategy and allocation of resources. This approach will require the gradual introduction of environmental, social and governance (ESG) criteria into our financial analysis, with the implementation of a methodological approach that will enable us to consider sustainability both in the phases preceding the investment (ex-ante) and in the subsequent phases (ex-post). The model will also require the ability to measure the impact generated by our most significant initiatives, alignment with set targets and monitoring of the results.

We are convinced that the path we have chosen to take is ambitious. However, it is an unavoidable path that has already fully involved other institutions, civil society and the private sector, and that will allow the Group to become the true driving force for the sustainable development of our country by supporting local areas and communities.

Fabrizio Palermo
CEO and General Manager
of CDP S.p.A

Massimo Tononi
Chairman of CDP S.p.A

Highlights

The Cassa depositi e prestiti Group for:

Italy's economic development

net income

4.3 **bn euro** *

36 bn euro of total new lending and investments

6 bn euro in support of P.A. and infrastructure development

over **20** bn euro in support of exports and international expansion

9 bn euro in support of enterprises

300 mn euro in support of real estate

Our people

2,121
No. of employees

97%
permanent employees

51,068 hours of training provided to employees

"2019 Top Employer"
Certification

** Figures refer to 2018 Consolidated Financial Statements.*

Communities

20,000
social housing units
and 8,500 beds by 2020

"Enterprise of Excellence"
Award for urban transformation work

~1.5 bn euro
for school building in the three-year period 2018-2020

Environment

-3%
of direct energy consumption

-3.3%
of greenhouse gas emissions intensity

7 **Funds managed**
for the promotion of environmental sustainability

Methodological note

Overview

In compliance with Legislative Decree 254/2016, this document represents the 2018 Consolidated Non-Financial Statement (below the "NFS") of the Cassa depositi e prestiti Group (below the "Group"). This document was approved by the Board of Directors of the Parent Company, Cassa depositi e prestiti S.p.A., on 28 March 2019, and subsequently distributed to the Shareholders' Meeting together with the consolidated financial statements. This document has been subject to a specific audit. The report on the 2018 NFS, prepared by PricewaterhouseCoopers, is contained in the attachments to this document.

Content and Scope

Following the appointment of the new Board of Directors and in the light of the adoption of a new 2019-2021 Business Plan in December 2018, it was decided, for the purposes of publication of this document, not to update the materiality matrix, which will be subject to a new analysis in 2019. A principle of compliance with the relevant legal provisions has therefore been used as the criterion for selecting the topics to be reported. This document contains the information required by Article 3, paragraph 1 and paragraph 2 of Legislative Decree 254/2016, clearly identified in the table on page 72, as well as other supplemental information voluntarily disclosed on the basis of a general principle of maximum transparency and with the aim of ensuring an understanding of the Group's business, performance and results and of the impact it generates.

The figures are compared with those for previous years. The quantitative indicators have been taken directly from the databases of the Group Companies and aggregated by the Parent Company to provide an overall representation of the economic, social, environmental and governance performance.

The Group is divided into the following operating segments:

- Support to the economy: pursued by the Parent Company CDP S.p.A.;
- International expansion: pursued by the SACE Group;
- Other segments: represented by companies subject to management and coordination, excluding those scoped into the international expansion segment and those that do not hold equity investments, which are instead included in the segment "companies not subject to management and coordination". Thus, this segment includes CDP RETI, Fintecna, CDP Equity (or "CDPE"), FSI Investimenti, FSIA Investimenti, CDP Investimenti SGR (or "CDPI SGR"), the funds FIV Plus and FIV Extra, and CDP Immobiliare;
- Companies not subject to management and coordination: consisting of several fully consolidated companies (Snam, Terna, Italgas, and Fincantieri) and others consolidated at equity (ENI, Poste Italiane, SAIPEM, Ansaldo Energia, SIA, Open Fiber, Kedrion, IQ Made in Italy, Valvitalia, Trevi Finanziaria Industriale, Inalca, and Rocco Forte Hotels), as well as the other associate companies and joint ventures.

The NFS needs to show the consistency of aspects tied to the operational model connected with the exercise of management and coordination powers over the companies scoped into the reporting boundary. Legislative Decree 254/16 requires consistency between the business model, policies, risks connected with significant areas, and the impacts generated on those areas. Such aspects can only be reported and considered consistent if powers of management and coordination are exercised by the Parent Company over consolidated companies. In this case, therefore, the companies Terna, Fincantieri, SNAM, and Italgas, which are all major public-interest entities in their own right and over which CDP does not exercise powers of management and coordination, cannot be included in the scope of the Group NFS because they do not share with the Parent Company a common business model, policies, risk management models and tools, or common objectives and outcomes in the areas material to each of them.

Similarly, for several companies that do not have their own staff, it has been judged that the risks they face and the outcomes and impacts they produce are not material, or non-existent, for the areas identified by Article 3(1) of Legislative Decree 254/16. Accordingly, they have also been excluded from the reporting scope of the NFS for 2018. However, their exclusion does not compromise the reporting of the Group's performance as required by Article 3(1) of the Decree (nevertheless, key qualitative information has been presented for the investment companies concerned).
The companies or groups of companies included in the reporting scope of the NFS are listed below:

Company or Group consolidated on a line-by-line basis	Note on any exclusions	Operating segment in accordance with IFRS 8 Operating Segments
CDP S.p.A.		Support for the economy
SACE	The SACE Group has been scoped into the NFS excluding the companies over which it does not exercise control.	International expansion
Fintecna group	The Fintecna Group has been scoped into this report excluding the companies over which it does not exercise control and the investment company XXI Aprile, which has no staff.	Other segments
CDP Immobiliare group	The CDP Immobiliare Group has been scoped into this report excluding the companies over which it does not exercise control and the in-vestment company Residenziale Immobiliare 2004, which has no staff.	Other segments
Simest S.p.A.[1]		International expansion
CDP Equity	CDP Equity has been scoped into this report excluding the companies over which it does not exercise control and the investment companies FSI Investimenti and FSIA Investimenti, which have no staff.	Other segments
CDPI SGR		Other segments
Fondo FIV Plus	Entity scoped into this report only as concerns limited information of a qualitative nature, as it is without its own staff.	Other segments
Fondo FIV Extra	Entity scoped into this report only as concerns limited information of a qualitative nature, as it is without its own staff.	Other segments
Fondo Investimenti per il Turismo	Entity scoped into this report only as concerns limited information of a qualitative nature, as it is without its own staff.	Other segments
FT1	Entity scoped into this report only as concerns limited information of a qualitative nature, as it is without its own staff.	Other segments
FIA 2	Entity scoped into this report only as concerns limited information of a qualitative nature, as it is without its own staff.	Other segments
CDP RETI		Other segments

(1) Since 2017, the figures for Simest have been consolidated in the SACE Group, following the company's acquisition on 30 September 2016.

The reporting period is the year 2018: all the data refer to the year ended 31 December 2018 and a description has also been provided of the significant changes that have taken place since then. This is an annual publication and the previous edition, referring to the financial year 2017, was published in April 2018. The data are reported in a time series referring to the years 2017 and 2016, in order to enable comparison between the performance of the year 2018 with the performance for the previous years.

Applicable Standards

The reporting is based on the "Referenced" option of the GRI Sustainability Reporting Standards published in October 2016 by the GRI-Global Reporting Initiative. This document has been prepared in accordance with the principles proposed by the Global Reporting Initiative, namely: balance, comparability, accuracy, timeliness, clarity and reliability.

Document structure

This document is divided into five main sections:

- **IDENTITY AND PROFILE** – presenting the values and mission of the Company, the structure of the Group and a summary of the activities carried out.
- **THE BUSINESS MODEL** – describing the business model, with a focus on the management of relations with stakeholders and a description of the Group's approach to sustainability.
- **GOVERNANCE AND RISK MANAGEMENT** – describing the governance model and the main risks generated and incurred, with summary information on how they are managed;
- **ECONOMIC VALUE GENERATED BY THE GROUP** – describing the Group's performance with specific regard to the generation of economic value for the country;
- **SUSTAINABLE MANAGEMENT OF THE BUSINESS** – describing the Group's sustainability performance along its entire value chain, through qualitative and quantitative indicators.

In addition to the report of the independent auditors, the attachments also contain the correlation table of Legislative Decree 254/2016 - GRI Standards, which contains the Standards associated with the minimum disclosure items.

The contact for information on this document is:
sostenibilita@cdp.it

1. Identity and profile

1.1 Role and mission of the Cassa depositi e prestiti Group

"We foster the development of the country, using responsibly national savings in order to support growth and boost employment, leveraging on innovation, business competitiveness, infrastructure and local development".

The Cassa depositi e prestiti Group (the "Group") works to support Italy's growth and deploys its resources, mainly funded through Postal Savings (savings bonds and passbook accounts), in accordance with its institutional mission, as:

- a leader in the financing of public sector investments;
- a catalyst for infrastructure development;
- a key player in supporting the Italian economy and national enterprise;
- an operator supporting exports and the international expansion of enterprises and international cooperation.

In particular, the Group works in favour of local development, by financing investments by the public administration, supporting policies for maximising the value of the real estate assets of local authorities, investing in social housing, and supporting energy efficiency policies. In its role as a catalyst for infrastructure development, the Group uses corporate financing and project finance to support projects, public-interest works, and enterprises for investments aimed at the provision of public services. This role is also carried out through the direct acquisition of equity investments in infrastructure companies and the subscription of units of national and international infrastructure equity funds. The Group also uses debt and equity instruments to provide support to strategic domestic companies and small and medium-sized enterprises (SMEs), in order to foster their growth, capital strengthening, efficiency, international expansion and investment in research and development.

In 2015, the Italian government and the European Union assigned CDP S.p.A. ("CDP") the role of National Promotional Institution. This new role allows the Group to expand its scope of activities, by becoming the entry point for the funds from the Investment Plan for Europe (commonly referred to as the "Juncker Plan"), as well as its role as financial advisor to the public sector for the use of national and European funds.

This role is not just limited to the Juncker Plan, but, through the new Business Plan, it is also performed through the promotion of the drivers of growth in Italy. In particular, the Plan's strategic focus includes areas related to innovation, technological progress, energy transition and climate change, as well as the international expansion of the production system. The role of promotion is being performed with increasing attention to enterprises and their process of growth at national and international level, also thanks to the strengthening of the SACE-Simest Export Hub.

From January 2016, CDP S.p.A. also took on the role of Financial Institution for International Development Cooperation, to become a major player in the strategy for the promotion of sustainable development on a global scale.

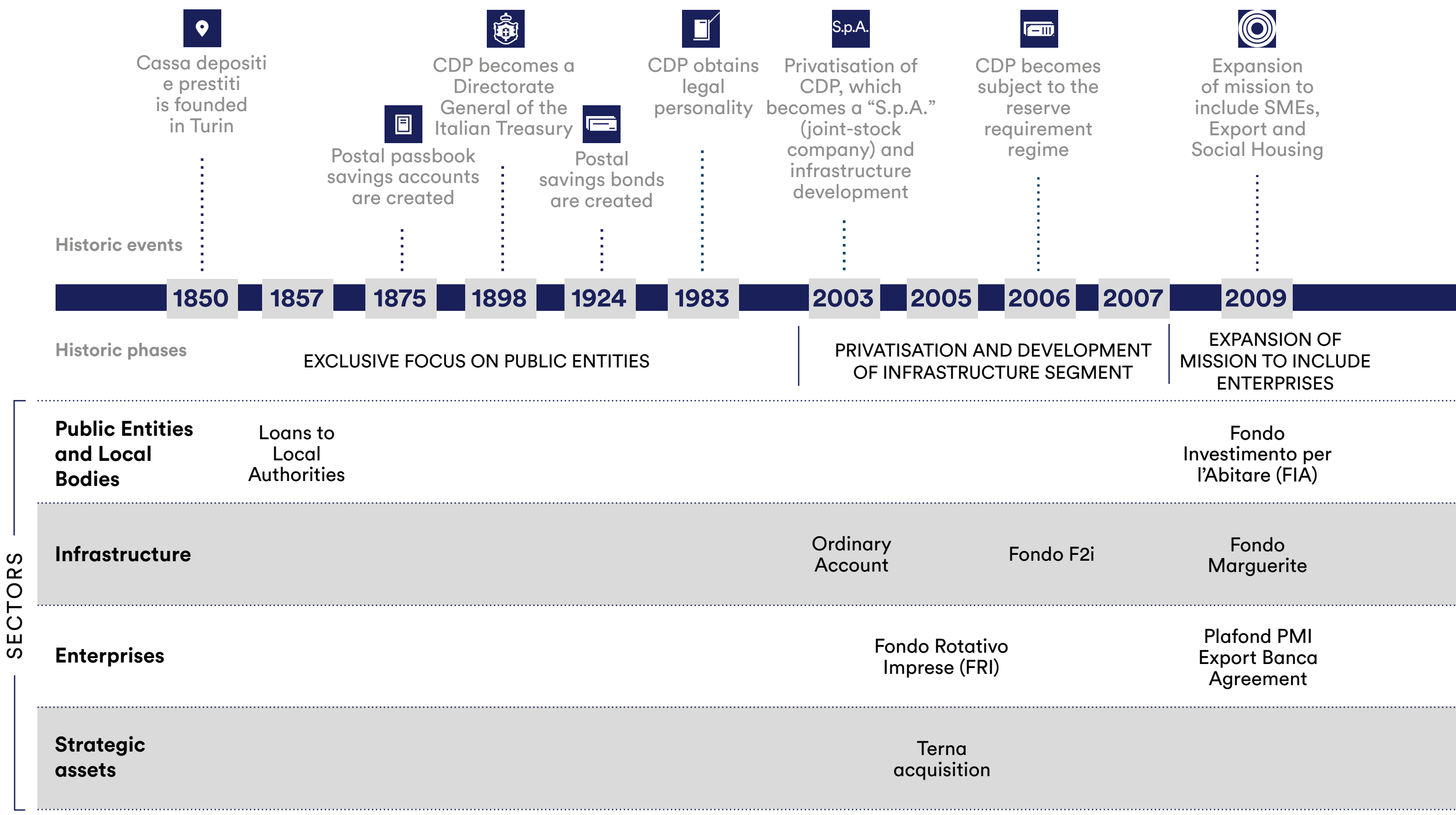
In addition to managing public funds linked to International Cooperation (in particular, the Revolving Fund for Development Cooperation), CDP has been authorised to make its own funds available to channel additional financial resources that can contribute to increasing Italy's support for developing countries, also with a view to achieving the objectives of the United Nations 2030 Agenda.

Focus

Cassa depositi e prestiti: 160 years serving the country

Cassa depositi e prestiti was established in 1850 as an agency for the protection and management of postal savings, investment in works of public utility and the financing of the State and public entities. Over time, its scope of activities has widened significantly, with the focus shifting from local authorities and postal savings (1850-2003), to infrastructure development (2003-2009), to the strengthening of the business sector, exports, international expansion and equity instruments (2009-2016), to Financial Institution for International Development Cooperation (2014), to becoming a National Promotional Institution in 2015.

In 2003, the transformation of Cassa depositi e prestiti into a società per azioni (joint-stock company) gave a significant boost to the progressive expansion of its scope of action. In 2012, with the acquisition of SACE, Simest and Fintecna, the Group consisting of CDP and the Companies subject to its management and coordination was established.



2010 – CDP adopts a new operating approach

2011

2012 – The CDP Group is created

2013

2014 – CDP becomes the new Italian financial institution for development cooperation

2015 – CDP becomes National Promotion Institution

2016 – 5-years new Business Plan. Poste Italiane becomes part of CDP Group

2017 – Agreement with Poste Italiane for the postal savings service

First "social" bond issue

2018 – Approval of the new 2019-2021 industrial Plan

TRANSFORMATION AND DEVELOPMENT IN GLOBALISATION AND VENTURE CAPITAL

2010	2011	2012	2013	2014	2015	2016	2017	2018
	European Energy Efficiency Fund (EEEF)	Fondo Investimenti per la Valorizzazione (FIV)	Advances on General Government trade payables			Fondo Investimenti per il Turismo (FIT)	Suburban areas Redevelopment Loan	
Inframed Infrastructure Fund							Juncker Large Infrastructure Platform	
Fondo Italiano d'Investimento (FII)	Fondo Strategico Italiano Fondo Kyoto	Fintecna, SACE, Simest acquisitions	FSI Investimenti JV Qatar/FSI per il Made in Italy	Funds to support economy FII - Private Debt FII - Venture Capital		Equity investments in OpenFiber, EFSI SMEs platform	Plafond to support Central Italy territories hit by 2016 earthquake. New CDP Corporate Investment Platform	
Equity investment in ENI		Fincantieri, Snam acquisitions				Equity investment in Saipem Italgas spin-off		

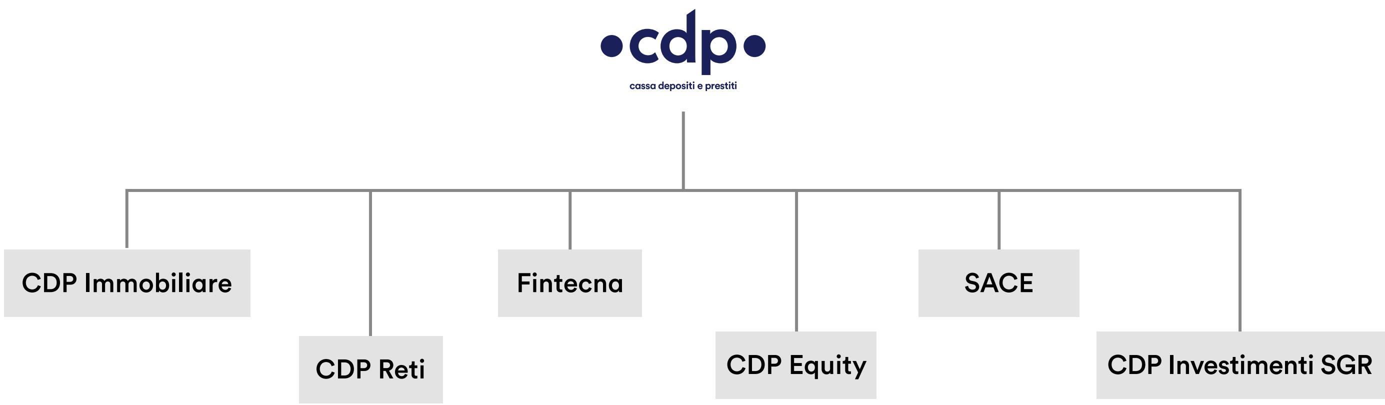
1.2 The structure of the Group

In addition to the parent company CDP, the Group includes the Companies subject to management and coordination and their subsidiaries and associates. CDP is also a major shareholder in listed and unlisted companies and holds significant investments in private equity funds.

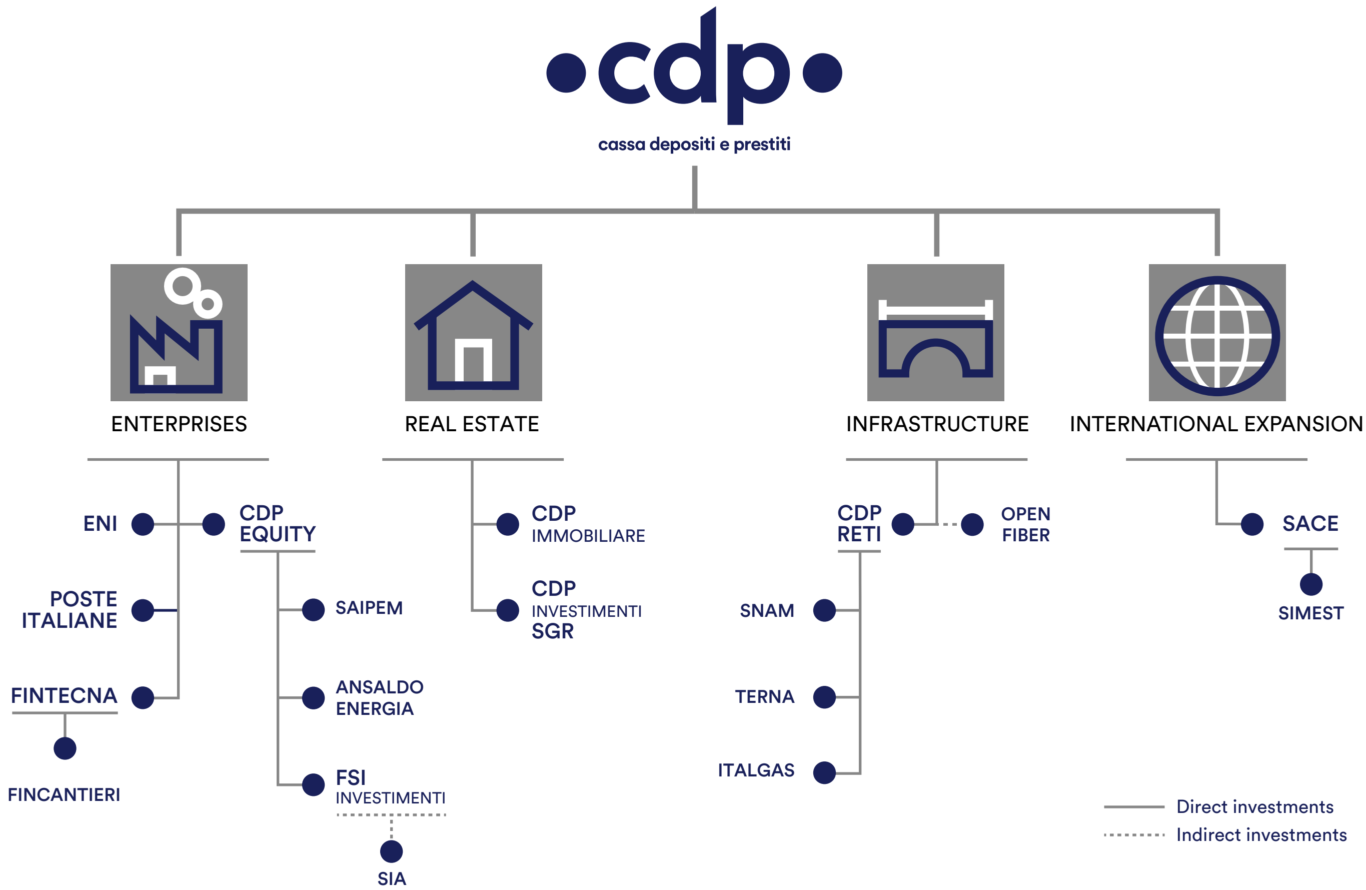
Further information on the Group's equity investments can be found in the 2018 Financial Report and on the website in the "Company Info" section.

More specifically, CDP, in the interests of the Group, manages and coordinates CDP Equity, CDP Immobiliare, CDP Investimenti SGR, CDP RETI, Fintecna and the SACE Group (SACE and Simest), in order to align the actions and activities carried by the subsidiaries and by CDP.

Companies subject to management and coordination



Simplified structure of the CDP Group



Other investments

- European Investment Fund
- FoF Private Debt
- FoF Venture Capital
- Fondo 360 PoliMi
- Fondo Atlante
- Fondo Caravella
- Fondo Credito Diversificato per le Imprese
- Fondo FII Tech Growth
- Fondo Innovazione e Sviluppo
- Fondo Italiano d'Investimento FII Venture
- Fondo Italiano d'Investimento Fondo di Fondi
- Fondo Progress Tech Transfer
- Fondo QuattroR
- Fondo Sofinnova Telethon
- FSI I (formerly FSI Mid Market Growth Equity Fund)
- Hicrescita PMI
- Istituto della Enciclopedia Italiana fondata da Giovanni Treccani
- Italian Recovery Fund (formerly Fondo Atlante 2)
- Oltre II SICAF EuVECA
- TIM
- Vertis Venture 3 Technology Transfer

- Fondo Federal District
- Fondo FIA 2
- Fondo Investimenti per il Turismo (FIT)
- Fondo Investimenti per l'Abitare (FIA)
- Fondo Investimenti per la Valorizzazione (Comparto Extra, Comparto Plus)
- Fondo Immobiliare di Lombardia - Comparto Uno

- 2020 European Fund for Energy Climate Change and Infrastructure (Fondo Marguerite)
- Connecting Europe Broadband Fund, Sicav FIAR
- European Energy Efficiency Fund
- F2i - Fondi Italiani per le Infrastrutture SGR
- F2i - Secondo Fondo Italiano per le Infrastrutture
- F2i - Terzo Fondo per le Infrastrutture
- Fondo PPP Italia
- Inframed Infrastructure
- Istituto per il Credito Sportivo
- Marguerite II SCSp (Fondo Marguerite II)

CDP is a publicly-controlled joint-stock company, with registered office in Rome at Via Goito 4, whose shareholder structure is composed of: the Ministry of the Economy and Finance, which holds 82.77% of the shares, Bank Foundations with 15.93%, and the remaining 1.30% consisting of treasury shares.

The main activities carried out by Group Companies subject to management and coordination that work in synergy with CDP S.p.A. to support the country's development are described below.

CDP Equity

CDP Equity S.p.A. ("CDPE") is a holding company of the Cassa depositi e prestiti Group which:

- invests in Italian enterprises of significant national interest over a long-term horizon;
- acquires mainly minority interests in financially stable companies;
- injects growth capital into its investee companies and requires active governance rights;
- provides patient capital to listed companies or companies that have the objective of listing in the medium term.

CDPE's scope of operations, defined by Ministerial Decree 8/5/2011, as updated by Ministerial Decree 2/7/2014, requires CDPE to invest in:

- companies active in the following strategic sectors: defence, security, infrastructure, transport, communications, energy, insurance and financial intermediation, high-technology research and innovation, public services, tourism and hotels, agrifood and distribution, and management of cultural and artistic heritage;
- companies active in other sectors with an annual net turnover of no less than 300 million euro and an average number of employees of no less than 250. There is 20% derogation from these figures if the company conducts a business with significant downstream activities and benefits for the Italian economic and production system.

CDPE can also invest in companies operating in the strategic sectors listed above that are based outside Italy but have a turnover within Italy of no less than 50 million euro and an average number of employees of no less than 250.

As at 31 December 2018, CDPE's portfolio, held directly and indirectly, consisted of 11 investees: Kedrion (biopharmaceutical), Ansaldo Energia (energy machinery); Valvitalia (production of components for the energy sector), SIA (infrastructure and IT for the financial sector), Trevi Group (engineering and mechanics for construction and energy), Inalca (food and food distribution); Rocco Forte Hotels (tourism and hotels), Saipem (engineering, construction and drilling for the energy sector), Open Fiber (telecommunications infrastructure), BF (cultivation and sale of agricultural products), and TH Resorts (tourism and hotels).

CDP Investimenti SGR

CDP Investimenti SGR (CDPI) is the asset management company of the Cassa depositi e prestiti Group. It operates in the real estate asset management sector, through the promotion, establishment and management of closed-end funds reserved for qualified investors, focused on specific segments of the real estate market and falling within the overall scope of the CDP Group's operations. The company can also carry out other related and/or instrumental activities, in compliance with the limits established by the current legislation and the Articles of Association. The company is consolidated by CDP and is subject to management and coordination by the parent company, in accordance with the Italian Civil Code.

As at 31 December 2018, CDPI managed five real estate funds: the *Fondo Investimenti per l'Abitare* ("FIA"), which invests in a network of local real estate funds operating in the private social building sector (social housing projects, mid-range between public housing and the private property market); the *Fondo Investimenti per la Valorizzazione* ("FIV"), a multi-sector fund whose purpose is to acquire real estate, with unrealised potential value, that can be leveraged through change in use, renovation or rental; and the *Fondo Investimenti per il Turismo* ("FIT") focused on real estate investments in the tourism, hotel, hospitality and recreational sectors. Also operating in the hospitality segment is *Fondo Turismo 1* ("FT1"), whose aim is to create a diversified portfolio by acquiring real estate and leasing it to hotel operators and FIA 2, which focuses on real estate investments in housing and private services of public utility in the following sectors: i) smart housing; ii) smart working; and iii) research, innovation, technology, education and training.

Within the Group, CDPI's strategy involves the modernisation of Italy's building infrastructure, with priority placed primarily on the reuse, conversion, and sale of publicly-owned assets and assets belonging to the Group, and with the objective of channelling private, national, and international investment to attract and facilitate investment in Italian real estate infrastructure in the following areas:

- Smart Housing & Working for personal mobility: development of the rented residential segment, in areas currently not covered by private operators in Italy; traditional social housing solutions to be combined with affordable housing, senior housing, co-working and personal mobility;
- Real estate infrastructure for the Public Administration: renovation and rental of properties for the public sector and its related parties;
- Real estate infrastructure for Tourism: upgrading and

development of the Italian hotel and tourism infrastructure to promote the strengthening of the sector, also through agreements/partnerships with selected operators, to overcome the limits imposed by the small business size and support the growth of the sector in line with its potential.

CDP Immobiliare

The roots of the CDP Immobiliare's operations lie in the decline in manufacturing over the final decades of last century, when the need to restructure basic production processes left large industrial complexes in disuse, requiring reconversion, reclamation, and redevelopment within a comprehensive privatisation programme.

CDP Immobiliare is now one of the leading players in the development and transformation of its vast real estate assets, throughout the country, including through partnerships with private investors.

Over the years, the company has acquired large public-owned real estate complexes and its operations consist of placing them on the market and maximising the value of its assets.

Alongside managing the sale of the most readily-marketable properties, the company works in the medium- and long-term to renovate and enhance the part of the portfolio that needs to be significantly transformed in order to be placed on the market.

As a result, CDP Immobiliare has acquired considerable capability in managing the analysis, transformation, enhancement, implementation and sale of all types of assets and real estate portfolios and is able to govern all the stages of the technical, administrative, commercial, financial and legal processes linked to the real estate economy.

CDP Immobiliare develops projects to relaunch large disused structures, conceiving new use designations and functions that are closer to local needs, in accordance with its investment objectives and in line with the requirements of the local government entities.

CDP Immobiliare's experience and know-how enable it to handle complex transformations, which include all use designations, through a multidisciplinary approach.
Today, the company is a major player in the Italian real estate sector, able to develop and manage the entire value chain of real estate development and services for both individual assets and complex portfolios.

CDP Immobiliare is one of main operators in the domestic market, focusing on:
- urban redevelopment, with priority on the aspects described above;
- the planning and implementation of initiatives;
- the management of the Group's real estate portfolio, with regard to ordinary and extraordinary maintenance work.

All this, combined with its capacity to finance investments, make CDP Immobiliare probably the only domestic real estate company able to manage the entire development process involved in complex urban redevelopment projects.

In the course of its activities, CDP Immobiliare has already renovated and progressively sold assets, taking advantage of the best market opportunities, for more than two billion euro.

Fintecna

Fintecna is engaged in the acquisition, management, and disposal of equity investments in companies and entities operating in the manufacturing, real estate, and service sectors in Italy and abroad.

The company performs an "institutionally" important role in the management of companies operating in various industry sectors, including companies experiencing particular industrial, financial, and organisational difficulties.

Following the transfer of the entire shareholding held by the Ministry of the Economy and Finance to CDP on 9 November 2012, its operating activities essentially consist of the provision (in execution of specific mandates) of assistance and support services to the Public Administration, as well as the conduct of liquidation processes (also through special purpose entities).

More recently, the evolution of the corporate structures has mainly affected the development of the main subsidiaries (belonging to the real estate sector and the shipbuilding sector), leading to a "refocusing" of Fintecna's activities towards the management of liquidation activities (litigation, and liquidation and transitional management through special purpose companies).

In this context, the company therefore acts as an entity identified for the pursuit of the institutional purposes, also through subsidiaries.
In addition, Fintecna directly pursues the social purposes aimed at providing support in national emergencies, also on the basis of specific ministerial decrees. This includes the company's efforts in providing technical assistance in the national emergencies resulting from the earthquakes that struck Abruzzo in 2009, Emilia in 2012 and central Italy in 2016.

Since 2012, Fintecna, pursuant to Decree Law 74/2012, has been providing its support to the Emilia-Romagna, Lombardy and Veneto Regions to address the needs of the populations affected by the earthquake in June 2012, by making a dedicated technical unit available to the Commissioner appointed to manage for the earthquake emergency. Fintecna's activities have been formalised by means of an Agreement that governs the procedures for the provision of the support services and the amount of the fee for those services.

Following the positive feedback obtained in the management of the reconstruction after the earthquakes in 2012 and as a result of the know-how acquired, Fintecna, through the Decree Law 189 of 2016, was asked to also provide its services for the earthquakes that have affected the Regions of Lazio, Umbria, Marche and Abruzzo since 24 August 2016, to support the Offices of the Special Commissioner for Reconstruction. Also in this case, Fintecna has entered into a specific Agreement that formalises the provisions of the Decree.

Finally, Fintecna has distinguished itself over the years for its work in the recovery and promotion of the artistic heritage located in its company spaces. Since 2015, the art works have been recovered and made available to the wider public through exhibitions, conferences, cultural events, the publication of thematic catalogues, encounters with artists and writers, guided tours, and workshops.

The company is similarly committed in a major way to promoting the restoration and recovery of monumental works.

CDP RETI

CDP RETI S.p.A. is an investment vehicle, established in October 2012, specialising in the development of infrastructures for the transport of natural gas and in the transmission of electricity, through the acquisition of systemically important equity investments.

CDP RETI's shareholders are Cassa depositi e prestiti S.p.A. (59.1%), State Grid Europe Limited SGEL (35%), the group company State Grid Corporation of China, and several Italian institutional investors (5.9%).

CDP RETI's mission is the management of the equity investments held in Snam (30.37% owned), Italgas (26.04% owned) and Terna (29.85% owned), as a long-term investor with the objective of supporting the development of transport, dispatching, regasification, storage and distribution infrastructures for natural gas, as well as electricity transmission, through the acquisition of systemically important equity investments.

SACE and Simest

The Group works alongside Italian enterprises that are seeking to expand their business abroad, promoting their international growth, and exports top-quality products made in Italy.

The SACE Group is an insurance and financial operator that supports the exports and international expansion of Italian companies, offering a wide range of products and services such as: export credit, credit insurance, investment protection, financial guarantees, sureties, factoring, subsidised loans to support international expansion, contributions to interest to support exports and equity investments in enterprises.

The integration between SACE and Simest has led to the establishment of the new Italian Export Hub. The Hub has a twofold objective: on the one hand to increase the resources dedicated to supporting enterprises in global markets and, on the other, to switch from a model spread across various entry points to a one door approach to meet all the needs of enterprises connected with exports and international expansion.

The SACE Simest Hub therefore supports the growth of Italian enterprises and the Italian economy. For companies focused on foreign markets, the Hub's involvement is decisive in concluding export transactions in non-traditional markets, obtaining financing at better conditions and increasing their competitiveness.

In line with the current trends in the more advanced countries, the Group, through the Export Hub, provides a range of financial products for the needs of enterprises engaged in meeting the challenge of global markets and has chosen to concentrate its support on geographical areas and sectors that are strategic for growth and employment in Italy.

Specifically, the business purpose of SACE includes insurance, reinsurance, co-insurance and the provision of guarantees against risks linked to political events and natural catastrophes, economic, trade and exchange-rate risk, as well as any other related risks to which companies are exposed in their business dealings with foreign countries. SACE also provides guarantees and insurance cover to foreign enterprises in transactions that are of strategic importance to the Italian economy in terms of international expansion and economic security.

The offering is completed by analysis tools developed by a team of economists studying the trends in Italian industry and the dynamics of 198 countries. Together these provide a comprehensive toolbox for enterprises entering foreign markets that want to expand their business into untapped geographical areas. The Risk Map, the Export Opportunity Index, the Investment Opportunity Index, and the Export Report are the main tools developed by SACE to provide an authoritative overview of the risks and opportunities, helping Italian enterprises to shape their international strategies.

The SACE Group consists of the following companies:

- SACE S.p.A, whose operations are divided into four areas (export credit, foreign direct investments, international expansion, and strategic transactions) and is governed by a set of national and international rules.
- Simest, in which SACE S.p.A has a controlling stake of 76%, focuses on the acquisition of equity investments in enterprises, the financing of Italian business operations abroad and the provision of technical assistance and advisory services to Italian companies that are expanding their operations abroad;
- SACE BT, established in 2004, engaged in the insurance of short-term credit, operates in the insurance and reinsurance market in the Credit, Security and Other Property Damage lines of business (including, to a lesser extent, the elementary Fire and General Third-Party Liability lines of business);
- SACE FCT, established in 2010, engaged in trade receivables financing, is the factoring company, entered in the Register pursuant to Article 106 Consolidated Law on Banking, established in 2009 to support the liquidity of Italian suppliers to the Italian Public Administration;
- SACE SRV, established in 2007, a subsidiary of SACE BT, specialised in business information solutions, industrial management and debt recovery;
- SACE do Brasil, established in 2012.

1.3 The Group's values

In promoting the development of the country, the Cassa depositi e prestiti Group relies on a deeply rooted system of values, that must be adhered to by all those who act, in any way, on behalf and/or in the interests of the Group Companies.

The **Code of Ethics** is the document that clearly defines the set of principles and values that CDP and the Companies subject to management and coordination recognise, accept and share, together with the set of responsibilities that they assume internally and externally. These consist of:

Staff empowerment and satisfaction and personal integrity

The Group seeks to protect and promote the value of respect for the physical, moral and cultural integrity of the person. We strive to achieve employee satisfaction by supporting all initiatives that help create a dynamic working environment, based on motivating and engaging employees, emphasising teamwork, acquiring new skills, and being able to measure, recognise and reward the contribution of each individual. We provide a working environment based on attention, listening, trust and professional recognition, also by taking care of workplaces and working conditions that safeguard the physical and psychological health of our staff. We provide working conditions that respect individual dignity and safe working environments.

Lawfulness

In conducting our activities, we act in compliance with the law and all regulations in force in the areas in which they operate, as well as the Code of Ethics and corporate procedures, applying them in a fair and equitable manner. We do not tolerate or justify any infringement of applicable laws and/or the Code of Ethics. In particular, the belief that one is acting for the benefit of the Company does not permit or justify, in any case or manner, behaviour that does not comply with the principles, values and rules underlying the Code of Ethics.

Confidentiality

We ensure the confidentiality of the information and personal data processed and the protection of information acquired in relation to the work performed.

Honesty

Our relations with the stakeholders of CDP and the Companies subject to management and coordination are based on fairness, collaboration, loyalty and mutual respect. The members of the corporate bodies, employees and other workers of CDP and the coordinated companies perform their duties in the interests of those companies and must not be influenced by any form of pressure to act on behalf of interests outside the scope of their mission.

Accountability

CDP and the Companies subject to management and coordination act in the knowledge of their role in serving the country. They assess the economic, social, and environmental impact of their actions from a long-term perspective.

Skills

The wealth of knowledge and experience of CDP and the Companies subject to management and coordination is a distinctive factor in promoting initiatives in the various areas in which they operate. They invest continuously in their people.

Collaboration

CDP and the Companies subject to management and coordination believe in teamwork, the ability to listen and the power of discussion. It is with this spirit that CDP and the coordinated companies act, also externally, as partners to their counterparties: institutions, enterprises, local areas and the financial system, in Italy and abroad.

Courage

CDP and the Companies subject to management and coordination are determined in their choices, even the most difficult ones, and work responsibly to achieve the best result for the community.

Transparency and completeness of information

CDP and the coordinated companies are committed to clearly, transparently and completely inform all stakeholders of the financial and operational situation and performance, without showing favour to any particular interest group or individual.

Quality

CDP and the coordinated companies are committed to closely monitoring changing market needs and to constantly improving the quality of the products and services they offer to all their customers.

Fairness

Conduct aimed at taking advantage of contractual gaps or sudden situations that could put a counterparty in a position of weakness with respect to CDP and the Companies subject to management and coordination must be avoided.

Impartiality towards stakeholders

In relations with stakeholders, any form of discrimination must be avoided, whether it be in relation to age, gender, sexual orientation, health status, marital status, race, political opinions and religious beliefs. The day-to-day management and operations are inspired by the principle of equal opportunities.

Care for the environment

The Group recognises the importance of protecting the environment as a primary resource and is committed to promoting the rational use of resources and the identification of innovative energy saving solutions within its premises and facilities. The Group Companies work towards the objective of managing their impact on the environment in an organised and increasingly efficient way. The goal is to reduce the environmental footprint connected with day-to-day operations (attention to the consumption of paper, water, and energy and the production and disposal of waste) and with the operations of customers and suppliers (environmental risk assessments of finance and investment projects, exclusion of polluting activities or products in relations with suppliers, etc.).

1.4 CDP group "at a glance"

The Cassa depositi e prestiti Group in figures*

- Total assets: **425** bn euro
- Loan portfolio: **105** bn euro
- Equity investments: **20** bn euro
- Total funding: **367** bn euro
- Equity: **37** bn euro

Postal funding
258
bn euro

New lending and managed resources around
36 bn euro

* *Figures refer to the 2018 Consolidated Financial Statements. For the loan portfolio and postal funding, these are reclassified management figures.*

Group Offices around the world covering emerging areas

Group offices in Italy

Main sectors supported

- Industrial
- Real estate
- Infrastructure
- Energy
- Tourism and Hotels
- Agrifood
- Distribution
- Culture
- Public transport

Type of customers and beneficiaries

- Public Administration
- Enterprises
- Local Areas
- General Public

Operating principles

- Operating as a long-term investor, often with a counter-cyclical approach
- Working together with the national and international banking and financial system
- Operating in full compliance with the principles of economic and financial sustainability
- Strong focus on local areas and communities, social issues and sustainable growth

Activities

- Granting loans to the Government, Regions, Local Authorities, Public Entities and public-law bodies
- Providing loans to public or private entities for operations of public interest and/or considered strategic for the development of the national economy
- Investing in the risk capital of profitable medium and large national enterprises, both listed and unlisted, considered strategic for the development of the country
- Providing support to Italian enterprises, and in particular to SMEs, by promoting innovation and growth, exports and international expansion
- Supporting international cooperation
- Acting, in its capacity as a National Promotional Institution, as an entry point for Juncker Plan resources
- Contributing to developing Italy's real estate market as the leading operator for social and affordable housing

2. The Business Model

2.1 Our Business Model

The business model, as shown below, sets out the approach through which the Group creates, generates and distributes value for the country.

Chart 1 - The Business Model

Resources

Postal savings
Postal savings collected through postal passbook savings accounts and postal savings bonds

Fundraising in markets
Issuing of securities and funding operations not backed by Government guarantee

CDP's Equity

Instruments

Investment Funds
The resources of the Investment Funds are allocated to support specific programmes

Liquidity instruments
Liquid resources injected into the economic system (e.g: Enterprises platform, earthquake reconstruction, etc.)

Third-party resources
Third-party resources that are triggered thanks to the presence of the Group

Loans and securities
Granting of facilitated loans, to support enterprises and public bodies

Guarantees
Guarantees provided to ensure better access to credit especially for SMEs

Areas of activity

Government & P.A. and Infrastructure

Enterprises

International expansion

Real Estate

For the Group, value creation cuts across all the business activities and is mainly implemented through the following steps:

Chart 2 - Value creation

cassa depositi e prestiti

1 Savers deposit their savings in their postal passbook accounts and bonds

2 CDP supplements these private resources by issuing securities and through other fundraising transactions with institutional investors

3 Using the funds raised it supports innovation and the development of local areas and communities, the economy and society

4 CDP recovers the capital invested and a percentage interest from its initial investments

4.1 Part of the interest earned creates value for CDP

4.2 Part of the interest earned increases the assets of savers

Focus

The value of Postal Savings

Italian households are traditionally very attentive to savings. Among the various forms of investment of savings, postal bonds and passbook accounts undoubtedly play a primary role, as they are part of the customs and traditions of Italian households. A key contribution to the success of postal savings has certainly been their security, linked to the guarantee provided by the Italian Republic, and the right to repayment at any time, with the additional guarantee of the return on invested capital and the interest accrued, regardless of temporary market conditions.

Postal Savings instruments are issued by CDP and placed exclusively by Poste Italiane in post offices spread throughout the country. There are two types of instrument: postal passbook accounts, which for all intents and purposes are savings passbook accounts, and postal savings bonds, which are a true financial investment product.

Cassa depositi e prestiti's mission is to protect and enhance the savings of Italian households by using them in projects for the economic, social and local development of the country. In this way, the Postal Savings take on a value that goes beyond what they represent for the savers and their households in the strict sense, to become a collective resource for the community, supporting projects aimed at promoting Italy's well-being and sustainable growth.

CDP's activities are structured around two distinct areas, which also involve an organisational and accounting separation. The first area, organised as a **separate account**, is funded by the postal savings guaranteed by the State and funds originating from issues of securities and other fundraising operations, which may be backed by State guarantee. Through the separate account, CDP handles the granting of loans to public entities and public-law bodies, but also to private entities for public-interest initiatives. This includes measures to promote infrastructure development, support for access to credit for SMEs, support for the international expansion of the national production system and initiatives to maximise the value of publicly-owned real estate assets.

Through the separate account, CDP can also acquire equity investments (including through corporate vehicles) in companies of significant national interest in terms of the strategic nature of their operating sector, employment levels, turnover or impact on the country's economic and production system (provided they are economically and financially stable with adequate earning prospects). Lastly, through the separate account, CDP can finance initiatives in the area of international development cooperation.

The second area, the ordinary account, uses non-guaranteed funding from the State to finance public-utility works, installations, networks and equipment, as well as investments in research, development, innovation, protection and promotion of cultural heritage, the environment, energy efficiency, and mountain and rural areas for investments in the green economy. The scope of the ordinary account has recently been extended, through an amendment to the Articles of Association, to include measures relating to sustainable development and for initiatives for the growth of enterprises, also through mergers, in Italy and abroad.

Focus

CDP's role in international cooperation

Since 1 January 2016, CDP has held the role of Financial Institution for International Development Cooperation, which has made it one of the key players in the Italian Cooperation system.

Within this new activity, CDP operates through three lines of action:
- CDP provides technical and financial support to the Ministry of Foreign Affairs and International Cooperation and the Italian Agency for Development Cooperation.
- CDP is the administrative manager of public funds, in particular the Revolving Fund for Development Cooperation, signing agreements with the governments of developing countries and taking care of the financial management of development loans. In addition to the Revolving Fund, CDP can manage national, European and international funds or funds related to European Union programmes, also involving the private sector. This method of intervention, known as blending, combines financial resources of different kinds and is the most effective financing formula in the European landscape. This is accompanied by the management of activities relating to participation in the Paris Club, an informal group of creditors from developing countries addressing the subject of debt rescheduling.
- CDP can act on its own initiative, by using its internal resources. This line of action also includes public/private blending, i.e. CDP's resources combined with those of the Revolving Fund or other national public funds.

2.2 Our stakeholders

Contributing to the economic and social development of the country is a mission that the Group can only pursue in collaboration with its stakeholders. Accordingly, and with this in mind, the management of relations with stakeholders is of primary importance. The Group is committed to establishing a relationship of full cooperation with its stakeholders, by promoting open and transparent dialogue, with a view to facilitating and strengthening its ability to generate and share sustainable value.

Specifically:

Shareholders	One of the Group's main objectives is the creation of added value for its share-holders. Through its dedicated functions, the Group ensures clear, accurate and timely dialogue with its shareholders.
Banking Foundations	The constant debate with banking foundations guarantees the in-depth knowledge of the needs and trends of the domestic market in protecting the interests of the savers and beneficiaries involved. The Group contributes to the organisation of numerous meetings and round tables to facilitate discussion and contribute to sustainable growth.
Institutions	The Group guarantees the utmost integrity and fairness in relations with the institutions, based on the principles, roles and responsibilities identified in accordance with current legislation, with the aim of maintaining a constructive relationship of cooperation serving the interests of the community.
Enterprises	The Group plays a key role in supporting enterprises, particularly small and medium enterprises, through a variety of financial instruments.
Employees	The Group believes in human capital and manages relations with employees, focusing on the promotion of skills, equal opportunities, corporate well-being and the expansion of know-how.
Suppliers	The Group is committed to obtaining the collaboration of suppliers in ensuring the satisfaction of requirements in terms of quality, cost and delivery times for the goods or services. At the same time, it ensures that relations are based on the principles of transparency, equality, fairness and free competition.
Civil society	The Group is attentive to the needs of the areas in which it operates and to the needs of civil society and acts in order to increase the positive impacts of its activities on all local communities.

At operational level, relations with national institutions and stakeholders are managed in a systematic and consistent manner by the Institutional Relations Area and by other functions within the ordinary management of their own activities.

In particular, the Division dedicated to institutional affairs operates with the objective of identifying and interpreting the indications and dynamics of the national and regional political-institutional, administrative and social system and presenting the strategic company choices, including the promotion of the principles and values of sustainable development within the Group.

To this end, the Institutional Relations Division promotes and supports the dialogue of CDP and the Group with the Government and Parliament, independent national authorities, local authorities, industry associations, universities, research centres and think tanks. It also identifies and proposes opportunities for collaboration with key institutional stakeholders at political and/or institutional events and public debates, and contributes, in synergy with the Sustainability Division, to the pursuit of specific objectives and programmes or individual initiatives, promoting the Group's commitment to sustainability and the dissemination within the institutional world of a financial culture that is compatible with the new parameters of the circular economy.

2.3 Our commitment to sustainable development

Today there is widespread awareness of the unsustainability of the traditional development model. It is no coincidence that in September 2015 all the Heads of State and Government and High-Level Representatives of the 193 member countries of the United Nations approved the 2030 Agenda for Sustainable Development, a global programme to promote social and economic development, tackle climate change and build peaceful societies by the year 2030. A few months later, the Paris Climate Agreement was signed, a global agreement on the reduction of climate change, the text of which was approved by the representatives of the 195 participating countries.

In view of the importance of their content and the level of consensus achieved not only at institutional level, the signing of the two agreements represents a momentous step in the now irreversible and urgent process of creating a new model of sustainable and inclusive growth. They constitute the framework within which countries, institutions and international bodies, the business world and markets, are called upon to dialogue with each other to address the main global challenges. They also send out a clear message: to achieve more sustainable growth, every player in society must play their part, and the financial system is no exception.

This document aims to analyse and communicate the extent to which the CDP Group's organisation, operations and activities are being structured to contribute to the new paradigm of sustainable development.
As a confirmation of the attention to this subject, the new 2019-2021 Business Plan, presented in December 2018, unequivocally expresses the Group's commitment to undertaking a primary role in the promotion of sustainable development in Italy. The lines of action presented in the Plan to ensure this commitment involve:

- setting Plan targets in line with the 2030 Agenda Goals relating to Italy's challenges;
- including sustainability principles in the Group's organisational and governance model;
- supplementing the traditional economic and financial parameters in investment evaluation criteria with Environmental, Social and Governance (ESG) principles in order to minimise non-financial risks and maximise positive impacts for local areas and communities;
- the ability to create systems for measuring and reporting the social and environmental impact, as well as the economic impact, of the individual initiatives.

This new approach requires the definition, development and implementation of a medium- to long-term process that progressively directs investments towards initiatives in which the social and environmental impact can be measured. To this end, the Group will concentrate its efforts on measuring the impact on local areas and communities, by channelling its resources into initiatives with a high level of capital solidity that protect savings, while also implementing the economic, social and environmental development of the country.

Lastly, the new commitment is consistent with the changes made to the scope of CDP's ordinary account in the 2019 Budget Law.

Focus

Towards the creation of a sustainable development model

The United Nations 2030 Agenda and its 17 Sustainable Development Goals

In signing the 2030 Agenda for Sustainable Development on 25 September 2015, all the Heads of State and Government and High-Level Representatives of the 193 member countries of the United Nations affirmed the unsustainability of the current situation. The "Better Growth, Better Climate" Report published in 2014, in a break from the past, already stressed the importance of the positive interconnections between climate and energy transition support measures and economic development. From this new perspective, the 2030 Agenda - based on the principles of integration, universality and participation - is the result of more than two years of public consultation and contacts with civil society and underpins a momentous transformation aimed at achieving sustainable development, i.e. development based on the four pillars of the economic, social, environmental and governance dimensions.

At the heart of the 2030 Agenda are 17 ambitious Sustainable Development Goals (SDGs), divided into specific sub-goals, the 169 targets, which provide more details on how to achieve them. The radical innovation contained in the 17 SDGs concerns the close interconnections that are identified between them: the analyses and impacts on individual goals must be analysed considering the direct and indirect relationships with the other goals.

Many of the major international institutions and countries around the world have already adopted the goals of the 2030 Agenda as the basis for their development strategies. Nevertheless, the analysis of the data, initiatives and contributions at global level in 2018 shows that, despite many steps forward, three years after the adoption of the Agenda the difficulties and challenges to be addressed are still considerable. The achievement of these goals will require the maximum contribution from each country and a full strengthening of the global partnership.

In Italy, the National Strategy for Sustainable Development was presented to the Council of Ministers on 2 October 2017. The Strategy, which was proposed in March 2017 and submitted for consultation until June 2017, was presented to the United Nations High Level Political Forum in July 2017. On 22 December 2017, the Strategy was finally approved by the Interministerial Committee for Economic Planning.

Cop21 and the Paris Agreement

At the Paris Climate Conference (COP21) in December 2015, a total of 195 countries adopted the first universal and legally binding global climate agreement.

The agreement sets out a global action plan to put the world back on track to preventing harmful climate change by limiting global warming to well below 2°C. Governments have agreed to keep the average global temperature increase to well below 2°C of pre-industrial levels as a long-term goal, aiming to limit the increase to 1.5°C, as this would significantly reduce the risks and impacts of climate change.

The Agreement entered into force in November 2016 thanks to the achievement of the necessary ratification threshold: 55 nations representing 55% of greenhouse gas emissions.
In 2018, a number of international contributions followed, continuing on from the Paris Climate Agreements and 2030 Agenda: from the Inclusive Development Index (IDI), during the Davos Summit of the World Economic Forum, an attempt to measure countries' performance using GDP and a further 11 dimensions of economic progress, to the European Commission's Action Plan for Financing Sustainable Growth; from the IPCC's SR15 Special Report, in accordance with the commitments made in the COP 21 in 2015 on the impacts of global warming of 1.5°C, to the Rulebook for the implementation of the Paris Agreements during the COP24 climate conference in Katowice.

This landscape also includes the European Commission's 2030 Climate and Energy Framework, which increases the quantitative targets of the previous 2020 Plan by setting three main goals: at least 40% cuts in greenhouse gas emissions; at least 27% share for renewable energy; and at least 27% improvement in energy efficiency. In view of the commitments and ambitions that Italy has decided to sign up to on these issues, the CDP Group in its new Business Plan has considered it a strategic priority to consider initiatives in support of energy transition and combatting climate change.

European Union Action Plan on Sustainable Finance

The "Action Plan on Financing Sustainable Growth", presented by the European Commission in March 2018, provides a complete picture of the direction that the European Union wants to give to financial institutions and enterprises in the coming years, in order to achieve the ambitious environmental and social goals set by the Paris agreement on climate change and the United Nations 2030 Agenda (SDGs).
This action plan, focusing on the role of enterprises and finance, is primarily aimed at:

- reorienting capital flows towards a more sustainable economy, focusing on creating EU labels for financial products, incorporating sustainability considerations in financial advice and developing sustainability benchmarks;
- mainstreaming sustainability in risk management, focusing on incorporating sustainability into credit ratings and clarifying obligations for institutional investors and asset managers, and on prudential requirements for banks and insurance companies;
- fostering transparency and a vision privileging the long-term, through actions concentrated on corporate reporting on sustainability, accounting regulation and the promotion of sustainable corporate governance.

In this context, the Technical Expert Group (TEG) on sustainable finance, composed of 35 experts from civil society, universities and the financial sector, has been appointed to support the Commission in defining the taxonomy of sustainable activities, in creating a European standard for Green Bonds, in increasing disclosure on climate-related information, and in developing low-carbon index categories.

Sustainability in Action

Participation in the Technical Expert Group (TEG) on Sustainable Finance

In June 2018, a representative of CDP joined the TEG - Technical Expert Group - on sustainable finance, a group of technical experts appointed by the European Commission aimed at achieving the following results:

- creating an EU classification system (taxonomy) to determine whether an economic activity is environmentally sustainable;
- developing a European Green Bond Standard;
- setting benchmarks for “low carbon” and “positive carbon impact” investments to be used by asset and portfolio managers;
- producing a guide to improve corporate disclosure of climate-related information.

The European Union’s long-term strategic climate vision is to achieve CO2 neutrality by 2050. To achieve these objectives, additional investment from both the public and private sectors is needed, estimated at around 150 billion euro per year until 2030.

To enable industry, investors and governments to identify and understand which activities can be classified as sustainable, it is essential to create and implement an effective taxonomy that encourages sustainable economic growth and directs resources towards sustainable investments. The use of this taxonomy, which represents a classification system that identifies economic activities consistent with the social, environmental and governance goals of the European Union, is envisaged at two specific times:

- in the definition by Member States of the requirements of financial products or corporate bonds marketed as “eco-sustainable”;
- in the marketing of “financial products as environmentally sustainable investments” by financial market participants.

Focus

Commitment to the Protection of Human Rights

As part of its commitment to supporting the creation of a sustainable and inclusive development model, the Group attaches particular importance to the recognition and protection of Human Rights. Accordingly, internally, it provides a safe working environment that promotes and protects the physical, moral and cultural integrity of people and it guarantees equal opportunities in all phases of the management of its people, without any discrimination on the basis of sex, ethnicity, nationality, religion, political opinions, sexual orientation, personal and social conditions. The commitment to support human rights also extends externally, in the choice of its suppliers and partners and in the definition of its business operations. With regard to the latter, this takes the form of support to communities, both by helping to create a more inclusive environment, for example through the investment in social housing, and through actions in support of communities in difficulty due to the occurrence of extraordinary events.

2.4 Looking to the Future: the 2019-2021 Business Plan

At the end of 2018, the Cassa depositi e prestiti Group presented its new 2019-2021 Business Plan, which defines the Group's growth objectives and strategic guidelines in light of the main economic and social challenges facing Italy and the world.

The Group will mobilise over 111 billion euros of its own funding for the economic growth and sustainable development of the country, and raise 92 billion euros of additional funds from private investors and other local, national and supranational institutions. Overall, the Group has set itself the objective of mobilising a total of 203 billion euros of funding between 2019 and 2021, increasing its funds by 32% compared to the previous three years, which will expand its capacity to influence the economic development of the country.

The mobilisation of the funding will depend on the adoption of an operating model that will boost operations and guarantee increasing proactiveness aimed at accelerating Italy's industrial and infrastructural development in a sustainable manner, in addition to leveraging the Group's distinctive expertise and features: focus on local areas and communities and social issues, protection of postal savings, long-term investment capacity, complementarity with the banking system, ability to attract national, European and international funds from public and private investors, and financial stability.

The Plan sets the objectives and strategic policies in light of Italy's main economic and social challenges, the major global trends identified, i.e. innovation and digitisation, energy transition and climate change, developing countries and international trade, social change, and the Sustainable Development Goals of the UN 2030 Agenda.

In particular, as described in the section above, for the first time in the Group's history, the commitment has been made to the sustainable development of the country and the proactive contribution to the achievement of the 17 UN SDGs.

The new strategy to support the economic, social and environmental growth of the country is based on the reorganisation of the Group into four main areas of action:

- CDP Enterprises – support to businesses, helping to bridge the funding gap in the system, with an integrated offering that meets their needs and is focused on innovation, growth, access to credit and exports, also through a strengthened physical channel and a digital channel;
- CDP Infrastructures, Public Sector and Local Development – proactive role in the promotion, realisation and financing of infrastructures, relaunching a new partnership with the Public Administration focused on local development;
- CDP Large Strategic Equity Investments – strengthening of sectoral and industrial expertise, to manage the portfolio of equity investments also with an industrial approach over the long term;
- CDP Cooperation – increasing support for developing countries and emerging markets, and expanding the offering in support of Italian enterprises investing in growth/development projects in key countries for Italian Cooperation.

Capital strength and the protection of savings will continue to be guaranteed, while maintaining control over financial and capital stability. The expansion and diversification of the investment instruments will be accompanied by the refinement of the strategies for hedging the risks connected with the evolution of operations. The range of digital products and services will be increased, in line with the plan to renew and develop the postal bonds and passbook accounts, and expanded through forms of funding dedicated to activities with a social and environmental impact such as social bonds and green bonds.

The Group's new commitment set out in the Plan entails the need to adopt a new operating model that involves: strengthening the Group's capabilities; simplifying the organisation and the operating and decision-making processes; and, lastly, single-mindedness and cohesion in pursuing the commitment towards the local areas and communities, enterprises and stakeholders.

The various measures implemented by the new operating model will include the creation of solutions that adapt to the needs of customers such as, for example, the introduction of digitisation both in the offering and in the interaction with enterprises and the Public Administration.

The transformation envisaged in the Plan is far-reaching and will enable the investment of substantial resources in favour of enterprises and local areas and communities, increasing the number and effectiveness of CDP's actions for the promotion of the country's growth.

3. Governance and Risk Management

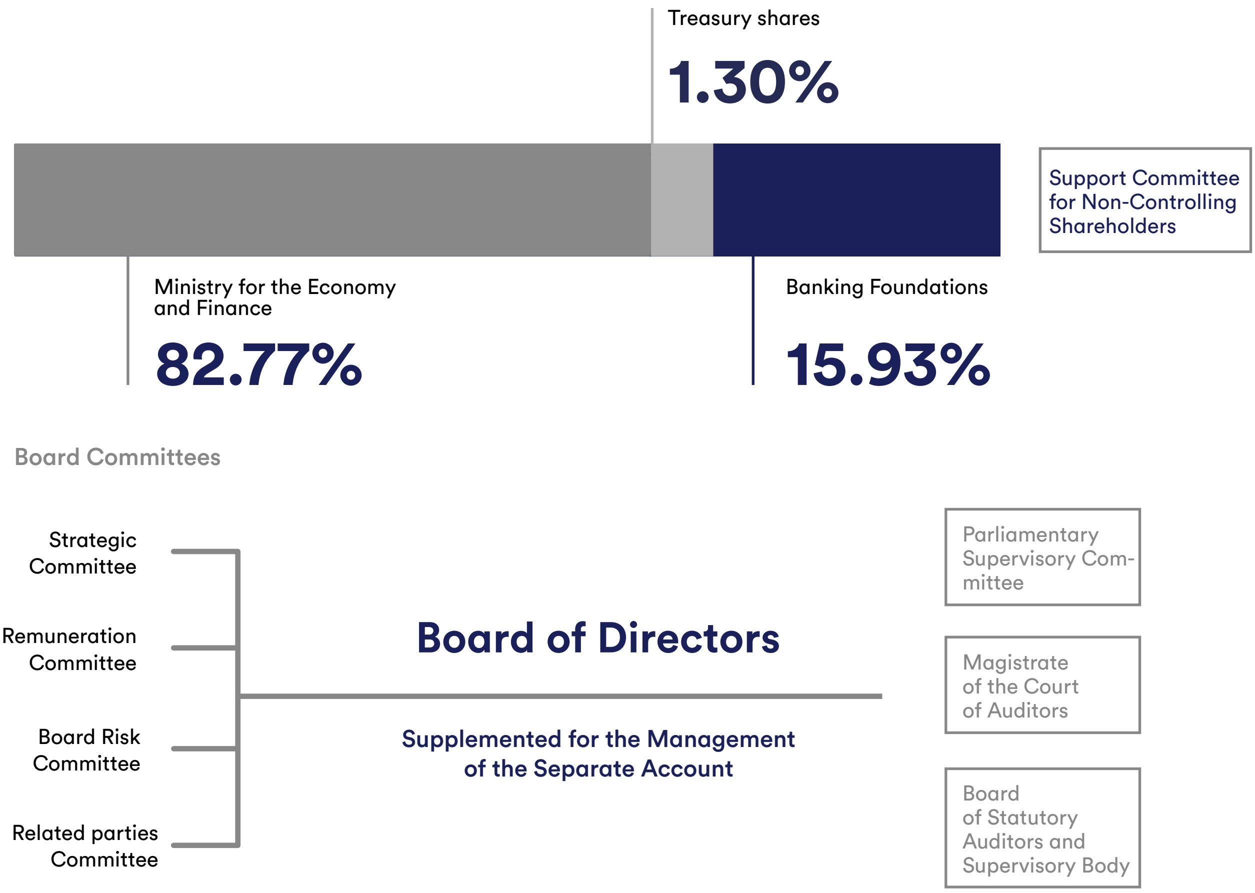
3.1 The Corporate Governance Model

The corporate governance system adopted by the Group plays a central role in the conduct of its operations, contributing significantly to the creation of long-term sustainable value both for shareholders and for the country as a whole. Accordingly, the Group has chosen to adopt a clear and effective system of governance, in line with the highest national standards.

The Parent Company's **management and control model** consists of a Board of Directors, which is the central body of the corporate governance system and whose responsibilities include defining, applying and updating the corporate governance rules, in compliance with current regulations, as well as determining the strategic operational and executive management of the Company and the Group.

The Board of Directors, appointed on 24 July 2018 by the Shareholders' Meeting, is composed of nine members, three

Chart 3 - Corporate Governance



of whom are women, and is supplemented, for the management of the funds from postal savings (separate account), by the Director General of the Treasury, the State Accountant General, and three experts representing the Regions, Provinces and Municipalities.

The Board is also supported in its decisions by four Board Committees with advisory and proposal-making functions:

- Strategic Committee – providing support for the organisation and coordination of the Board and for the strategic supervision of the Company's activities;
- Risk Committee – performing functions of control and provision of guidance proposals for risk management and for the assessment of the adoption of new products, and is composed of 4 Directors. The Committee provides a risk assessment for operations that are examined by the Board of Directors, giving a mandatory but non-binding opinion;
- Remuneration Committee – tasked with making proposals to the Board of Directors on the remuneration of the Chairman, the Chief Executive Officer and the General Manager and, where applicable, of the other bodies envisaged by law and by the Articles of Association or established by the Board;
- Related Parties Committee – providing preliminary reasoned opinions on CDP's interest in carrying out transactions with related parties, as well as the appropriateness and the substantive and procedural fairness of the related conditions.

The Governance is completed by the Board of Statutory Auditors, which also acts as the Supervisory Body pursuant to Legislative Decree 231/2001, the Parliamentary Supervisory Committee and the Support Committee for Non-Controlling Shareholders (composed of 9 members, appointed by CDP's non-controlling shareholders). In addition, in accordance with the Articles of Association and current legislation, a magistrate of the Court of Auditors attends the meetings of the Board of Directors and the Board of Statutory Auditors.

While the Board of Directors guides and directs the Group's operations, with the support of the Board Committees and the supervision of the Control Bodies, the Management Team defines and implements the operational plans, using the information inputs coming from the day-to-day implementation of the projects and long-term visions.

The appointment mechanism for the members of the Board of Directors is governed by the Articles of Association. The Directors (except for the Directors for the separate account) are appointed by the Shareholders' Meeting on the basis of the slate voting system and remain in office for the period indicated at the time of appointment, and in any case for no more than three financial years, but they can be re-elected. To be elected, Directors must meet the requirements of integrity and professional fitness established by the applicable regulations and the Articles of Association.

The Chief Executive Officer may not serve as a director on more than two additional Joint-Stock Company Boards, while the other directors may not serve on more than five additional Joint-Stock Company Boards. The positions of director held in companies in which CDP holds an interest, even indirectly, are not considered in the calculation of the above limits.

The Chairman of the Board of Directors is drawn from the slate that receives the second highest number of votes at the Shareholders' Meeting called to appoint the Board of Directors, while the Chief Executive Officer is drawn from the slate that receives the highest number of votes. If the Shareholders' Meeting has not done so, the Board of Directors elects the Chairman. The Board of Directors also elects the Vice Chairman and appoints a Secretary and a Vice Secretary and those two appointments can also be from outside the Board.

The average age of the Directors is 57, with three Directors under 50 and the oldest over 75. The CEO and General Manager, Fabrizio Palermo, is the youngest between Directors. 88% of the Directors are graduates. The Board of Statutory Auditors is composed of 5 members, 60% of whom are women. All the Statutory Auditors are graduates and their average age is 58.

The policies related to **directors' remuneration** are an area of interest for shareholders. The Board has set up an internal Remuneration Committee tasked with making proposals to the Board of Directors regarding the remuneration of the Chairman, the Chief Executive Officer and the General Manager and, where applicable, of the other bodies envisaged by law, by the Articles of Association or established by the Board.

As a shareholder, the Group encourages the Boards of Directors of its investee companies to adopt remuneration policies in line with recognised and appropriate international best practices, in order to attract, retain and incentivise management, with the aim of pursuing long-term sustainable growth, while avoiding excessive risk taking. At the same time, CDP calls for the implementation of remuneration policies that adequately reflect the company's economic situation and performance. The remuneration of non-executive directors must be in line with their responsibilities and participation in committees, also taking into account the practices of the sector/country of operations. All information on remuneration packages must be disclosed to shareholders in a clear, complete and comprehensible form, in order to provide sufficient information to evaluate the link between remuneration and the performance of the company.

With regard to **management incentives**, the Group has adopted a system governed by the Group Policy "Group MBO Incentive Plan", aimed at a selected group of managers, whose identification is assessed annually by the Human Resources departments of the Group Companies, together with the Human Resources Department of the Parent Company, based on the complexity of the business concerned and the specific position held.

The main aims of the Plan are to create a performance culture for the Group through a reward system that aligns the interests of the individual beneficiaries with those of the Company, encouraging the retention and commitment of internal staff and the attraction and motivation of high-quality managerial staff. The award of the incentive envisaged by the MBO Plan for each beneficiary is subject to the achievement of the objectives specified in the MBO form attached to the letter of assignment.

3.2 Sustainability Governance

The introduction of the 2019-2021 Business Plan, which, as described in section 5.4, has a strong focus on sustainability, has generated the need to create a specific area within the organisational structure of the Parent Company. The new Sustainability Area, which reports directly to the External Relations and Sustainability Department, will be responsible for implementing CDP's first sustainable development strategy, with the aim of promoting the incorporation of sustainability principles into the Group's operations.

The new Area will be structured to develop and govern all matters relating to sustainable development within and outside the Group, coordinating and guiding all the stakeholders involved at a central level, in order to ensure appropriate control of the Group's position on sustainability issues.

3.3 Identification and Control of Risks

To ensure the solidity of a Group, which has complex activities in many sectors and geographical areas, it is essential to ensure the careful identification and monitoring of risks that, while adhering to shared principles and approaches, takes into account the specific characteristics and the operations managed by the individual companies. Accordingly, the Group Policies related to the identification and management of risks are in many cases accompanied by specific policies adopted by the individual companies for particular categories of risks.

Identification of Risks

One of the most important categories in the Group's business model is financial risks, which are grouped into three main families. Specifically:

Markets Risks	These include: • **equity risk**: the risk that adverse movements in the value of equity securities will adversely affect the net financial value, earnings or book equity of a financial institution • **interest rate and inflation risk**: the risk that adverse movements in interest rates and inflation will adversely affect the net financial value, earnings or book equity of a financial institution • exchange rate risk: the risk that adverse movements in exchange rates may adversely affect the net financial value, earnings or book equity of a financial institution
Liquidity Risks	The risk that a financial institution will be unable to meet its commitments due to difficulties in obtaining finance or in divesting assets, or that it will be unable to monetise assets held in the market without significantly adversely affecting their market price
Credit Risks	The risk that a debtor will not meet its commitments in relation to a loan or an issued bond. It includes: • concentration risk: the risk arising from large exposures to individual counterparties, groups of connected counterparties or counterparties carrying out the same activity, belonging to the same economic sector or the same geographical area • counterparty risk: the risk that a counterparty will not meet its commitments in respect of one or more derivative or treasury transactions

With regard to the non-financial risks, either generated or incurred, taking into account the activities and characteristics of the Group, it is possible to identify the following types:

OPERATIONAL RISK – The risk of loss resulting from inadequate or malfunctioning internal procedures, people and systems or from external events. This type includes losses resulting from fraud, human error, business disruption, system unavailability, breach of contract, and natural disasters. Operational risk includes legal risk but not strategic or reputational risk.

REPUTATIONAL RISK - This is the current or prospective risk of a fall in profits, loss of economic value or damage to the institutional role, resulting from a negative perception of the image of CDP or the Group by customers, counterparties, shareholders, investors, regulators or other stakeholders.
The Group Policy on the "Reputational Risk Assessment of Investments" establishes the requirement – as a transversal support for the management of risks, including non-financial risks – for the Compliance and/or Anti-Money Laundering functions of all the Group Companies to perform activities aimed at assessing the reputational risk of the country, the counter-party and the sector in which the counterparty operates. This assessment, which is submitted to the attention of the decision-making body, takes into account aspects related to both social and environmental dimensions.

COMPLIANCE RISK – This is the risk of incurring legal or administrative penalties, significant financial losses or reputational damage as a result of violations of external provisions (laws or regulations) or self-governance rules (e.g. articles of association, codes of conduct, corporate governance rules).
To control this type of risk, the Group has outlined a Rule Map for the Parent Company and each of the Companies subject to its management and coordination. This Rule Map is up-dated and monitored by the Compliance function of the Companies and identifies the main compliance risks that the Companies are exposed to in pursuing their business, or that may arise in connection with their products/services or business dealings. In 2018, as in the previous three years, no non-monetary penalties were imposed on the Group for the failure to comply with environmental, social, or economic laws and regulations. In relation to monetary penalties, the fines imposed on the Group were negligible.

BRIBERY & CORRUPTION-RELATED RISKS – This is the risk of the offence of bribery and corruption being committed both against the public sector and against individuals. At the time of the creation and/or update of Organisation, Management and Control Model pursuant to Legislative Decree 231/01, for all the Group Companies all the relevant activities were identified that are associated with the potential risk of bribery and corruption, in dealings with the public administration and with private individuals. For the management of the risks considered above, the Companies identified, within their Models, the possible cases related to the risks of bribery and corruption and set up a system of requirements and organisational tools, aimed at ensuring that the activities of the organisation are carried out in full compliance with the law and the internal rules on bribery and corruption and preventing and penalising any conduct that may constitute an offence of bribery and corruption.

OCCUPATIONAL HEALTH AND SAFETY RISKS – Every work environment, according to the work activities carried out, has different types of risks related to occupational health and safety.
In addition to the potential accidents or injuries, there can be a risk where there are situations that compromise the biological, and psychological, well-being of workers.
Due to the nature of the business of the Group Companies, the risks to occupational health and safety are minimal. However, as required by the legislation on workplace health and safety (Legislative Decree 81/2008 as amended), the Group Companies conduct regular checks on health and safety risks for workers, which are then documented in Risk Assessment Reports. In view of the nature of the main operations of the Group, particular focus is placed on risks associated with the use of display screen equipment, with strict controls on the layout of work stations and the equipment used. Risk assessments are also conducted periodically, in compliance with applicable regulations, to assess work-related stress risks.

The activities carried out by CDP Immobiliare, CDP Investimenti SGR, and Fintecna's subsidiaries have a higher level of risk in relation to occupational health and safety.

Within the core operations, the functions responsible for managing this area conduct first level checks to ensure that it is controlled for. These checks are accompanied by the specific activities of the second and third level control functions in compliance with the regulations and company policies in place.

The Group's attention to the management of aspects related to occupational health and safety goes far beyond mere compliance processes and, in almost all of its companies (CDP S.p.A., CDP Investimenti SGR, SACE Group, CDP Immobiliare), it has adopted OHSAS 18001 Management Systems that will be replaced, in a process starting in 2019, by safety certifications based on the new ISO 45001:2018 standard. Through this instrument, each individual Group Company will ensure continuous monitoring and control of health and safety in all their work processes. An important role in the management of these risks is performed by the Human Resources function of the Group Companies, which is responsible for raising awareness and educating employees through specific training courses.

ENVIRONMENTAL RISKS – These are connected to the possibility of generating or encountering environmental problems. This refers, for example, to issues related to atmospheric emissions, including greenhouse gas emissions, water discharges, waste, including hazardous waste, noise and vibration, use of natural resources, impacts on endangered animal or plant species, and environmental issues with impacts on human health.

Given the nature of the business of the Group Companies, the risks related to environmental aspects are on the whole minimal. The most material aspects for environmental risks are linked to the consumption of utilities, waste disposal, and emissions connected with missions by personnel and the use of company cars.

The environmental risk profile is greater for the operations of CDP Immobiliare, CDPI SGR, and Fintecna's subsidiaries, and, in particular, in all activities related to remediation operations. Within the core operations, the business functions conduct first level checks to ensure that this risk is controlled, and the second and third level control functions supervise activities in compliance with existing regulations and company policies.

RISKS CONNECTED WITH HUMAN RESOURCES AND DIVERSITY MANAGEMENT AND DIALOGUE WITH SOCIAL PARTNERS – These are risks related to relations with our employees.

In some cases, they may be caused by the incorrect application of labour legislation, in others they are purely managerial in nature. For example:

- incorrect management of the employees of external suppliers, who may take legal action for the recognition of the existence of the employment relationship with CDP. In this regard, CDP is careful to inform those responsible about how to correctly manage external staff in order to avoid creating the conditions for potential litigation.
- incorrect allocation of activities to designated personnel, leading to issues concerning the recognition of higher-level tasks performed or of downgrading. In this regard, the Human Resources function, also through the annual assessment (Article 75 of the national collective bargaining agreements), monitors the consistency between the classification held and the activities actually performed by the workers.
- incorrect management of the interns by the tutor; if the training value of the internship experience is not ensured and a relationship similar to that with an employee is established, this may lead to the initiation of litigation by the trainee claiming the existence of an employment relationship.

Since 2015, the Risk Management unit has conducted operational risk assessments of all company processes, including human resources management processes, for the companies CDP S.p.A., CDP Immobiliare, CDPI SGR, Fintecna, and CDP Equity (in early 2018), to identify the main risks, their magnitude, and the checks and controls designed to mitigate them. In relation to human resources, diversity, and industrial relations management, risk mapping has shown that the checks in place are generally adequate and traceable for each process analysed, for which none of the risks found are considered material in the presence of existing safeguards.

RISKS ASSOCIATED WITH THE MANAGEMENT OF THE SUPPLY CHAIN - The supply chain is known to be one of the areas most at risk. There can be multiple risk factors, especially in companies with large supply chains. To manage this risk as effectively as possible, the internal rules of CDP and the individual Companies subject to management and coordination require prior checks on suppliers before establishing contractual arrangements. These checks also continue after the establishment of the contractual arrangement and re-quire specific actions to be adopted when there are objective problem issues that could in any way damage the Group's reputation.

Sustainability in Action

Assessment of the Environmental and Social Impacts of Operations

In accordance with the OECD 2016 Recommendation "Common Approaches on Officially Supported Export Credits and Environmental and Social Due Diligence" and its internal policies and procedures, SACE conducts the assessment of the potential environmental and social impacts of its operations. The environmental and social assessment is a process that runs in parallel with other types of analysis (e.g. economic, financial, legal) carried out by SACE on each transaction, with the aim of identifying and assessing the potential environmental and social impacts related to the implementation of the work subject to insurance cover. The environmental impacts include, for example, atmospheric emissions, including greenhouse gas emissions, water discharges, waste, including hazardous waste, noise and vibration, use of natural resources, and impacts on endangered animal and plant species. Social impacts include, for example, working conditions, health and safety of impacted communities and workers, land acquisition, forced displacement of residents, impacts on indigenous peoples, cultural heritage, human rights impacts directly related to projects, such as forced or child labour, or life-threatening workplace health and safety situations.
The assessment process consists of four stages:

- **SCREENING** – through the completion of a questionnaire by the applicant for the insurance cover. The questionnaire must be completed for the entire target project. The examination of the screening questionnaire enables an understanding of the nature of the target project, its industrial sector and its geographical location. The questionnaire also enables the assessment of whether the transaction involves a high probability of severe human rights impacts in relation to the target project.

- **CLASSIFICATION** – the information contained in the screening questionnaire, together with the general information on the transaction contained in the application form, enables the classification of the transactions based on the significance of the environmental and social impacts potentially generated by them. The transactions assessed are classified into three categories: A significant, B moderate, C negligible. The classification assigned to each transaction directs the next step of the due diligence.

- **ANALYSIS** – the transactions classified as most at risk in the previous phase (A and B) require an analysis conducted using internationally recognised instruments. Specifically, for the category A transactions, an Environmental and Social Impact Study (ESIA) is required, prepared in accordance with the guidelines of the World Bank Group; for category B transactions, a special questionnaire, known as the Environmental & Social Review Questionnaire (ESRQ), must be completed. The analysis ends with an assessment of the management of the environmental and social impacts, as well as compliance with the standards, and may include the requirement for mitigation actions and monitoring plans.

- **DISCLOSURE AND REPORTING** – the documentation produced during the analysis phase is made available to the public in the 30 days prior to the final decision on the issuance of the insurance cover by means of an announcement on the SACE website. All category A and B transactions approved and completed are then published on the website every six months.

In September 2018, CDP signed a Service Level Agreement (SLA) with SACE, for it to conduct the environmental and social impact assessment of international projects through the dedicated unit within the Risk Area. Under the SLA, the service provided by SACE includes:

(i) ex-ante analysis of the projects, consisting of the screening of the preliminary information about the transaction and assignment of the risk category (with the aid of an external consultant for highly complex projects) and the identification of the necessary mitigation and compensation measures;

(ii) monitoring, through the examination of the documents produced by the project, to identify critical situations and propose corrective actions.

Control of Risks

Mindful of the mission it is tasked with by law and, consequently, by the Articles of Association, the Group is committed to the proper governance of the risks identified in all its activities, as a fundamental condition for maintaining the relationship of trust with its stakeholders and ensuring the sustainability of the enterprise over time. To ensure an efficient system of control over all the risks assumed or that can be assumed in the various segments, CDP and the Group Companies subject to management and coordination have set up specialised teams, which conduct ongoing controls with the aid of the necessary technological and organisational resources. CDP is also committed to disseminating a risk culture throughout the Group: the Board of Directors, the top management and the business units are actively involved in ensuring that the Group's commitments are economically and financially sustainable and consistent with a balanced risk-return profile.

Within the risk chain, periodic updating and training sessions and workshops on the various risk issues are conducted, aimed at strengthening the overall framework and disseminating the risk culture at all the corporate levels. In addition, training courses on specific topics have been organised in conjunction with the Human Resources functions.

Periodically, specific meetings of the Risk Committees and the Board of Directors are held to present a number of in-depth risk analyses and the Risk, Compliance and Anti-Money Laundering Reports on the progress of the work carried out with respect to the Annual Plan.

The risk control framework considers the specific characteristics of the activity performed by each entity of the Group, and is implemented in compliance with the requirements established by the laws and regulations applicable to each Company. However, some elements can be identified that are common to all the Group Companies. Specifically:

- with a view to mitigating the various types of risk, the Group adopts a prudential approach that consists of the ongoing monitoring of the risks, in order to assess their potential effects in advance and to take any necessary action to mitigate or offset them. This approach extends to all types of risk that are potentially significant for the Group;
- the Group Companies have implemented specific processes that assign the operating units involved the responsibilities for the governance of risks, in order to ensure solidity and going concern of the company in the long-term;
- the structure of the internal control system of the CDP Group is based on three levels of controls:
  - FIRST LEVEL: the operating units identify, assess, monitor, mitigate, and report the risks associated with the ordinary business activities, ensuring that the operations duly comply with assigned risk limits and objectives;
  - SECOND LEVEL: the Chief Risk Officer, who reports directly to the Chief Executive Officer, is responsible for the governance of all types of risks and for the clear reporting of the overall risk profile and solidity of the Group Companies to the Top Management and the Board of Directors;
  - THIRD LEVEL: Internal Auditing, which reports directly to the Board of Directors, supervises and coordinates the system through the Chairman. Internal Auditing is tasked with assessing the suitability of the internal control system as a whole, to ensure the effectiveness and efficiency of processes, the protection of company assets and investor assets, the reliability and objectivity of accounting and operating information, and compliance with internal and external rules and management instructions. Audit findings are reported on a quarterly basis to the Top Management, after their review by the Risk Committee, the Board of Directors, and the Board of Statutory Auditors. Any critical issues identified through audit activities are instead notified promptly to the company units responsible for implementing improvement measures.

3.4 The Organisation, Management and Control Model

Legislative Decree 231 of 8 June 2001 introduced the rules governing the administrative liability of companies under which they may be held liable, and consequently penalised, in relation to certain offences committed or attempted in the interest of or to the advantage of the company by persons who hold representative, administrative or managerial positions in the entity or in one of its organisational units with financial and functional autonomy; by persons who exercise management and control over the entity, also on a de facto basis (persons in a senior position or "top management"); or by persons subject to the management or supervision of one of the aforementioned persons (persons subject to the management of others). The Company is not liable if, before the commission of the offences, it has adopted and effectively implemented organisation, management and control models designed to prevent those offences and has set up a body responsible for supervising the functioning and observance of the models.

In this regard, the Group Companies have implemented the provisions of the law by adopting their own Organisation, Management and Control Model, adapted to their own specific situations, and each appointing its own Supervisory Body responsible for monitoring the implementation of the Model and its application.

To raise awareness and understanding of the company provisions aimed at preventing the risks of commission of the Offences pursuant to Legislative Decree 231/2001, training sessions were conducted in 2018 on the subject of the administrative responsibility of entities for employees in e-learning mode with a final learning test, and for the organisational units most exposed to the relevant activities identified in the 231 Model, in the form of workshops organised by subject area.

In addition, in compliance with the regulatory requirements of Law 179/2017 on Whistleblowing, the Group has produced a Group Policy for governing the process of managing the Reports, in terms of reception, analysis and processing, and has implemented an IT platform for the management of the Reports that ensures the confidentiality of the identity of the whistleblower in all the phases relating to the verification of the act reported, and has provided notification of this on both the website and the corporate intranet. The Reports are sent by Group Personnel and also by Third Parties and concern any communication regarding acts that may constitute crimes, offences or irregularities and/or conduct of any nature, including mere omissions, relating to Group Personnel and/or Third Parties carried out in violation of (i) the Code of Ethics and the internal rules, both company and Group (e.g. Group Policies, Regulations, Procedures, etc.), (ii) the 231 Model adopted by CDP and the Group Companies, and (iii) external legislation (Legislative Decree 90/2017 Anti-Money Laundering Decree) and internal anti-money laundering rules, of both company and Group (e.g. Group Policy, Regulations, Procedures, etc.), as well as the Single Finance Act and the Market Abuse Regulation ("MAR") (where applicable).

4. Economic value generated by the Group

4.1 The figures

In 2018, the Group mobilised a total of 36 billion euro of new lending for Italy's production sector and to strategic projects, while also attracting funding from other investors. Overall, through its operations the Group channelled over 60 billion euro into the Italian economy.

These concrete results were achieved in all four of the key drivers included in the scope of operations.

Specifically, the first driver, consisting of support for infrastructure development in Italy, implemented through loans to Public Entities, support for the construction of national infrastructures, and operations linked to the role of "Financial Institution for International Development Cooperation", mobilised around 6 billion euro in investments.
With regard to the second driver, linked to activities in support of exports and international expansion, the Group mobilised over 20 billion euro in new lending and investments. These funds were channelled to Italian enterprises with the dual aim of promoting export growth and expanding business operations beyond Italian borders.

The third driver, support to enterprises, with around 9 billion euro of new lending and investments, was implemented both through direct financing, to support business development plans, and indirectly, through the system of financial intermediaries, to facilitate access to credit for enterprises, particularly SMEs. In this segment, the Group has made a wide range of financial products available to enterprises (from traditional funding instruments to risk sharing and alternative financing instruments).
Significant results were also achieved for the Real Estate driver, thanks to around 300 million euro of funding for investments in the development of social housing and for measures to maximise the value the Italian real estate assets, particularly those owned by the public sector.
Although the analysis of the figures on new lending and investments provides interesting and useful information, it only gives a partial view of the value actually generated by the Group's activities. Indeed, a series of variables need to be taken into consideration that – although they cannot currently be quantitatively measurable – enable the construction of a more complete and realistic picture of the impact generated by the Group on the country's economic system.
With this in mind, in early 2019 a major test study was initiated aimed at identifying and quantifying this impact, in order to create a process of knowledge creation that enables the more detailed analysis of operations, with a view to improving the structuring of initiatives. The initial findings of this study will be presented in the next NFS.

4.2 Instruments to Support Enterprises

The Group promotes the economic development of the country also through the strengthening of entrepreneurial activities. In addition to direct investments in the capital of medium and large strategic companies (including Eni, Terna, Snam, Fincantieri, Ansaldo, Saipem and Poste Italiane), the Group offers a wide range of financial instruments, particularly for small and medium-sized enterprises.

This offering is aimed, on the one hand, at facilitating access to credit for SMEs and, on the other hand, at supporting investments in innovation and research and development. This activity, which does not include equity investments and international expansion, is carried out in two different ways:

- indirectly: through the intermediation of financial institutions, using their geographical presence to reach smaller enterprises, such as SMEs and Mid-caps;
- directly: mainly aimed at mid-caps and large corporations, using different forms of financing techniques (e.g. loans, bonds, RCFs, loan guarantees, etc.).

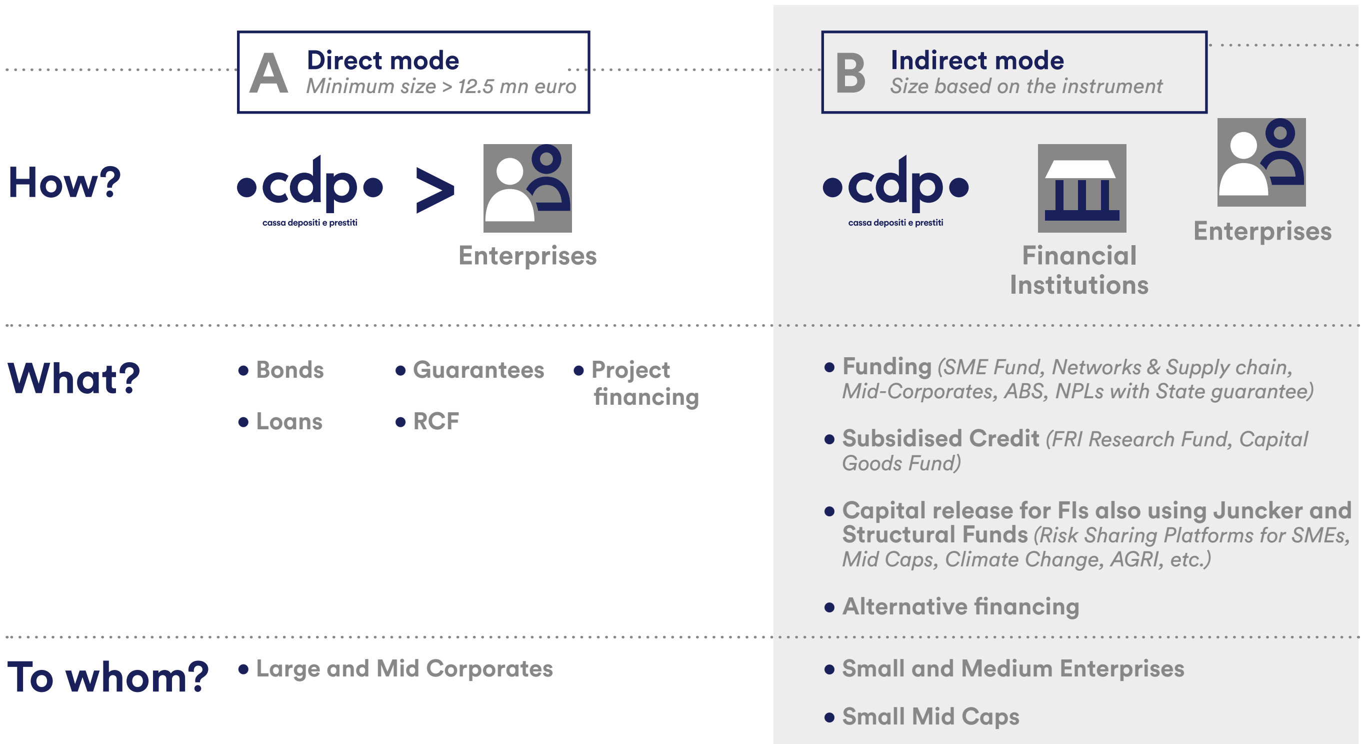
The indirect intervention consists of four main operational approaches:

- funding instruments ("liquidity funds") for banks, to facilitate access to credit for enterprises and support post-disaster reconstruction processes (operational since 2009);
- subsidised credit instruments, established through specific regulatory provisions (operational since 2006);
- guarantee and counter-guarantee instruments designed to support the capital optimisation and capital relief processes of financial institutions, with the aim of enabling new lending to enterprises;
- alternative financing instruments for enterprises with respect to the traditional banking channel.

As already mentioned, the granting of direct financing to enterprises is aimed at mid-caps and large corporations and it is designed to promote investments in works, installations and networks for public-utility initiatives and to fund projects mainly aimed at research and development, innovation, energy efficiency, and the environment in various industrial sectors.

The Group's chain of support for enterprises also consists

Chart 4 - CDP's Approach to Supporting Enterprises



of two other streams:

- Instruments to support the exports and international expansion of enterprises, mainly implemented through the single coverage provided by SACE and Simest;
- Equity instruments for the strengthening of strategic national enterprises through the vehicle CDP Equity;
- Equity instruments to support enterprises throughout their life cycle, from start-up to restructuring, through investment in a series of dedicated funds (and funds of funds).

With regard to the first point, the Single Hub for Italian exports and international expansion, consisting of CDP, SACE and Simest, offers a range of financial products that meets all the needs of enterprises engaged in the challenge of global markets. Specifically, CDP grants direct financing, SACE provides guarantees, and Simest makes available subsidised financial instruments for international expansion, as well as the grant for the reduction of the interest rate to support exports.

Specifically, the Parent Company's international operations consist of the following:

- Export Finance to foreign entities for the purchase of goods and services of Italian enterprises, mainly in the shipbuilding, oil & gas, electricity, defence and infrastructure sectors, usually carried out in partnership with other companies in the export hub (SACE and Simest);
- International expansion financing for Italian enterprises or their foreign subsidiaries and/or associates to promote their international growth.

Focus

Support for Exports and International Expansion

The SACE Simest Hub supports the growth of Italian enterprises and the Italian economy. For companies focused on foreign markets, the Hub's involvement is decisive in concluding export transactions in non-traditional markets, obtaining financing at better conditions and increasing their competitiveness. For Italy, it is a fundamental instrument for increasing exports, which today account for almost a third of GDP, and for providing the country the international reach that matches its potential. With this in mind, social responsibility has always been at the heart of SACE Simest's activities. Over the years the Hub has developed a more mature approach, to maximise its contribution to Italy's economic and social development. The notion of Corporate Shared Value (CSV), i.e. the sharing of value created, offers a new way of operating that combines the objective of creating economic value with a broader systemic vision that includes greater attention to the social and environmental situation, together with the ability to understand the needs of stakeholders, in order to transform them into instruments that serve the corporate strategies.

4.3 The Juncker Plan: CDP's Role and Initiatives

The Investment Plan for Europe (Juncker Plan) was proposed by the European Commission in November 2014, following the invitation of the European Council in June 2014 to address the problem of low levels of investment in the EU in order to stimulate growth and employment. The plan has three objectives (stimulating investment, increasing competitiveness, and supporting long-term economic growth in the EU) and consists of three pillars:

1. the European Investment Advisory Hub (EIAH) and the European Investment Projects Portal (EIPP);
2. actions to remove obstacles to investment and to create simpler, more effective and predictable regulation in the EU, in particular in the area of infrastructure, where investment spans several years or decades;
3. the European Strategic Investment Fund (EFSI), which aims to mobilise private investment through the EU guarantee.

The implementation of the Investment Plan for Europe was mainly entrusted to the Commission, in close cooperation with the European Investment Bank (EIB). However, the effective involvement of the National Promotional Institutions was considered necessary to improve the impact of the Plan, thanks to the specific expertise of the national promotional banks and their knowledge of the local situation, the enterprises and the investment community, in addition to national policies and strategies.

Thanks to its role as National Promotional Institution, assumed through the 2016 Stability Law, the Group is in the front line in the financing of investment platforms and individual projects supported by the EFSI.
Below are some examples of platforms that have been set up to support the business sector:

- **Risk Sharing Platform for SMEs**: the largest platform of the "Juncker Plan" launched in Europe for small and medium enterprises for financing of up to 150,000 euro. It has been active since the end of June 2017 and indirectly reaches SMEs through the Guarantee Fund for Small and Medium Enterprises.
- **ITAtech Platform**: this initiative takes the form of an equity product that indirectly reaches new start-ups through investment funds operating in the "technology transfer" sector.
- **"ENSI" Securitisation Platform**: in this case, CDP, together with other National Promotional Institutions, purchases securitised securities guaranteed by the EIF, the European Investment Fund, to provide new resources to financial intermediaries that are required to use them in new financing transactions in support of SMEs. Five transactions have been completed since 2016, which have indirectly supported more than 2,500 enterprises.
- **ITACorporate Platform**: dedicated to medium enterprises in all the sectors covered by the Juncker Plan. As in the previous platform, CDP and the EIB jointly evaluate the project in order to finance it, also jointly with the private sector.

The European Commission's Representation in Italy, in collaboration with CDP, organised the second edition of the Tandem Tour, aimed at illustrating the opportunities offered by the Juncker Plan in Italy to small and medium-sized enterprises, trade associations, banks and credit institutions, universities and local government entities. The tour consisted of 8 events, organised throughout Italy in collaboration with CDP's shareholder Banking Foundations, which were attended by over 350 participants (of which around 70% were SMEs and the rest were universities, local government entities and banks).

These events presented the financial instruments made available by the European Union and the proposals of the European Commission to continue supporting the investments after 2020, within the framework of the new 2021-27 long-term budget. In addition, the role of the National Promotional Institutions, such as CDP in Italy, was highlighted, describing the initiatives implemented within the Plan, with a particular focus on the guarantee instruments designed to facilitate and improve access to credit for SMEs.
During the tour, 6 companies were involved that were able to provide direct testimony of how they had obtained easier access to credit thanks to an initiative financed through funding from the Juncker Plan: the Elite Basket Bond Platform.

This was the first securitisation of minibonds in Italy that enabled 10 Italian companies from different industrial sectors to issue securities with same interest rates and maturities, providing them access to alternative financing instruments that are not usually widely available to SMEs.

Thanks to CDP's contribution, as the European Commission has repeatedly pointed out, Italy is one of the main beneficiaries of the financial resources made available under the Investment Plan for Europe.

In addition to its commitment to the Juncker Plan, CDP has already structured initiatives aimed at assisting local authorities in the use of European Structural Funds, in order to optimise the use of financial resources and maximise their impact on local communities.

4.4 I Green, Social and Sustainability Bonds

In 2018, the Group's commitment to supporting enterprises was strengthened through the drafting of the new Green, Social and Sustainability Bond Framework (the "CDP Framework") in accordance with the "Green Bond Principles", the "Social Bond Principles" and the "Sustainability Bond Guidelines" published in June 2018 by the International Capital Market Association (ICMA).

Under the framework, CDP can issue three types of bonds - Social, Green and Sustainability - with the aim of fully or partly financing or refinancing new or existing initiatives within the following categories:

- infrastructure and city development – promoting local development, urban regeneration, infrastructure development and public services;
- education – encouraging access to education and culture, promoting the construction of school buildings and the integration of disadvantaged groups;
- financing for small and medium enterprises – aiding employment and economic growth through support for small and medium enterprises;
- energy and environmental sustainability – contributing to energy transition and the creation of a low-emission and environmentally-friendly economy.

Each Green, Social and Sustainability Bond will be able to act on one, more than one or all of these categories, and will be an important tool in contributing to the promotion of sustainable development.

Sustainability in Action

2017 Social Bond Results and 2019 New Issue

In November 2017, Cassa depositi e prestiti S.p.A. issued its first Social Bond with a nominal value of 500 million euro, intended to support the creation of new jobs through the financing of Italian Small and Medium Enterprises (SMEs) located in disadvantaged areas of the country.

The Social Bond, which is the first bond issue of this kind launched in the international capital market by an Italian issuer, was well received by the market, with more than 150 institutional investors involved, 70% of which were foreign, and with a significant presence of socially responsible investors.

The funds raised were fully allocated, generating financing for over 2,800 SMEs, 53% of which with between 10 and 49 employees located in Italian regions with a GDP per capita below the national average (44%) and/or in Italian areas recently affected by natural disasters (56%).

SMEs operating in the manufacturing sector benefited from around 59% of the funds deriving from the issue. The second most financed sector was wholesale and retail trade (19%), followed by construction (5%). Enterprises operating in sectors such as the production and sale of alcohol, tobacco, arms and gambling were not eligible for the financing.

The investments promoted through the Social Bond are estimated to have generated a strong impact on employment levels, having supported (directly, indirectly and through downstream activities) about 17,500 full-time jobs (6,200 jobs maintained and 11,300 created).

In 2019, as a reaffirmation of its commitment to local development, CDP successfully closed its second Social Bond, aimed at funding school building and urban regeneration projects, with a particular focus on safety and security. The funds raised through the issue will be allocated to construction, renovation, safety measures and earthquake-proofing for publicly-owned buildings used for school education at all levels – from nursery school to university – and for urban redevelopment, including through initiatives aimed at improving areas subject to degradation, social hardship and poor safety and security.

5. Sustainable Management of the Business

5.1 The Supply Chain

The responsible action by the Group is reflected throughout the entire value chain, and particularly in the selection of its suppliers. The Group manages the assignment of goods, work, and services in compliance with the principles of cost effectiveness, efficiency, fairness, free competition, non-discrimination, transparency, proportionality, and publicity.

The identification and management of suppliers is carried out in compliance with the current legislation on procurement, the Procurement Rules, the Code of Ethics and the Organisation, Management and Control Model for the prevention of offences pursuant to Legislative Decree 231/2001.

For the acquisition of goods, services and works, based on the value of the assignments and in compliance with applicable regulations, the Group may allocate the assignments directly through the Group Procurement portal, or, if the portal does not contain suitable suppliers for a competitive procurement procedure, all the individual Group Companies may use specific market searches via tenders, while ensuring compliance with the criterion of "rotation".

All the suppliers identified are subject to verification of the satisfaction of the general and technical-specialist requirements, as well as checks on the economic and financial solidity of the potential counterparty, the existence of conflicts of interest and elements of potential reputational risk.

There are no environmental or social risks associated with the supply chain because the purchases are made from local Italian suppliers and low-risk European or North American foreign countries and are mainly concentrated on the acquisition of services. In addition, the principle of environmental protection is being applied through the increasing trend of using suppliers with environmental quality and safety certifications issued by specialist external bodies.

Table 1 - **Number of new suppliers (relevant for environmental purposes) selected and/or contracted through the use of environmental criteria**

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Total Suppliers Contracted	**147**	**128**	**117**	**19**	**15%**
of which selected with environmental criteria	70	54	21	16	30%
% of total	48%	42%	18%		

All the suppliers are also required to fully comply with the rules on the protection of workers' rights, the obligations relating to occupational health and safety, the provisions on the hiring of workers belonging to protected groups, and the rules and principles established in Legislative Decree 231/2001. For suppliers that have contracts for amounts over 150,000 euro, the checks required by the anti-mafia regulations are carried out.

The supplier agreements contain specific clauses requiring full compliance with regulations on employment, protection of minors, social security, insurance and pensions. Suppliers are also required to comply in full with occupational health and safety regulations, as well as those concerning accident prevention and hygiene, and fulfil all statutory obligations concerning workers' compensation, social security, invalidity, old age, and occupational diseases and any other provisions applicable during the performance of the contract for the material protection of workers. The Group reserves the right to check performance of the supply agreement for goods and services and compliance with the applicable regulations.

The screening of suppliers in relation to bribery and corruption and lawfulness is carried out by requesting suppliers to produce the relevant statutory documentation and verifying with the competent authorities the truthfulness of the declarations made in relation to the amount ordered, as required by the applicable regulations.

To protect the rights of the employees of the supplier companies, during the selection, contract signing and invoice payment phases, all the suppliers are required – in addition to the Declaration related to the Legislative Decree 231/01 – to be in compliance with their social security obligations, and this is checked directly on the institutional websites to ensure that the supplier possesses the certificate of social security compliance, which must be valid not only at the time of order but also every time payment is made.

Table 2 - **Number of new selected/contracted suppliers screened for bribery and corruption and unlawfulness**

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Total Suppliers	**2,025**	**1,882**	**1,942**	**143**	**8%**
of which subject to screening for bribery and corruption and unlawfulness	1,993	1,678	1,638	315	19%
% of total	98%	89%	84%		

In addition, external suppliers are required to provide all the documentation certifying compliance with the law for the purposes of coordination and cooperation and the preparation, where necessary, of a risk assessment document in order to minimise the probability of increasing the risks already present in the company.

For some categories of goods, such as cleaning services, porterage, reception, armed security and help desk services, specific clauses are included to safeguard the jobs of staff in the event of a change of contract. In particular, in order to protect existing jobs, the provisions of collective bargaining agreements regarding the re-employment of staff are applied. For all the suppliers, the Group requires and checks that they are in compliance with their social security and accident and injury insurance contributions.

All new socially relevant suppliers were contracted and/or selected in 2018 using social criteria.
Lastly, no purchases are made from suppliers in countries where the right to freedom of association and collective bargaining is not guaranteed.

After their selection and registration, the performance of the suppliers is continuously monitored during the execution of the services, both with regard to the correctness of the conduct during the tender process or the submission of bids, and with regard to the safety and security, quality and timing of the services.

In compliance with current public procurement legislation, the Group encourages access for small and medium-sized enterprises by splitting significant EU contracts into appropriate lots and, where permitted by the nature of the contract, by setting requirements for participation in tenders that do not exclude small and medium-sized enterprises. As at 31 December 2018, the Group's expenditure on procurement amounted to 176.674 million euro (figures as 31 December) and the percentage of local suppliers, defined as suppliers who had their tax residence in Italy in 2018, amounted to around 95% of the total number of suppliers.

Table 3 - **Percentage of spending on local suppliers**

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Spending for procurement (€)	**176,674,541.94**	**119,483,181.61**	**188,995,500.12**	**57,191,360.33**	**47.87%**
of which local suppliers Italy (€)	167,146,579.44	102,607,359.63	181,686,490.79	64,539,219.81	62.90%
% of total local Italy	95%	86%	96%		
of which on foreign suppliers (€)	9,527,962.50	16,875,821.98	7,309,009.33	-7,347,859.48	-43.54%
% of total foreign	5%	14%	4%		

5.2 Our people

More than just being an important player and promoter of Italy's development, the Group is a set of people, professionals, teams, operational structures that contribute daily to the implementation of important projects for the country. A united team that, through the efforts of everyone involved, works daily to achieve the Group's ambitious goals.

Breakdown of the Workforce

As at 31 December, the Group had 2,121 employees and the total workforce, including internships and other work relationships, was 2,216.

Around 60% of employees were aged between 30 and 50, and 31% of employees were over 51, while the remaining 9% were under 29 years of age.
The number of women employed in the Group Companies included in the reporting scope was 991 and represented 47% of the total number of employees. Although their number increased in absolute terms, it decreased slightly, by around one point, in percentage terms compared to 2017.

Chart 5 - **Breakdown of the Workforce**

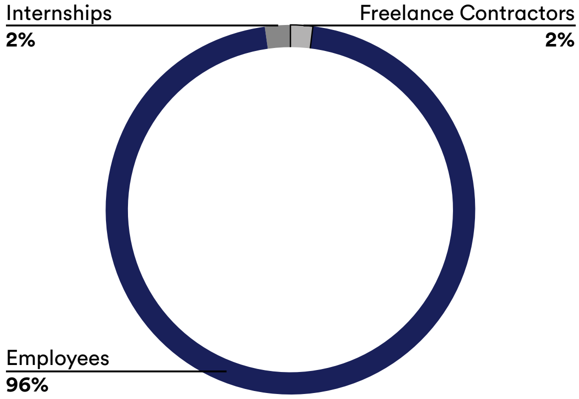
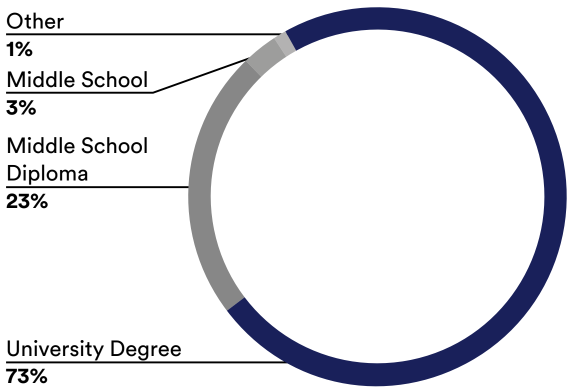


Table 4 - **Breakdown by Gender and Age (no.)**

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Total employees	**2,121**	**1,997**	**1,923**	**124**	**6.21%**
Men	1,130	1,053	1,008	77	7.31%
Women	991	944	915	47	4.98%
Aged ≤ 29 years	197	131	119	66	50.38%
Aged 30-50 years	1,271	1,219	1,176	52	4.27%
Aged ≥ 51 years	653	647	628	6	0.93%

The breakdown by educational qualification shows a percentage of graduates of just over 73%. The percentage of men with a university degree is 57% compared to 43% for women.

Chart 6 - **Breakdown by Educational Qualification**



Job stability is of primary importance to the Group and 97% of the Group's employees are on permanent contracts, with only 3% on fixed-term contracts. Nevertheless, compared to the previous year, the number of fixed-term contracts rose by 59%.

Table 5 - **Breakdown by Contract Type and Gender (no.)**

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Permanent	**2,051**	**1,953**	**1,894**	**98**	**5.0%**
Men	1,089	1,032	994	57	5.5%
Women	962	921	900	41	4.5%
Fixed-term	**70**	**44**	**29**	**26**	**59.1%**
Men	41	21	14	20	95.2%
Women	29	23	15	6	26.1%

Around 97% of employees have a full-time contract. Of the 3% of employees on part-time contracts, 97% are women.

Table 6 - **Breakdown by Employment Contract and Gender (no.)**

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Full-time	**2,064**	**1,939**	**1,860**	**125**	**6,5%**
Men	1,128	1,051	1,004	77	7,3%
Women	936	888	856	48	5,4%
Part-time	**57**	**58**	**63**	**-1**	**-1,7%**
Men	2	2	4	0	0,0%
Women	55	56	59	-1	-1,8%

Of the 2,121 employees, around 44% are office workers and 47% are middle managers, while the senior managers represent 9%. No one is employed as a manual worker.

Table 7 - **Breakdown by Employee Category and Gender (No.)**

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Senior Management	**197**	**192**	**183**	**5**	**2.6%**
Men	154	150	141	4	2.7%
Women	43	42	42	1	2.4%
Middle Managers	**995**	**907**	**846**	**88**	**9.7%**
Men	559	509	478	50	9.8%
Women	436	398	368	38	9.6%
Office Workers	**929**	**898**	**894**	**31**	**3.5%**
Men	416	394	389	22	5.6%
Women	513	504	505	9	1.8%
Manual Workers	**0**	**0**	**0**	**0**	**0.0%**

Around 96% of the women are classified as office workers (52%) or middle managers (44%). Within the Group there are 43 female senior managers (out of 197, equal to 22%).

Table 8 - **Women out of total employees by category (%)**

	2018	2017	2016
Women out of total	**47%**	**47%**	**48%**
Women out of total senior managers	22%	22%	23%
Women out of total middle managers	44%	44%	44%
Women out of total office workers	55%	56%	57%

The Group actively partners with leading Italian universities to attract the brightest new graduates to the Group. In 2018, 44 young people were given the opportunity to complete an internship of three to six months within the main business and staff areas of the Group Companies. All the internships set up involved the payment of a monthly allowance and, depending on the case, the provision of meal vouchers or free access to the company canteen, where available. At the end of the internship, based on the overall assessment of the contribution provided by the internees, the most deserving candidates were offered a contract, with the aim of bringing talented young people into the company to start on a path of professional growth.

As required by the applicable regulations, the Group guarantees the right to work of people with disabilities, whose number within the Group at the end of 2018 was 110 (or 5% of the total number of employees), of which 57% were women.

Personnel Movements

In 2018, 241 people were hired, 40% of whom were women. 51% of those hired were between the ages of 30 and 55, 45% were under 29, and the remaining 4% were over 50.
The number of people who left the company in the year was 117, 69 of whom were men and 48 women, an increase of 11% compared to 105 people who left in 2017. Around 36% of the outgoing personnel were between the ages of 30 and 50, and 39% were aged over 51. Only 8.5% of the outgoing personnel left due to retirement.

Table 9 - **Personnel Movements by Gender and Age (no.)**

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
INCOMING PERSONNEL					
Total as at 31/12	**241**	**178**	**161**	**63**	**35.4%**
Men	145	98	90	47	48.0%
Women	96	80	71	16	20.0%
Aged ≤ 29	108	70	59	38	54.3%
Aged 30-50	123	90	90	33	36.7%
Aged ≥ 51	10	18	12	-8	-44.4%
OUTGOING PERSONNEL					
Total as at 31/12	**117**	**105**	**100**	**12**	**11.4%**
Men	69	61	50	8	13.1%
Women	48	44	50	4	9.1%
Aged ≤ 29	30	17	20	13	76.5%
Aged 30-50	42	39	30	3	7.7%
Aged ≥ 51	45	49	50	-4	-8.2%
REASON FOR LEAVING					
Voluntary resignation (excluding retirement)	50	54	52	-4	-7.4%
Retirement	10	15	20	-5	-33.3%
Dismissal	1	3	3	-2	-66.7%
Other	56	33	25	23	69.7%

In 2018, the incoming turnover rate, calculated as the number of employees entering the workforce as at 31 December, was 11.4%, while the outgoing turnover rate, calculated as the number of employees leaving the workforce during the reporting year as at 31 December, was 5.5%. The incoming turnover rate was particularly high in the ≤ 29 age group.

Table 10 - **Personnel Turnover by Gender and Age (%)**

	2018	2017	2016
Incoming turnover rate	**11.4%**	**8.9%**	**8.4%**
Men	12.8%	9.3%	8.9%
Women	9.7%	8.5%	7.8%
Aged ≤ 29	54.8%	53.4%	49.6%
Aged 30-50	9.7%	7.4%	7.7%
Aged ≥ 51	1.5%	2.8%	1.9%
Outgoing turnover rate	**5.5%**	**5.3%**	**5.2%**
Men	6.1%	5.8%	5.0%
Women	4.8%	4.7%	5.5%
Aged ≤ 29	15.2%	13.0%	16.8%
Aged 30-50	3.3%	3.2%	2.6%
Aged ≥ 51	6.9%	7.6%	8.0%

The Management of Our People

Within the Group's value system, people are the most precious asset in which to invest with a view to growth, shared development and propensity to change. This is why the Group believes in human capital and manages relations with its employees with a focus on skills, equal opportunities, corporate well-being and the expansion of know-how.

The **process of selection and hiring** of personnel is governed by specific Regulations, which are regularly updated by the Group Companies. Each phase is supported by documentary evidence and traced, in order to ensure transparent procedures in its implementation and reduce the risks associated with the management of the process. The channels used for the publication of the job advertisements are the individual websites of the Group Companies and their dedicated LinkedIn pages. Employees are then selected on the basis of the professional skills and abilities of candidates.

The Group Companies are equal opportunity employers and do not discriminate in any way on the basis of sex, ethnic background, nationality, religion, political beliefs, sexual orientation, or personal or social conditions.

On the management front, 2018 was marked by the design and development of a **new management model** aimed at enhancing vertical and horizontal communications and promoting greater collaboration between people. Through the definition of processes and tools, the new management model provides an important instrument to support managers in guiding and developing their staff. It also enables the behaviour of people working in the various Group Companies to be directed towards the desired organisational culture. Within the new management model, a new leadership model has been defined and developed, in line with CDP's values, which sets out the behaviour expected of all the personnel. The content of the new leadership model was disseminated through specific workshops, which were attended by the heads of function.

The new management model is strongly oriented towards the creation of a non-discriminatory and inclusive working environment. To this end, it gives particular attention, within all the processes, to the nurturing of individual skills and knowledge, professional growth, and work-life balance.

A key feature of the new management model is the personnel performance review. The processes, systems, and methods involved in the Performance Review are designed to encourage actions and behaviours in line with the culture and expectations of the Group, in keeping with the Code of Ethics and the principles of plurality, equal opportunity, and promoting the knowledge and expertise of people. Under the review process, which is repeated annually, the results achieved and the organisational behaviour adopted are taken into consideration as a whole for each member of the personnel. Specifically, the following factors are considered:

- achievement of individual objectives – to assess the results achieved by the employee through the use of objective measurement parameters;
- managerial skills – to consider the possession of the specific skills required to cover their role;
- overall assessment – to produce an overall evaluation of the employee's annual performance, which forms the basis for implementing merit-based policies;
- training needs – to identify areas of strength and improvement for the optimal performance of recurring or future activities and the related action plan.

From an operational perspective, the process consists of two steps: a "self-assessment" by each employee; and an assessment by the employee's direct manager, followed by a meeting to provide feedback and agree objectives for the next year. After the review model has been applied, the remuneration policies are implemented and the training programmes are defined, which form the basis for the professional development paths and consequently for the overall management system.

The remuneration policy is managed with the aim of ensuring the availability of human capital with the skills and motivation necessary to work successfully to achieve the corporate objectives. It is based on moderation in the knowledge that the right compensation framework, including variable components of remuneration, is fundamental to pursuing internal fairness and market competitiveness and ensuring the alignment of the interests of our personnel with those of our stakeholders. Specifically, the management remuneration policy, consolidated through the adoption of Group rules, is defined in accordance with the following principles and criteria:

- it must be able to attract and motivate people with the necessary professional capabilities;
- it must be suitably balanced between a fixed component, consistent with the mandates and/or responsibilities assigned, and a variable component, set within maximum limits and specifically designed to link the remuneration to the performance achieved;
- the variable remuneration must be based on specific and verifiable objectives that reflect company and individual performance;
- the benefits must be in line with the practices of the related remuneration markets and consistent with the applicable regulations, in order to complete and enhance the overall remuneration package, giving priority to the social security and insurance components.

Sustainability in Action

Cassa depositi e prestiti recognised as 2019 Top Employer

In recognition of the seriousness and dedication demonstrated by the Company in investing in its people over the years, Cassa depositi e prestiti received the “Top Employers Italy” certification in February 2019. This is a recognition given to companies that offer excellent working conditions capable of enabling their employees to grow both professionally and personally. The recognition of the results achieved by CDP’s organisation is particularly important in view of the authoritativeness of the Top Employers Institute, an independent international body that has certified more than 1,500 companies from 118 countries that represent market excellence in their human resources management processes. To obtain the certification, an extensive analysis of human resources management structures and working conditions within the company was carried out, which resulted in a positive assessment for the Group.

This official recognition represents one of the steps in CDP’s journey towards achieving the objectives of the 2019-2021 Business plan, starting with an evolution of the business model, to respond concretely and significantly to the country’s growth. This model involves various actions, including the strengthening of human capital, the Group’s primary asset, through the attraction and development of talented individuals.

Training and Development of Employees

The technical, interpersonal, organisational and intellectual skills of each employee are strategic resources for enabling the Group to achieve its business objectives efficiently and effectively. With this in mind, the Group is strongly committed to providing its people an offering of quality training, which consists of the right mix between technical training and the provision of courses aimed at enhancing their skills, in line with the company skills model.

In 2018, a CDP training catalogue was introduced, which forms the basis of the new strategy for the training area to support the creation of a new Group culture, aligned to its values and the new leadership model and integrated into the new Group management model.

In addition, numerous training initiatives have been provided aimed at directing and supporting the promotion of actions and behaviours that are aligned to the Group's culture and expectations. It consists of a diverse offering that uses multiple teaching methods: classroom activities, on-the-job coaching, structured and unstructured experiences, internal and external testimonials, e-learning, multimedia follow-up, and everything that can accelerate the quality and quantity of learning, to support the employees in their continuous growth. Training, education, and refresher initiatives for employees are delivered both by external professionals and by facilitating teaching by internal personnel. The internal teaching provides useful opportunities for practical discussion and sharing of experiences, which lead to knowledge exchange – in terms of processes – and opportunities for inter-functional integration and teamwork.

In 2018, around 51,068 hours of training was delivered to employees, a sharp increase (+52%) on the previous year.

Table 11 - **Hours of Personnel Training by Gender and Category (h)**

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Total as at 31/12	**51,068**	**33,624**	**26,102**	**17,444**	**52%**
Men	28,782	15,928	14,213	12,854	81%
Women	22,286	17,696	11,889	4,590	26%
Senior management	7,376	4,007	2,689	3,369	84%
Middle managers	24,797	14,145	12,747	10,652	75%
Office workers	18,895	15,473	10,667	3,422	22%

Table 12 - **Average Hours of Personnel Training by Gender and Category (h)**

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Total as at 31/12	**24.08**	**16.84**	**13.57**	**7.24**	**43.00%**
Men	25.49	15.13	14.10	10.36	68.47%
Women	22.47	18.75	12.99	3.72	19.84%
Senior management	37.44	20.87	14.69	16.57	79.40%
Middle managers	24.92	15.59	15.07	9.33	59.85%
Office workers	20.34	17.23	11.93	3.11	18.05%

Table 13 - **Hours of Personnel Training by Subject and Category (h)**

	2018			2017			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Hours of technical training	**8,549**	**10,922**	**19,471**	**3,851**	**3,793**	**7,644**	**2,186**	**3,126**	**5,312**
Senior management	601	1,528	2,129	370	540	909	115	219	334
Middle managers	4,132	5,277	9,409	2,068	2,053	4,121	997	1,705	2,701
Office workers	3,815	4,117	7,933	1,413	1,201	2,614	1,075	1,203	2,277
Hours of transversal training	**10,852**	**13,084**	**23,937**	**11,349**	**8,988**	**20,337**	**8,108**	**8,488**	**16,596**
Senior management	1,355	2,934	4,289	595	1,355	1,950	305	741	1,046
Middle managers	5,052	6,857	11,909	3,649	4,321	7,970	3,761	4,861	8,622
Office workers	4,445	3,294	7,739	7,105	3,312	10,417	4,042	2,887	6,928
Hours of training on environmental topics	**45.0**	**45.0**	**90.0**	**15.0**	**52.5**	**67.5**	**232.0**	**215.0**	**447.0**
Senior management	0	22.5	22.5	0	0	0	88.0	152.0	240.0
Middle managers	22.5	22.5	45.0	0	15.0	15.0	69.0	48.0	117.0
Office workers	22.5	0	22.5	15.0	37.5	52.5	75.0	15.0	90.0
Hours of training on other topics	**408.0**	**384.5**	**792.5**	**0**	**0**	**0**	**43.5**	**52.5**	**96.0**
Senior management	83	87.5	170.5	0	0	0	0	9.0	9.0
Middle managers	177.5	212.5	390.0	0	0	0	25.5	43.5	69.0
Office workers	147.5	84.5	232.0	0	0	0	18.0	0	18.0

In 2018, in the area of technical training, preference was given to initiatives dedicated to specific topics considered to have an immediate impact in terms of operations (e.g. the new EU Regulation 2016/679 on Personal Data and the 231 Model) without, of course, neglecting more strictly technical and specialist areas (e.g. administration, accounting, languages, etc.), covered by targeted, highly-specialised training, which involved the Group's organisational units across the board. Lastly, the compulsory health and safety training was duly carried out (see next section). In terms of transversal training, particular attention was paid to the training of assessors, carried out with the aid of external consultants and closely linked to the introduction of the new Group management system.

Occupational Health and Safety

The health and safety of workers, third parties and all those who act on behalf of the company is a factor of primary importance for the Group in achieving its overall objectives.

The Group's attention to the management of health and safety issues goes far beyond mere compliance processes. This is why it has adopted OHSAS 18001 Management Systems in almost all of its companies (CDP SpA, CDP Investimenti SGR, SACE Group, CDP Immobiliare) that will be replaced, in a process starting in 2019, by safety certifications based on the new ISO 45001:2018 standard. Through this instrument, each individual Group Company will ensure continuous monitoring and control of health and safety in all their work processes.

The Company's objectives, in relation to the organisation of health and safety, are shared globally in a Group vision by all the organisational levels.

The Group Companies are committed to ensuring that these principles and objectives are translated into measurable targets and are periodically reviewed to ensure that they are increasingly aligned to the vision of "continuous improvement". Each Company has therefore taken steps to manage all aspects related to occupational health and safety through a specific functional structure consisting of the:

- Health and Safety Officer;
- Medical Officer;
- Workers' Safety Representatives;
- Fire Prevention and First Aid Staff.

Some of the Companies have also decided to supplement their safety personnel with the Safety Officer, Prevention and Protection Staff, Defibrillator Operators, and Support Staff for people with disabilities in the event of an emergency.
Over the last few months, the Group has been implementing the harmonisation of policies on health and safety in all the Group Companies. The Prevention and Protection functions of the companies work together closely to share methodologies aimed at harmonising the documentation necessary for the fulfilment of health and safety requirements, in particular for the preparation of Risk Assessment Documents and Emergency Plans.

The risks to the health and safety of the workers of the Group

Companies are all assessed using a multidisciplinary approach, taking into account the combined effect of the work environment, processes and equipment, as well as the individual conditions of the workers.

For the Risk Assessment, all the Group Companies adopt criteria envisaged by the "National Regulations", the "Technical Standards" approved and published by international, European or national standardisation bodies, "Best Practices", and the "Guidelines" issued and put together by regional authorities, INAIL (national institute for occupational accident insurance) or joint bodies. All the assessments are carried out through successive steps that can be summarised as follows:

- preliminary planning (document analysis and analysis plan);
- risk analysis (identification and measurement);
- risk assessment (risk weighting according to the acceptability criteria adopted);
- treatment of the risk (elimination or reduction through prevention and protection measures).

All the Group Companies, with the collaboration of the Heads of the Prevention and Protection Function and the Medical Officers, and upon consultation with the Workers' Safety Representatives, produce and keep updated the Risk Assessment Document, which contains:

- the report on the assessment of all risks to safety and health during work activities, in which the criteria adopted for the assessment are specified;
- details of the prevention and protection measures implemented and the personal protective equipment used, following the assessment;
- the programme of measures considered appropriate to ensure the improvement of safety levels over time;
- the identification of the procedures for the implementation of the measures required, as well as the roles within the company organisation responsible for their implementation;
- the assessments and related documents are updated in relation to technical developments and significant changes in the production process and in the company's organisational structure that may affect workers' exposure to risk.

The risk management process and constant attention to health and safety, implemented in close collaboration with the competent corporate functions, enabled the achievement of the following results in the period 2016-2018:

Table 14 - **Injuries by Type (no.; %)**

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Injuries	**40**	**30**	**24**	**10**	**33%**
of which:					
Serious injuries	0	0	0		
Percentage of total	0%	0%	0%		
Fatal injuries	0	0	0		
Percentage of total	0%	0%	0%		
Injuries in transit	36	28	18	8	29%
Percentage of total	90%	93%	75%		

Table 15 - **Injury Indices**[1]

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Injury Frequency[2]	11.6	9.1	7.2	2.5	27.5%
Injury Rate[3]	2.3	1.8	1.4	0.5	27.8%
Injury Severity Rate[4]	0.3	0.4	0.2	-0.1	-25.0%
Lost Day Rate[5]	52.4	74.2	43.6	-21.8	-29.4%

1 *The injury indices have been calculated including injuries in transit*
2 *Number of injuries resulting in at least one lost day of work divided by the number of hours worked in the year, multiplied by 1,000,000.*
3 *Number of injuries resulting in at least one lost day of work divided by the number of hours worked in the year, multiplied by 200,000 (equal to 50 working weeks x 40 hours x 100 employees).*
4 *Ratio of lost days due to injury to hours worked per year, multiplied by 1,000. Lost days means calendar days, counted starting from the day of the injury.*
5 *Ratio of lost days due to injury to hours worked per year, multiplied by 200,000. Lost days means calendar days, counted starting from the day of the injury. The lost day rate has been calculated considering the number of lost days due to injury in 2018 and any lost days due to injuries during the previous year, with the days lost allocated on an accrual basis.*

Table 16 - **Hours Worked and Days Lost (hours; days)**

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Hours actually worked	3,457,202	3,302,159	3,323,936	155,043	5%
Working days lost due to injuries	905	1.225	724	-320	-26%

Given the nature of the business, in 2018, although there was an increase in the overall number of injuries, there were no serious injuries in any of the Group Companies. Around 90% of all events were due to injuries in transit and there was a significant improvement in the rate of days lost in 2018 compared to 2017.

Occupational safety training is the main preventive tool used by the Group to achieve the goal of reducing the number of adverse events. Organising safety training courses contributes to the overall growth of the company knowledge base, raises the level of role awareness, increases each individual's ability to assume their responsibilities, gives social value to their work, and allows them to better understand and manage risks both individually and collectively.
For these reasons, there has been a steady upward trend in the level of health and safety training courses in the Group as a whole. Compared to 2016, as shown in the table below, in 2018 the total number of training hours provided had increased by almost 90%.

Table 17 - **Hours of Training by Type of Course and Company Function (hours)**

	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Hours of OHS training	6,778	5,576	3,652	1,202	22%
Senior management	765	1,148	1,060	-383	-33%
Middle managers	3,045	2,039	1,238	1,006	49%
Office workers	2,969	2,390	1,354	579	24%

Lastly, in the knowledge that occupational health and safety is one of the elements that most affects the risk profile of a company and its reputation, but, above all, to contribute to creating a virtuous cycle aimed at mutual improvement, the companies that want to a become a supplier to the Group must undergo and successfully complete a process designed to assess a variety of aspects.

In collaboration with the Procurement area of each company, as required by the applicable regulations, each supplier is required to provide all the documentation necessary for the coordination and cooperation in order to minimise the probability of the occurrence of interference risks.

Industrial Relations

All Group workers are hired under the national collective bargaining agreements (or "CCNL") negotiated with the trade unions. Various national collective labour agreements are applied within the Group, namely: the ABI national collective labour agreement used by all the Group Companies within the reporting scope, the national collective labour agreement for employees of construction and related companies and the national collective labour agreement for managers of companies producing goods and services used by CDP Immobiliare for some of its employees, and the ANIA contract used by SACE, also in this case in parallel with the ABI national collective labour agreement. Numerous second-level bargaining agreements have been made, which together form the Supplementary Company Agreement. The supplementary agreements have led to the adoption of numerous measures to improve the working conditions of employees and help them achieve a work-life balance. Various initiatives are designed to assist workers in meeting their family commitments, with a particular focus on working mothers.

The Group has always maintained an open and transparent relationship with trade unions and workers' representatives. It is convinced that only constant and constructive engagement can lead to balanced solutions that take into account the expectations of all stakeholders. As there are no particular issues that affect the working life of employees, this helps maintain good relations with trade unions. Various trade unions are represented in the Group, including: FISAC CGIL; Federmanager; UILCA; FABI; FIRST CISL; FNA; UGL COSTRUZIONI; UGL CRED; FNEAL UIL and SINFUB. There are no trade union representatives in CDPI SGR, CDP RETI and CDP Equity.

Meetings are held on a periodic basis, and whenever requested, between the delegated organisational units (Human Resources, Organisation, and Logistics) and company trade union representatives, for companies which have representatives, to discuss any issues raised by them.

The notice period and rules for consultations and negotiations on operational changes that potentially may have a significant impact on personnel are governed by laws in force (Law 428/1990) and the provisions of collective bargaining agreements.

Company Welfare

The Group promotes a modern and comprehensive system of company welfare designed to improve quality of life. All Group employees (including part-time and fixed-term employees) are provided a package of welfare benefits that includes, as a minimum:

- the provision of monthly meal vouchers;
- health insurance for the employee and their direct family, covering medical costs incurred for illness and injury;
- death and total permanent disability insurance, covering both workplace and non-occupational injuries and permanent invalidity from illness;
- supplementary retirement benefits, paid by the Group company.

Alongside the basic package provided to all Group employees, individual companies may provide additional welfare benefits, such as:

- periodical medical check-ups;
- insurance cover for the reimbursement of medical expenses;
- interest contributions on mortgages for the purchase or renovation of the family home (solely for permanent personnel);
- a contribution towards the costs of nursery, infant school and educational expenses (e.g. purchase of school books) for the children of employees;
- study grants for the children of employees attending school or university;
- an annual contribution for employees with dependent children suffering from serious disabilities;
- first 30 days of parental leave at full pay;
- 30 days of leave per year at full pay to care for sick children up to the age of three;
- contribution for the purchase of the annual season ticket for urban and suburban transport;
- counselling service once a month at the CDP headquarters, to support employees in overcoming any psychological and social difficulties relating to either their professional and private lives;
- possibility for employees to donate up to 2 days per year of holidays to colleagues with particular family difficulties;
- additional paid leave with respect to the statutory obligation (nine hours per year for medical visits, including visits for children aged up to 12, plus 3 days per year of leave in addition to the leave requirement established by law or by the applicable collective bargaining agreement);
- tax exemption on the productivity bonus;
- smart working.

5.3 Communities

The Cassa depositi e prestiti Group aims to promote not only the infrastructural, but also the social and economic development of local areas, with particular attention to emerging social needs. This commitment is realised through a wide range of financial instruments, but also by performing a role of proactive support, to effectively aid the generation of value for local areas and for the country as a whole.

The Group performs a fundamental role as a partner to the public sector, and to local government entities in particular, which bear most of the burden of the construction of social infrastructure and the redevelopment of the urban environment, in supporting Italy's social and economic development. The Group supports local authorities in their plan to relaunch investments "across the board", from planning to financing, and in all areas of action, from local and social infrastructure (social housing, school buildings), to transport and local public services.

Development of Social Housing

It is estimated that 23.5% of the population (around 14.3 million people, at least 4.9 million households or 19.5% of the total number of households resident in Italy) do not have access to a decent home, at an affordable price and in a safe environment. Today, the problem does not only affect the weakest sections of the population, but concerns a wider pool of people (8.5 million individuals, 14% of the population) who, despite having an income and being in a situation of relative stability, have significant difficulties in accessing the housing market. These are mostly single-income households, workers in precarious employment, single-parent households, young people, the elderly and foreigners. These categories are extremely different in terms of needs, resources and expectations, but they all share the problem of significant difficulty in being able to afford a home at market conditions. An important aid can be provided to these people in the form of social housing. In fact, social housing represents a halfway point between subsidised housing and private property sold or rented at market prices. The main objective of this type of housing is to enable a bigger proportion of the population to overcome the condition of housing hardship, by providing good-quality homes, at a controlled cost.

The development of social housing is part of the Group's historical activities, in which it performed the role of manager and main investor for the national social housing program created in 2009 as part of the Housing Plan, within a public-private partnership initiative aimed at combining public policies on housing with a private housing offering of modern affordable homes for the sections of the population unable to meet their housing needs on the market.

The Group's work in social housing is carried out in particular through the *Fondo Investimenti per l'Abitare* (FIA), a fund of funds in which CDP is the main investor (with a capital of 1 billion euro, equal to approximately 50% of the total financial resources of 2,028 million euro), and the manager through its subsidiary CDP Investimenti. The FIA operates in the social housing sector with an approach aimed not only at speeding up the response to the problem of housing needs, but also at making a substantial contribution to the regeneration of the districts in which the real estate projects are located, by providing services and new public spaces available to the community and implementing accompanying programs aimed at strengthening the local communities. In addition to CDP, the FIA's investors are the Ministry of Infrastructure and Transport (140 million euro), the main national banks, leading insurance companies and some of the main Italian social security institutions.

The FIA feeds into the SIF (integrated system of funds) for social housing: 30 local real estate funds, managed by 9 leading asset management companies, whose main investors are the FIA (with shares of between 60% and 80% of the total capital) and whose co-investors are local stakeholders, primarily local banking foundations, but also regional, provincial and municipal authorities, cooperatives and private developers, with the mobilisation of private and public funding generally in excess of 3 billion euro.

By 2020, SIF intends to carry out 250 operations, to provide around 20,000 social housing units and 8,500 beds in temporary and student residences throughout the country. Of these, 200 have already been acquired and partly developed by local funds, while the remaining 50 have been approved and are in the process of being acquired. Of the 200 projects acquired, 110 have been completed to provide more than 5,000 social housing units and around 2,500 beds in temporary and student residences, 53 are under construction (for more than 4,500 social housing units and around 2,000 beds in temporary and student residences) and 37 are in the process of being initiated (for around 4,500 social housing units and around 500 beds in temporary and student residences).

The functional mix of the investments approved consists primarily of social housing and temporary residences: 90.8% of the total compared to other uses, such as free market residences (3.2%), local trade (3.6%), services (2.4%). Around 75% of the social housing is intended for medium/long-term rental,

Focus

The Background Environment

Italy is a country where the demand for new and modern infrastructure works is accompanied by the need for measures to maintain and upgrade existing structures. If we consider, for example, that 70% of Italian hospitals were built before 1970 and 65.1% of school buildings before the enactment of the anti-seismic regulations of 1974, there is clearly an urgent need to upgrade school and health facilities, in order to ensure greater safety, as well as energy and other forms of efficiency.
This is being accompanied by the emergence of new social demands. Over the years:

- housing needs have radically changed – the problem of housing no longer affects only the weaker sections of the population, but concerns a large pool of people who, despite having a stable income, have difficulty accessing the free market;
- demand for healthcare has changed – no longer met by large hospital complexes, but largely directed towards the more complex segment of long-term care and post-hospital care;
- the urban environment has become more-and-more crucial in improving quality of life and increasing the economic and employment opportunities of individuals, raising the need for infrastructure regeneration and redevelopment of towns and cities, particularly in the suburbs.

Against this background, the investment difficulties in the general government structures over the years have led to an essential standstill in operations. Between 2007 and 2016, investments in infrastructure made, both by central government entities and, more significantly, by local government entities, fell significantly, with a decrease of -20% (from 5 billion euro to 4 billion euro) and -26% (from 21 billion euro to 16 billion euro), respectively.

Chart 7 - **FIA Investments by Type of Intervention**

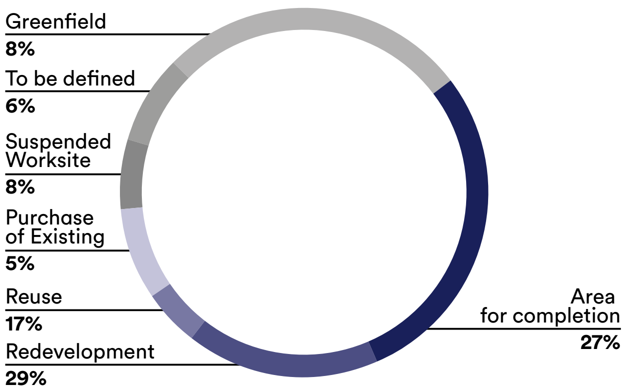


Chart 8 - **FIA Investments by Use Designation**

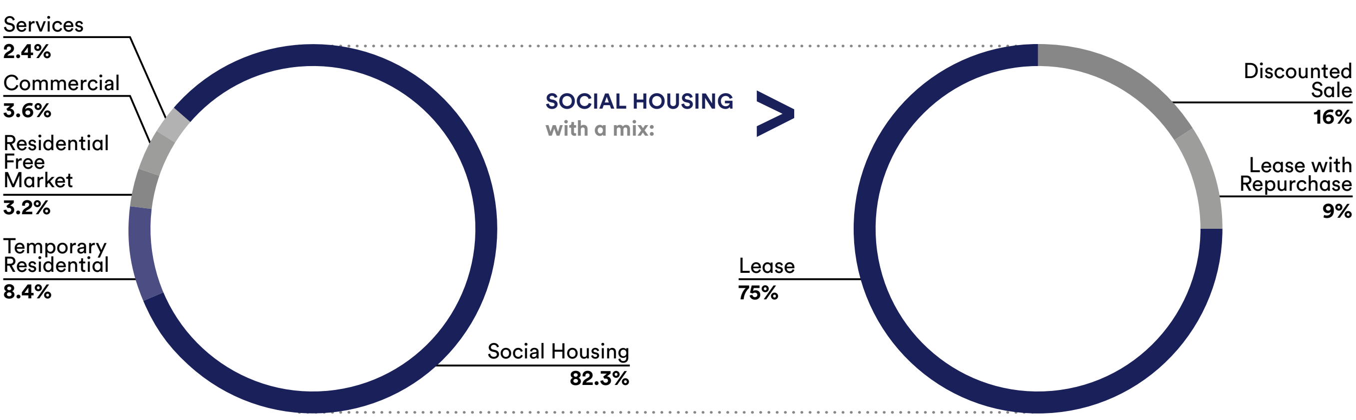
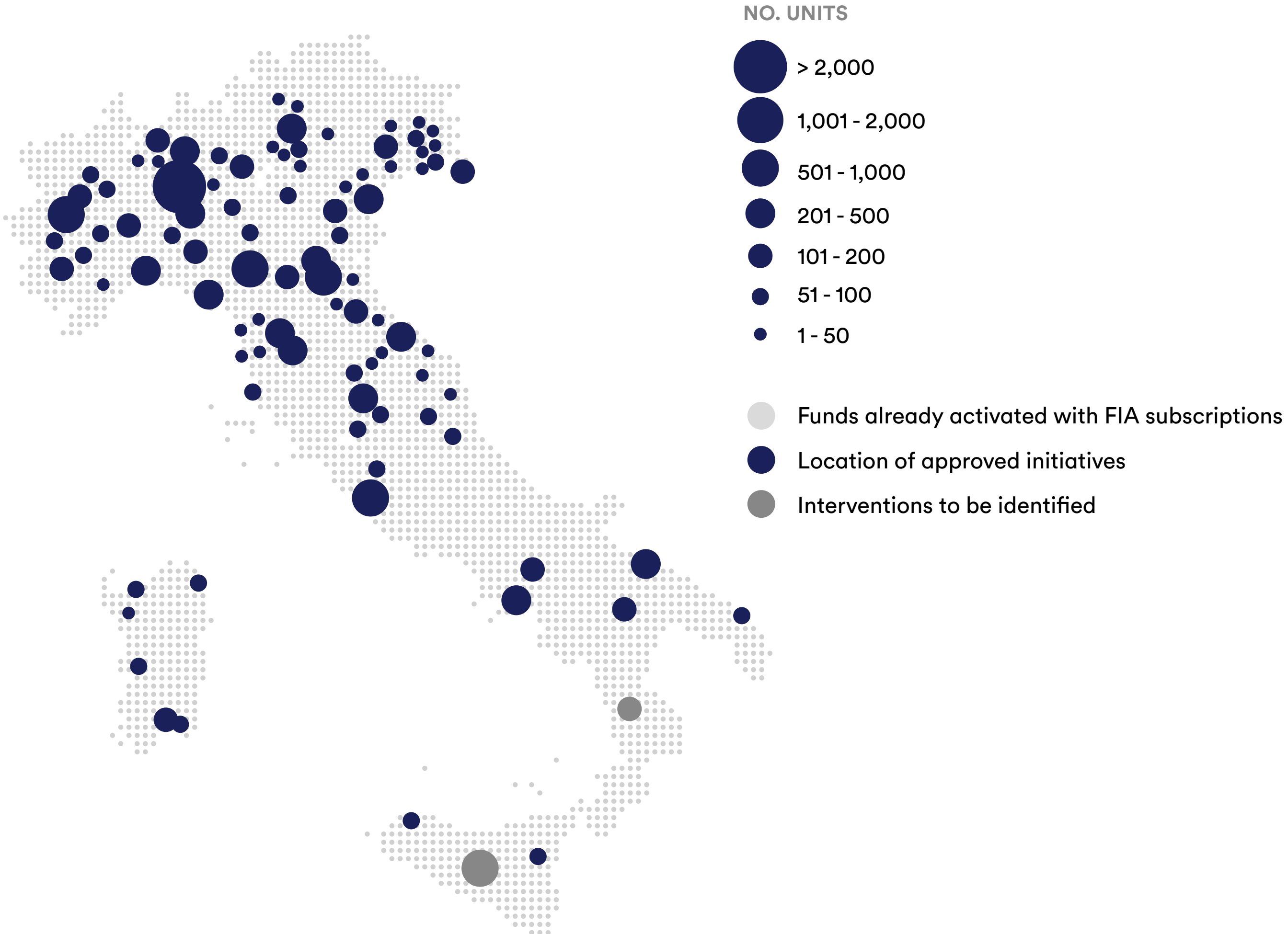


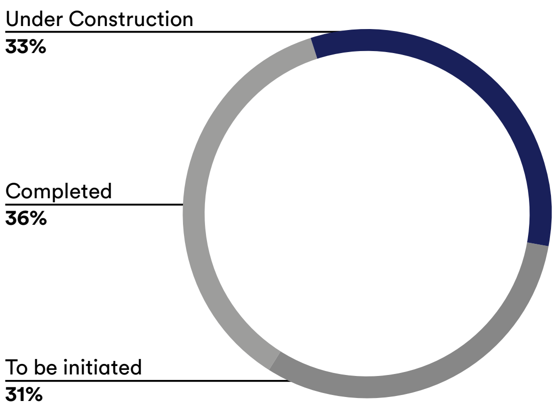
Chart 9 - **FIA Investments by Investment Location**



9% for rent/repurchase and 16% for sale at prices agreed with the municipal authorities. The types of operations relate to four main categories: urban redevelopment projects; recovery and re-purposing of existing building stock; acquisition of unsold properties for long-term rental; and operations to complete the urban development of towns and cities.

In continuity with its many years of activity in the field of social housing, since 2017 the Group has been implementing a new line of activities with a high environmental and social impact – mainly focused on the FIA2 fund – in the areas of smart housing, smart working, and education & innovation. The smart housing operations cover the full range of rented residences, including the more traditional social housing solutions, residences for students and self-sufficient elderly people, social and health facilities for non-self-sufficient elderly people, and low-cost accommodation (hostels). The rental solutions are strongly integrated with zero-mile services for individuals and the community, ranging from educational spaces (nurseries, infant schools) and work (co-working) to entertainment, from sports facilities to medical centres, and from locally-sourced food establishments to cultural activities.

Chart 10 - **FIA Investments by Status of Operations Acquired**



Sustainability in Action

From the *Palaspecchi* to the *Corti di Medoro*

The *Palazzo degli Specchi* in Ferrara was designed in 1985 to house apartments, offices and public services. However, thirty years later this property complex was lying empty and had become one of the most problematic areas in the town. This was the starting point for an ambitious redevelopment project that, in just 18 months, transformed the abandoned structure into an efficient complex, the *Corti di Medoro*, to accommodate the students of the University of Ferrara, in 44 fully-furnished energy-efficient apartments of different types. In addition to the student residence, the complex has 190 social housing units designed for families, young couples and the elderly, as well as numerous spaces for the new community, such as shops, recreational spaces and green areas. All the structures have been designed to maximise the reduction of the environmental impact of the housing complex. The buildings qualify as class A, with high-performance thermal-acoustic insulation and low consumption, combined with a district heating system that has been developed together with the Hera Group, which enables the metering of the thermal energy consumed in each individual dwelling, to eliminate dispersion costs. All this is accompanied by the construction of more than 10,000 square meters of public greenery, the planting of new trees, the construction of cycle paths, and the installation of an intelligent irrigation management system. The Corti di Medoro complex is also a beacon of excellence on the social front. The neighbourhood has been designed to be a lively environment, to create meeting opportunities, and to grow social relationships. Thanks to the skilful blending of private, semi-public and public spaces, each inhabitant can take a more or less active part in the life of the neighbourhood depending on their personality or the time of day.

This is undoubtedly one of the most significant urban regeneration operations in Italy, carried out using the funding from the FIA Fund and the Municipality of Ferrara.

Urban Redevelopment

Towns and cities are the places where most of the population is concentrated and where there is the greatest consumption of resources – they occupy only about three percent of the earth's surface, but they consume three-quarters of the global resources and are responsible for 75% of gas emissions. They are the driving force behind local and national economies (85% of European GDP is generated in towns and cities). They provide a fertile ground for science, technology, culture and innovation, but they are also places where problems such as pollution are concentrated, which also have an impact on health, unemployment, discrimination and poverty. Responses to the economic, social and environmental challenges of our time can only come from the ability of towns and cities to bring about radical structural and behavioural changes, in order to become key players in a model of sustainable and inclusive development.

The Group is aware that today the development and transformation of towns and cities depends, to a large extent, on the ability to reinvent the use of space, to promote urban regeneration initiatives and, more generally, to work alongside local governments to implement redevelopment projects, particularly in suburban areas. In doing so, it often supports cultural, social, economic and environmental initiatives, aimed at improving the quality of life, while adhering to the principles of sustainability and participation.

The Group makes its contribution through a series of financial instruments that facilitate the implementation of urban regeneration and/or redevelopment projects. These include, for example, the Suburban Redevelopment Loan. This instrument ensures that the beneficiary Local Authorities of the funding from the "Fund for the implementation of the extraordinary programme of action for urban regeneration or safety in the suburbs" have the financial cover for the approved operations, while waiting to actually receive the state funding, to help speed up the implementation of projects – all at no extra cost. Another important instrument for the promotion of urban regeneration is the Illegal Constructions Demolition Fund. Its aim is to facilitate public operations for the demolition and restoration of state-owned areas subject to illegal building. It has a maximum budget of 50 million euro, which can be accessed by municipalities by requesting advances, without interest, on the costs of demolition of illegal constructions identified by orders issued by the legal authorities or by the municipalities themselves. These demolitions are an important result in the fight against illegal activity that is damaging to the environment, promoting sustainability and environmental protection to restore dignity and beauty to the local areas of our country.

The Group's commitment to supporting urban redevelopment was recognised during the "26esimo Forum Scenari Immobiliari" (26th real estate scenarios forum), held in Santa Margherita Ligure in September 2018. During the second day, CDP received the award for the "enterprise of excellence" in real estate for its important work in urban transformation, to recover value to be used for the towns and cities and their families.

The Group's role in supporting the transformation and evolution of cities has been reinforced in the 2019-2021 Business Plan. Under the plan, CDP will produce urban redevelopment plans for at least six major cities (Genoa, Turin, Venice, Rome, Naples and Palermo) to be implemented in collaboration with the public sector through an integrated model. A "cross-functional task force" will be established that will work through memorandums of understanding with the individual cities. The solutions offered include the redevelopment of buildings owned by the Group, support for the construction of local infrastructure (also through public-private partnerships) and financial instruments for the implementation of specific operations (e.g. public parks).

School building

The latest figures issued in September 2018 by the Ministry of Education, Universities and Research on the state of health of Italian school buildings are alarming to say the least: out of a stock, owned by local authorities, of 40,151 'active' buildings, of which 22,000 were built before 1970, only 53.2% of the structures have a stability safety test certification, 53.8% do not have suitability for use and habitation certifications, and 59.5% do not have the fire prevention certification. Essentially, 1 out of every 2 schools is not fully in compliance with safety regulations.

The Group supports the school building sector mainly through the operations of the Parent Company. In recent years, CDP has made a significant contribution to the financing of investments in the school building sector, using various instruments: from loans with reimbursement from the public sector, to loans with repayment costs charged to the government budget, to the management of funds of public resources allocated to the implementation of operations in the school building sector. On an ancillary basis with respect to its core business, the Group also operates in the sector through the real estate segment (CDPI SGR and CDP Immobiliare), with operations limited to cases where a specific need arises for the Local Authority within a broader plan for the redevelopment of an area of the Group's assets.

CDP's commitment in this area was confirmed in November

2018 by the signing of a memorandum of understanding with the Ministry of Education, Universities and Research, the Ministry of the Economy and Finance, the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB). The objective is to make significant investments in the area of school building, which will allow the Regional Authorities to secure the safety of existing structures and build new schools under the 2018-2020 School Building Plan. The new action plan will be financed from government funding for a total of multi-annual contributions of 1.7 billion euro, which, discounted to present value, correspond to around 1.5 billion euro of funding made available to support these operations. CDP's commitment to school building is also reflected in the management of public funds for housing and residences for university students. CDP, on behalf of the Ministry of Education, Universities and Research, manages the **funds for the building** of housing and residences for university students.

Sustainability in Action

The Sustainability Hydro Bond

The 2017 Blue Book, the study promoted by Utilitalia (the Association of water, energy and environmental companies) and carried out by the Utilitatis Foundation with the scientific contribution of Cassa depositi e prestiti, provides a snapshot of the state of the national water system, which highlights a series of particularly critical issues.

The water mains networks are very old, with 60% of the national infrastructure laid more than 30 years ago. Network obsolescence is even higher in large urban centres, where 40% of the networks are over 50 years old. This situation is the reason for the high water loss: at national level, 35% of the drinking water put into the network is lost; in the North the figure drops to 26%; while in the Centre and South around 45% is lost.

The sewerage networks also have significant infrastructural vulnerabilities, which are further accentuated by the increase in the intensity of critical weather events in recent years. Mixed networks, i.e. networks that collect both urban wastewater and rainwater, make up 50%, on average, reaching values close to 75%, in the case of densely populated areas. The situation is no better if we consider the last stage of the water cycle, the purification systems. Around 11% of the population has not yet been reached by the purification service, the cause of EU penalties against Italy, which is guilty of delays in applying the rules on water treatment.

This situation is associated with a number of other critical aspects, including, above all, a highly fragmented governance of the sector and a completely insufficient level of investment: the average annual investment per capita to support the development and modernisation of the water sector in Italy is significantly lower than in the other European countries.

With the aim of supporting the development and improvement of the national water system, in September 2018 CDP placed its first public "Sustainability" bond issue on the international capital market. The issue of the "Sustainability Hydro Bond", intended exclusively for institutional investors and with a nominal value of 500 million euro, closed with requests of more than 1 billion euro, from around 80 investors, with a strong presence of foreign investors which represented about 60% of the demand.

Support for Local Areas

Since its inception, the Group has operated as a strategic partner for local areas, acting to provide support, particularly for local communities in difficult situations.

Over the years, very significant financial support has been provided for local areas and populations affected by earthquakes and other natural disasters. In recent years, CDP has allocated funding totalling over 20 billion euro, which has been allocated in collaboration with the national credit system:

- for the earthquakes that occurred in the Abruzzo, Lazio, Marche and Umbria regions, a fund of around 4 billion euro was set up to cover the damage to private property and economic and production activities;
- 560 million euro was made available to those affected by the same earthquakes for the payment of suspended taxes;
- 1.5 billion euro was allocated to deal with the damage to private property and economic and production activities following a series of calamitous events (floods, snowfalls, floods, storms, etc..) that occurred throughout the country from March 2013;
- 12 billion euro was allocated to support the reconstruction of the areas of Emilia-Romagna, Veneto and Lombardy affected by the earthquake of May 2012 and to support their economic recovery. The funding was split into two separate funds of 6 billion euro each:
  - the 2012 Earthquake Reconstruction Fund provided to credit institutions for the granting of subsidised loans to individuals affected by the earthquake for repair work, restoration with seismic improvement, and reconstruction of housing and commercial and industrial real estate, as well as compensation for damage to movable property used for business and reconstruction of damaged stocks and the temporary relocation of activities damaged by the earthquake;
  - the 2012 Earthquake Moratorium Fund providing special purpose funding to credit institutions for the deferral of the payment of taxes, social security contributions and premiums for compulsory insurance, due from May 2012 to 15 November 2013. This measure benefits both the direct and economic victims of the earthquake;
- 2 billion euro was made available to promote the reconstruction of destroyed or damaged homes following the earthquake in Abruzzo in 2009;
- 90 million euro was made available to the municipalities of the Region of Sardinia affected by the exceptional weather events of November 2013, as special purpose funding to credit institutions for the granting of loans for the payment of suspended taxes due between 15 November 2013 and 20 December 2013 (“Sardinia Moratorium”).

Sustainability in Action

First Earthquake Prevention Day

CDP was a partner of the first National Earthquake Prevention Day, promoted by the Inarcassa Foundation, the National Council of Engineers and the National Council of Architects with the scientific support of the Higher Council of Public Works, the Civil Defence Department, the Conference of Italian University Rectors and the Network of University Seismic Engineering Laboratories, to promote a culture of earthquake prevention and a concrete improvement in the safety conditions of our country’s real estate.

Organised into two distinct, but closely linked initiatives, the “*Piazze della Prevenzione Sismica*” (30 September) and “*Diamoci una Scossa*!” (November), the Days involved the voluntary action of thousands of architects and engineers experts in the field, coordinated by their respective local Associations, in an awareness raising day and an active prevention programme throughout November.
In over 100 towns and cities, with 1,000 information points hosted by the Italian Post Office, architects and engineers were on hand to the general public to provide simple explanations of what earthquake risk means and the factors that can affect the safety of a building, together with details of the financial subsidies (Earthquake bonus and Eco Bonus) for improving the safety of their homes. In addition, throughout November, people were given the opportunity to book technical information visits to their homes for an initial assessment on the state of risk of their properties and the possible financial and technical solutions to improve them, at no cost to the public.

Sustainability in Action

CDP for Genoa

The collapse of the Morandi Bridge hit the city of Genoa and its inhabitants hard. The Group immediately intervened in support of the city's population, working in synergy with the Genoa Municipal Authority and the Liguria Regional Authority to provide practical assistance to families left homeless. In fact, the Group made available an entire building to the Genoa Municipal Authority, on social terms, divided into 40 apartments with a total of 100 beds, known as the ex Casa degli Infermieri – owned by CDP Real Estate – to be allocated to families affected by the collapse.

CDP also intervened to support the city by allowing the deferment, without additional charges for the Genoa Municipal Authority, of the payment of the instalments of the loans due in the second half of 2018 and in 2019. This operation enabled, and will continue to enable in 2019, the Municipality to release financial resources to be used on a priority basis to relaunch the area in the short- and medium-to-long term.
After the first initiatives put in place, the Group's commitment to Genoa was followed by the direct involvement of its subsidiaries. In November 2018, CDP, Fincantieri, Snam and Terna, together with Gruppo Ferrovie dello Stato Italiane, signed a Memorandum of Understanding with the institutions of the Liguria region, the Deputy Commissioner, the Special Commissioner for Reconstruction, the Liguria Region, the Municipality of Genoa, the Western Liguria Sea Port Authority and the Liguria Financial Entity for Economic Development – with the aim of providing concrete support to the economic recovery of the city and its community through a series of diverse measures aimed at public entities, the infrastructure system, enterprises, families, and resolving the housing emergency.

Promoting the future also means this: taking to the field in times of difficulty, to support local areas and communities with concrete measures.

Promotion of culture

The Group promotes the dissemination of art and culture, not only by maximising the value of local historical properties, but also by investing in support of Italian enterprises to strengthen the competitiveness of the cultural and creative sector and to promote economic growth. This was the basis for the agreement signed in September 2018 with the European Investment Fund (EIF) within the "Creative Europe" Programme through the Cultural and Creative Sectors (CSS) Guarantee Facility: the first European investment instrument to facilitate access to finance for creative-cultural enterprises. The agreement provides for financing of 300 million euro, within 24 months, for around 3,500 SMEs.

With the aim of supporting the development and growth of top young Italian talent in the world of culture, CDP, in partnership with the Teatro dell'Opera in Rome, created the Fabbrica Opera Makers project. This project involved an on-the-job training programme for five junior technicians in the field of musical theatre, to turn them into decorators specialised in painting and material techniques, qualified stage technicians for the production of traditional and 3D models, and video makers. During their training, the five youths worked side-by-side with the technicians of the Theatre and were directly involved in the production of the shows of the Opera and Ballet Season, working in the set design workshop, on stage, and in the audio-video department. As a result, Fabbrica Opera Makers made it possible to pass on an artistic heritage that is an expression of the creativity and craftsmanship of our country, whilst also fostering digital innovation in the skills and production processes of the Theatre.

Sustainability in Action

The *Il risparmio che fa scuola* Project

"Il Risparmio che fa Scuola" was launched on the 94th World Savings Day, a project for the promotion of the culture and values of savings sponsored by Cassa depositi e prestiti and Poste Italiane, in collaboration with the Ministry of Education, University and Research. The aim of the project is to train the citizens of the future, leading them to reflect on their saving behaviour, from the broader perspective of a sustainable economy and conscious use of energy and environmental resources, and on how much these can affect the lives of each of them and of their community. "*Il Risparmio che fa Scuola*" offers primary and secondary school students the opportunity to learn in a simple and fun way about the concepts and principles underlying any investment strategy and asset management, through activities ranging from games for children, to courses for adults, also through to a dedicated online portal. The project provides for the participation of teachers, who in turn can take a free e-learning training course on saving.

Sustainability in Action

The Splendour of the Jacquard Gardens

Work on the Jacquard Garden began in 1859 as part of Alessandro Rossi's promotion of renewal and growth of the town. The entrepreneur wanted to offer Lanificio Rossi workers and the public a place for leisure and culture. It is a precious example of a late romantic garden, where the designer was able to express his artistic vision in harmony with the client's wishes, represented by the bronze statue – by the sculptor Achille Alberti – which welcomes visitors as they enter.
It is both a place of work and pleasure and this is represented by having two entrances for these purposes situated on the same axis. The Garden is named after the person who perfected and patented the programmable weaving loom, which allowed fabric to be weaved into complex designs: the Frenchman Jean Marie Jacquard. The Garden is located in the historic centre of Schio, a town in the province of Vicenza with a population of around 39,000 people.

In 1869, the owner decided to transform the upper floor of the building into a city theatre, capable of holding up to 800 people to be used for educational purposes. The horseshoe shaped theatre hall was the stage for operettas and melodramas based on the workers' lives and concerts and meetings were also held there. On the ground floor there was a ticket office and coffee lounge, and the entire complex was a multi-functional cultural centre for the public.

The aim of the restoration project, worth 1 million euro, was to preserve the artistic work, reconstruct the wooden roof and rebuild the gardens and stairways damaged after the collapse of the Jacquard Theatre roof in November and December of 2013.
The operation, which was completed with the assistance of the Veneto Region, was supported by CDP through a loan of 290 thousand euro, thanks to which the building was made safe, through stabilising structures for the walls that had been detached from the roof, in addition to technical structural work.

5.4 The environment

Environmental protection is a primary responsibility with respect to which all Group Companies are called upon to provide a proactive response. This is an objective that is managed in an organised manner and with increasing efficiency, not only for the direct impacts on the environment, but also for those related to our suppliers and the activities financed.

Management of Direct Impacts

The Group recognises the importance of protecting the environment as a primary resource and it is committed to promoting the rational use of resources and the identification of innovative energy saving solutions within its premises and facilities.

To this end, the Group monitors the overall impact generated directly by its activities, mainly in relation to consumption from utilities, waste disposal, emissions connected with missions by staff and the use of company cars. The environmental data reported refer to the main Group offices. Considering the data gathered, the scope covered may be estimated to include 90% of the total scope, considering the total workforce as a normalisation factor.

With regard to **energy consumption**, the Group uses electricity as its primary source. Other types of fuel used marginally are: diesel fuel used to power emergency generators and vehicles, petrol, also used by company vehicles, and natural gas used for heating and for company canteens, where present. Compared to 2017, overall energy consumption decreased by 3%. Diesel consumption increased slightly, but this was accompanied by a decrease in the use of petrol. The positive trend of reduction in the consumption of natural gas also continued, despite the increase in the workforce in the last year.

All the electricity consumed is purchased from the grid. Since it is not currently possible to measure the percentage of electricity originating from renewable sources for the Group, the percentage of electricity from renewable energy sources for the Group may be assumed to be the same as the renewable energy component of the national production mix.

Table 18 - **Energy Consumption within the Organisation**

	UoM	2018	2017	2016	Change 2018-2017	% Change 2018-2017
DIESEL	**ton**	**130.9**	**128.6**	**120.0**	**2.3**	**2%**
by motor vehicles	ton	111.2	112.6	103.1	-1.4	-1%
by generators	ton	19.7	16.0	16.9	3.7	23%
PETROL	**ton**	**15.3**	**18.8**	**18.2**	**-3.5**	**-19%**
NATURAL GAS	**m^3**	**141,937.8**	**150,051.0**	**153,390.0**	**-8,113.2**	**-5%**
- by heating	m^3	121,765.8	127,474.1	130,492.0	-5,708.3	-4%
- by company cafeteria	m^3	20,172.0	22,576.9	22,898.0	-2,404.9	-11%
TOTAL ENERGY CONSUMPTION BY FUEL SOURCE IN GJ	**GJ**	**11,256.2**	**11,574.3**	**11,299.1**	**-318.1**	**-3%**
Diesel	GJ	5,614.3	5,513.5	5,146.1	100.8	2%
Petrol	GJ	655.0	806.1	781.3	-151.1	-19%
Natural gas	GJ	4,986.8	5,254.7	5,371.7	-267.9	-5%
TOTAL ELECTRICITY CONSUMPTION	**kWh**	**7,518,130.8**	**7,724,254.4**	**8,123,254.6**	**-206,123.6**	**-3%**
Electricity purchased from the grid	kWh	7,518,130.8	7,724,254.4	8,123,254.6	-206,123.6	-3%
Total indirect energy consumption in GJ	**GJ**	**27,065.3**	**27,807.3**	**29,243.7**	**-742**	**-3%**
Electricity purchased from the grid	GJ	27,065.3	27,807.3	29,243.7	-742	-3%

To calculate consumption in GJ of diesel, natural gas, and petrol, the conversion factors used were those published by ISPRA in its "National Standard Parameters Table" (reporting figures updated as at 2017 at the time of its publication). To calculate electricity consumption in GJ, the conventional conversion factor was used (1 MWh = 3.6 GJ).

In combination with the total energy consumption, the energy intensity helps to contextualise the energy efficiency of the Group. In consideration of its type of business operations, the Group believes that this is best expressed by the ratio of electricity consumption in the main buildings to the total workforce (employees and other workers). In 2018, this figure decreased by 8.1%.

Table 19 - **Energy Intensity Ratio**

	UoM	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Total electricity purchased from the grid	MWh	7,518.1	7,724.3	8,123.3	-206.2	-2.7%
Energy intensity ratio	MWh/ total wor-kforce	3.4	3.7	4.1	-0.3	-8.1%

With regard to **water consumption**, the figures show that, despite the overall increase in the workforce, the total volume of water withdrawn in 2018 fell by 5%. The Group uses water resources solely for sanitation purposes and the water withdrawal therefore coincides with the water discharges. All the water considered is sourced from municipal water supplies.

Table 20 - **Water Consumption**

	UoM	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Total volume of water withdrawn	l	34,409,000	36,121,000	34,873,000	-1,712,000	-5%

Total direct greenhouse gas emissions, which are considered to be the main contributors to global climate change, decreased slightly. This positive performance was mainly linked to the significant reduction in gasoline consumption.

Table 21 - **Direct (Scope 1) GHG Emissions**

	UoM	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Diesel	tCO_2e	413.1	405.7	378.7	7.4	2%
Petrol	tCO_2e	48.0	59.1	57.3	-11.1	-19%
Natural gas	tCO_2e	278.8	293.3	300.0	-14.5	-5%
Total direct emissions	**tCO_2e**	**739.9**	**758.1**	**735.9**	**-18.2**	**-2%**

To calculate emissions from diesel, natural gas, and petrol, the emission factors used were those published by ISPRA in its "National Standard Parameters Table" (reporting figures updated as at 2017 at the time of its publication).

In terms of indirect greenhouse gas emissions, particularly from the purchase of electricity, there was a slight increase in the impact in 2018.

Table 22 - **Indirect (Scope 2) GHG emissions**

	UoM	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Electricity purchased from the grid	tCO_2e	2,819.3	2,773.0	2,916.2	46.3	2%
Total indirect emissions	**tCO_2e**	**2,819.3**	**2,773.0**	**2,916.2**	**46.3**	**2%**

To calculate emissions from electricity consumption, the emission factors used were those provided by Terna (figures updated as at 2017 at the time of their publication).

For the other emissions related to the Group's activities, which are connected to employee travel for business purposes, the figure was down slightly compared to 2017. In fact, all the Group Companies are working to optimise business travel and work assignments in locations other than the main offices.

Table 23 - **Other Indirect (Scope 3) GHG emissions**

	UoM	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Business travel	tCO_2e	2,021.2	2,048.4	1,515.2	-27.2	-1%
Total other indirect emissions	**tCO_2e**	**2,021.2**	**2,048.4**	**1,515.2**	**-27.2**	**-1%**

The figure for the intensity of emissions – i.e. the quantity of greenhouse gases emitted in relation to the company's activities, calculated by dividing the emissions from the electricity consumption by the number of personnel (employees and other workers) of the Group's main buildings – fell by around 3% in 2018, continuing the positive trend of previous years.

Table 24 - **Intensity of Greenhouse Gas Emissions**

	UoM	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Emissions intensity rate	-	1,272	1,316	1,477	-0.044	-3.3%

Focus

Greenhouse Gas Emissions

Specifically, Greenhouse Gas Emissions concerns 6 kinds of climate-change gases, as per 2005 Kyoto Protocol:
1. carbon dioxide (CO2)
2. Sulphur hexafluoride (SF6)
3. Methane (CH4)
4. Nitrous oxide (N2O)
5. Idrofluorocarburi (HFCs)
6. Perfluorocarbons (PFCs)

Emissions are classified into 3 categories, named "Scope":
1. Scope 1: direct emissions from the organisation (e.g. combustions, chemical processes, emissions from processes, oxydations, fuel for heating);
2. Scope 2: indirect emissions from energy consumption (e.g. heat, electricity, steam, acquired fron third parties);
3. Scope 3: other indirect emissions not icluded into scope 2 emissions (e.g. emissions from supply chain, business travels, employees commuting).

With regard to the **consumption of materials** which, in view of the activities carried out by Group Companies, mainly consist of stationery, furniture and electrical and electronic equipment, the figures for the consumption of paper and toners show a decrease, particularly for the consumption of toners. Most of the paper purchased has a PEFC and FSC certification.

Table 25 - **Materials Used by Weight**

	UoM	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Paper	kg	54,206	55,513	57,356	-1,307	-2%
Toner	**kg**	**1,214**	**1,776**	**1,876**	**-562**	**-32%**

In view of the activities carried out by Group Companies, the **waste produced** is mainly paper, mixed packaging materials, glass and wood, which is therefore classifiable as non-hazardous. Only a small percentage of this is hazardous waste, mainly consisting of contaminated dirty packaging, metals, components removed from end-of-life appliances, and lead-acid and nickel batteries. In any event, the level of hazardous waste was down sharply, by 57% compared with 2017. The 16% increase in non-hazardous waste was mainly linked to the increase in personnel. The waste counted refers solely to the forms envisaged by the regulations: waste qualifying as municipal waste, which is disposed of the municipal company responsible for its collection, has not been counted.

In 2018, a "Waste Management" Group Policy was produced, which came into force in January 2019, with the aim of describing the organisational and operational procedures for the classification, temporary storage and disposal of waste, in order to ensure compliance with applicable environmental protection regulations. As a result, all the Group Companies will manage special and municipal waste in a uniform manner.

Table 26 - **Waste Generated by Type and Designation**

	UoM	2018	2017	2016	Change 2018-2017	% Change 2018-2017
Hazardous waste	kg	1,885	4,400	1,514	-2,515	-57%
Non-hazardous waste	kg	120,542	103,556	112,910	16,986	16%
Total waste generated	**kg**	**122,427**	**107,956**	**114,424**	**14,471**	**13%**

With the aim of controlling the impacts and improving the corporate environmental performance, the Group promotes the adoption of the ISO 14001 standard, a voluntary certification that guarantees the quality of the corporate environmental management system. To date, the Parent Company CDP S.p.A., CDP Investimenti SGR and SACE have adopted an ISO 14001-certified Environmental Management System for their Piazza Poli headquarters in Rome, in addition to an environmental policy that not only sets out the principles for managing their activities, but also their environmental protection objectives. In 2018, the Parent Company also made the transition to the new 2015 version of the standard by updating its environmental policy.

With regard to the objective of cutting the main consumption and emissions, the Group has implemented a series of energy efficiency improvement measures. For a number of years, the Group has been carrying out an initiative to replace its lighting system with low energy consumption LED light bulbs in all its facilities. This has involved the installation of Programmable Logic Controller Systems (PLC) for the monitoring and controlled shut down of lights in some locations, in addition to solar thermal panel systems in the main headquarters in Rome. To reduce consumption for air conditioning, some buildings have special valves and high-performance windows, and a computer system for remote management of the air conditioning.
The Group also promotes responsible waste management, by facilitating separate waste collection through the provision of different bins for the various types of waste and specific containers for the disposal of cooking oil and plastic caps. A variety of initiatives have been implemented to reduce paper consumption, such as remote monitoring of printers, duplex printing, and digitisation of documents to create digital archives.

Lastly, the Group Companies promote the adoption of sustainable mobility among their employees. For example, in recent years, a fleet of company bicycles has been created at the headquarters in Rome, which can be used by all Group employees, in order to facilitate travel within the city and between the Group offices. Employees are also encouraged to use public transport through a company contribution to the subscription for annual travel passes.

Environmental Funds

With a view to promoting environmental sustainability using instruments that are aligned to its business operations, the Group participates, as a subscriber and/or manager, in numerous funds aimed at promoting environmental sustainability. These include:

- **KYOTO FUND – ENERGY EFFICIENCY IMPROVEMENT FOR SCHOOL BUILDING** which provides subsidised funding (Kyoto Fund 4) for the energy efficiency of public buildings intended for school education, from nursery schools to university education facilities, and for public higher education buildings for art, music and dance.

- **MATTM FUND** – which channels funding from the Ministry of the Environment and Protection of the Land and Sea to finance climate change adaptation and mitigation projects in vulnerable foreign countries. The initiatives promoted, typically to be implemented within developing econo-mies, are aimed at improving energy efficiency, risk assessment and sharing of expertise, and the dissemination and promotion of low-emission development models.

- **EUROPEAN ENERGY EFFICIENCY FUND (EEEF)** – promoted by CDP and the EIB in collaboration with the European Commission, which promotes investments for the construction of small- and medium-sized infrastructure, particularly in the areas of energy efficiency, renewable energy and clean urban transport, aimed at delivering a significant impact in terms of energy savings and use of alternative energy sources.

- **MARGUERITE I FUND** – which promotes infrastructure investments through a pan-European greenfield and brownfield approach in the transport, renewable energy and ICT infrastructure sectors. The Fund complies with European environmental legislation, contributing to the implementation of EU policies on infrastructure upgrading and environmental protection.

- **MARGUERITE II FUND**– launched at the end of 2017, which aims to encourage the launch of new infrastructure projects and the expansion of existing projects in line with the objectives of the Investment Plan for Europe. Its main goals include: reducing CO2 emissions by investing in energy efficiency and renewable energy; optimising transport networks; improving energy security; and expanding access to high-speed Internet networks. In addition, the Fund will finance innovative green projects contributing to the transition to a low-carbon economy.

- **FUND FOR SUSTAINABLE GROWTH** – which promotes the adoption of innovative production techniques by Italian enterprises, to encourage low environmental impact sustainable economic growth.

- **INFRAMED INFRASTRUCTURE S.A.S. À CAPITAL VARIABLE** – a private equity fund with a commitment by CDP of 150 million euro on a total size of 385 million euro, aimed at financing infrastructure in the southern and eastern Mediterranean countries, whose portfolio includes investments in projects focused on energy efficiency, also through the use of renewable energy (in the form of wind farms).

- **ITALIAN PLATFORM FOR CLIMATE AND SUSTAINABLE DEVELOPMENT** – in May 2018, CDP and the Ministry of the Environment and Protection of the Land and Sea signed a cooperation agreement to launch the “Climate and Sustainable Development Italian Platform” (CSD-IP), aimed at financing environmental projects and programmes in developing countries or in countries in transition.
- The CSD-IP platform is the first Italian instrument dedicated entirely to environmental projects. The instrument aims to create synergies between the capital available at national, EU and international level in the medium- to long-term.
- Under the agreement, the Ministry and CDP will structure various financial instruments such as loans, guarantees to cover risks, capital investments and non-repayable investments to promote projects to combat climate change in the target countries. The beneficiaries of the operations will be, for example, local companies engaged in climate change mitigation and adaptation projects, with a particular preference for micro and small enterprises. The operations will be implemented by adapting to the specific needs and characteristics of the countries receiving the measures, with the aim of creating synergies between national and international operators.

Sustainability in Action

International Participation

With the aim of strengthening its role as a catalyst for initiatives supporting the transition to a sustainable development model, by working in partnership with other players on the international scene, CDP participates in the following initiatives.

- ### Forum des Caisses de Dépôt

  Founded in 2011, the Forum des Caisses de Dépôt is a platform for exchange and dialogue between financial institutions whose operations are dedicated to the collection, management and use of savings or other forms of public investment funds to support the economic and social development of their countries. The Forum currently has 16 members, including 2 European institutions (CDP and CDC) and 14 African institutions (from the countries of Northern Africa and sub-Saharan Africa).

  During its 2016-2017 Presidency of the Forum, CDP hosted the 4th Forum des Caisses de Dépôt in Rome on 21-22 September 2017. On that occasion, in the light of the international commitments made at COP21 and COP22, and under the initiative of the CDP Presidency, the members agreed to sign the Forum's first joint declaration of their commitment to a resilient low-carbon economy.

- ### International Development Finance Club – IDFC

  Founded in 2010, the International Development Finance Club (IDFC) is a club of national and sub-regional development banks, which have a shared vision of the development strategies needed to achieve sustainable improvements in the economic, environmental, social and human dimensions. The 24 members of the IDFC operate within the framework of the development policies of their own countries, assisting their governments in fulfilling their national and international commitments. Among its activities, the IDFC annually publishes the Green Finance Mapping Report, which examines the climate finance and renewable energy strategies, and the investments of the IDFC and its members. In addition, since 2015 the Club has organised the IDFC Climate Finance Forum, one of the most important meetings in the world for the practitioners of climate finance. CDP has been a member of the IDFC since 2018.

- ### Mainstreaming Climate Action within Financial Institutions

  This is an initiative aimed at promoting the shift from incremental financing of climate activities to mainstreaming climate change considerations into the investment decisions of financial institutions. The initiative was launched in 2015 on the sidelines of COP21 and the supporting institutions that have signed up to it accept its "5 voluntary principles" as a guide for their operations. To date, the initiative has the support of 43 financial institutions, including: 22 national, regional, bilateral and international development banks; 11 multilateral development banks; and 6 private financial institutions from developed countries and 4 from developing countries. CDP has been a supporting institution since 2017.

In addition, as a National Promotional Institution, the Group operates in line with the objectives of the 2030 Framework for Climate and Energy promoted by the European Union and, every day, it encourages smart, sustainable and inclusive growth. Continuously committed to local development and the environment, the Group financially supports the diffusion of renewable energy, energy efficiency projects, the development of water networks, and the transition to clean urban transport systems.

In 2018, the Group acted in this area, through its parent company, by investing 190 million euro in two of the largest financing transactions for the renewable energy market in Italy. The first transaction, in favour of the EF Solare Italia group – a joint venture between Enel Green Power and F2i – is the most significant initiative in terms of amount carried out so far in the photovoltaic market in Italy: 1.02 billion euro in project financing involving CDP and five other leading Italian and international banks, aimed at consolidating the solar market, which is currently extremely fragmented. By improving its financial and corporate structure, the transaction aims to support EF Solare Italia's growth in the process of aggregation and optimisation of production capacity and the development of the local areas involved. The second loan, amounting to 100 million euro, was provided to E2i Energie Speciali, a partnership established by Edison, EDF EN and F2i to develop the wind power market. The transaction, which is unique in the sector in terms of financial structure, supports the construction of new greenfield facilities and the repowering of existing facilities through the use of new innovative technologies, particularly in Central and Southern Italy, to increase the generation of green energy with particular attention to land use.

The Group also continued its support to the infrastructure sector through a new transaction in favour of Ferrovie Nord, a company of the FNM Group that is the concession operator of a part of the regional railway. For a maximum amount of 650 million euro, the initiative involves a financing contract in support of the regional programme for the purchase of 161 new sets of trains and for the replacement of obsolete rolling stock used in existing suburban and regional services in Lombardy. Through this project, the Group, in addition to increasing the quality of rail transport in the region, is focusing particular attention on environmental sustainability. The main objectives of the initiative are more efficient operation and a reduction in energy consumption and maintenance costs, in addition to improving the level of comfort for passengers. The use of the new trains will therefore have a positive environmental impact in terms of safety, energy saving, air pollution, noise and CO_2 emissions, and will also encourage the use of rail transport instead of private cars.

The urban regeneration operations carried out through CDP Immobiliare also pay significant attention to environmental issues, especially in the management of large environmental remediation works in former disused industrial areas (for example, ICMI Area Naples, former Manifattura Tabacchi in Naples, former Palazzo del Lavoro in Turin) and in the creation of energy-sustainable real estate products (for example, class A buildings, LEED certification, etc.).

Correlation Table Legislative Decree No. 254/16 - GRI Standards

CORPORATE MANAGEMENT AND ORGANISATION MODEL

Aspect	Reference in the document	Reference performance indicators (GRI Standards)
Organisational profile	Chapter 1 p. 11 Chapter 5.1 p. 45	GRI 102 | 2016 – General disclosures • GRI 102-1 • GRI 102-2 • GRI 102-3 • GRI 102-4 • GRI 102-5 • GRI 102-6 • GRI 102-7
Strategy	Letter to the Stakeholders p. 4 Chapter 3.3 p. 34	GRI 102|2016 – General disclosures • GRI 102-14
Ethics and integrity	Chapter 1.3 p. 20 Chapter 3. 4 p. 39	GRI 102 | 2016 – General disclosures • GRI 102-16 • GRI 102-17
Governance	Chapter 3.1-3.2 p. 32 Methodological Note p. 8	GRI 102 | 2016 – General disclosures • GRI 102-18 • GRI 102-23 • GRI 102-32
Stakeholder engagement	Chapter 2.2 p. 27	GRI 102 | 2016 – General disclosures GRI 102-40
Reporting practice	Methodological Note p. 8 Correlation Table p. 72 PwC Report p. 75	GRI 102 | 2016 – General disclosures • GRI 102-45 • GRI 102-46 • GRI 102-50 • GRI 102-51 • GRI 102-52 • GRI 102-53 • GRI 102-54 • GRI 102-55 • GRI 102-56

REPORTING AREAS UNDER LEGISLATIVE DECREE 254/2016

Scope of reporting under Legislative Decree 254/16	Risk generated and/or incurred	Risk management methods	Policy adopted and results achieved	Reference performance indicators
Environment	Chapter 3.3 p. 34	Chapter 3.3 – 5.4 p. 34, 65	Chapter 5.4 p. 65	GRI 103 | 2016 – General Management Approach GRI 307 | 2016 – Environmental compliance
Use of materials (*)			Chapter 5.4 p. 65	GRI 301 | 2016 – Materials GRI 301-1
Use of energy resources			Chapter 5.4 p. 65	GRI 302 | 2016 – Energy • GRI 302-1 • GRI 302-3
Use of water resources			Chapter 5.4 p. 65	GRI 303 | 2016 – Water • GRI 303-1 GRI 306 | 2016 – Effluents and waste • GRI 306-1
Emissions			Chapter 5.4 p. 65	GRI 305 | 2016 – Emissions • GRI 305-1 • GRI 305-2 • GRI 305-3 • GRI 305-4
Wastes (*)			Chapter 5.4 p. 65	GRI 306 | 2016 – Effluents and waste • GRI 306-2 The breakdown of waste by disposal method is not reported
Environmental and health and safety impacts			Chapter 3.3 p. 34	GRI 307 | 2016 – Environmental compliance • GRI 307-1
Social	Chapter 3.3 p. 34	Chapter 3.3 – 5.1 – 5.3 p. 34, 45, 56	Chapter 5.1 – 5.3 p. 45	GRI 103 | 2016 – General Management Approach GRI 419 | 2016 – Socioeconomic compliance • GRI 419- 1
Management of relations with local communities			Chapter 3.3-5.3 p. 34, 56	GRI 413 | 2016 – Local Communities • GRI 413-1 A qualitative description of the approach and action taken by the Group is provided in the assessment of the impacts associated with its investing activities
Supply chain management			Chapter 5.1 p. 45	GRI 204 | 2016 – Procurement practices • GRI 204-1 GRI 308 | 2016 – Supplier environmental assessment • GRI 308-1 GRI 414 | 2016 – Supplier social assessment • GRI 414- 1
Personnel-related	Chapter 3.3 p. 34	Chapter 3.3 – 5.2 p. 34, 47	Chapter 5.2 p. 47	GRI 103 | 2016 – General Management Approach
Number and composition of personnel			Chapter 5.2 p. 47	GRI 401 | 2016 – Employment • GRI 401-1 • GRI 401-2
Diversity and equal opportunity			Chapter 3.1 p. 33 Chapter 5.2 p. 47	GRI 102 | 2016 – Organisational profile • GRI 102-8 GRI 405 | 2016 – Diversity and equal opportunity • GRI 405-1
Industrial relations			Chapter 5.2 p. 47	GRI 102 | 2016 – Organisational profile • GRI 102-41 GRI 402 |2016 – Industrial relations • GRI 402-1
Occupational Health and Safety			Chapter 5.2 p. 47	GRI 403 | 2016 – Occupational health and safety • GRI 403-2

REPORTING AREAS UNDER LEGISLATIVE DECREE 254/2016

Scope of reporting under Legislative Decree 254/16	Risk generated and/or incurred	Risk management methods	Policy adopted and results achieved	Reference performance indicators
Training and development			Chapter 5.2 p. 47	GRI 404 | 2016 – Training and education • GRI 404-1 • GRI 404-3 All employees are involved in the Performance Review process
Human rights	No significant risks were identified in connection with this topic		Although no significant risks have been identified, the Group has policies in place to manage these aspects carefully in its operations and in the supply chain Chapter 3.3 - p. 34 Chapter 5.1 - p. 45 Chapter 5.2 - p. 47 Group Code of Ethics	GRI 103 | 2016 – General Management Approach
Bribery and Corruption	Chapter 3.3 p. 34	Chapter 3.3 p. 34	Chapter 3.4 p. 39	GRI 103 | 2016 – General Management Approach
Anti-corruption and integrity			Chapter 3.4 p. 39 Group Code of Ethics	GRI 205 | 2016 – Anti-corruption GRI 205-3 No cases of corruption were recorded in 2018

(*) The following topics, although not envisaged as reporting areas in Legislative Decree 254/2016, have been included in the reporting scope.

OTHER REPORTING AREAS

Scope of reporting under Legislative Decree 254/16	Risk generated and/or incurred	Risk management methods	Policy adopted and results achieved	Reference performance indicators
Economic	Chapter 3.3 p. 34	Chapter 3.3 p. 34	Chapter 2.1 p. 24	GRI 103 | 2016 – General Management Approach GRI 419 | 2016 – Socioeconomic compliance • GRI 419-1
Economic impacts			Chapter 2.1 p. 24 Chapter 4.1 p. 40 Chapter 5.3 p. 56	GRI 203 | 2016 – Indirect economic impacts • GRI 203-1

Report of the Independent Auditors

pwc

Independent Auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree 254/2016 and article 5 of CONSOB Regulation 20267 of January 2018

To the Board of Directors of Cassa Depositi e Prestiti SpA

Pursuant to article 3, paragraph 10, of Legislative Decree 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation 20267, we have performed a limited assurance engagement on the Consolidated Non-Financial Statement of Cassa Depositi e Prestiti SpA and its subsidiaries (hereafter the "Group" or "CDP Group") for the year ended 31 December 2018, in accordance with article 4 of the Decree and approved by the Board of Directors on 28 March 2019 (hereafter the "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the GRI-Sustainability Reporting Standards defined in 2016 (hereafter "GRI Standards"), with reference to a selection of GRI Standards as laid down in paragraph "Methodological Note" of the NFS, identified as the reporting standards.

The Directors are responsible, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or errors.

The Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, performance, results and related impacts.

The Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

www.pwc.com/it

Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and the with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with that reported in the Group's Consolidated Financial Statements;
4. understanding of the following matters:
   - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
   - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
   - main risks, generated or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below.

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of Cassa Depositi e Prestiti SpA and the personnel of SACE SpA and Fintecna SpA, and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

   Moreover, for material information, considering the activities and characteristics of the Group:

   – at parent company level:
     a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
     b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;

   – at subsidiaries SACE SpA and Fintecna SpA, which were selected on the basis of their activities and of their contribution to the performance indicators at a consolidated level, we carried out site visits and walk through procedures during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of CDP Group as of 31 December 2018 has not been prepared, in all material aspects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards, with reference to a selection of GRI Standards as laid down in paragraph “Methodological Note” of the NFS.

Rome, 19 April 2019

PricewaterhouseCoopers SpA

Signed by	*Signed by*
Luigi Necci (Partner)	Paolo Bersani (Authorised signatory)

This report has been translated from the original, which was issued in Italian, solely for the convenience of international readers. We have not performed any verification procedures on the English translation of the NFS of Cassa Depositi e Prestiti Group as of 31 December 2018.

We invest in the Italy of tomorrow