



Cassa depositi e prestiti (CDP) Green, Social and Sustainability Bond Framework

January 20th, 2020

1. Background

Cassa depositi e prestiti (CDP) is the National Promotional Institution¹, with the public mandate to support the growth of the Italian economy and invest in the competitiveness of the country. Since its establishment in 1850, CDP has always based its activities on social and sustainable principles in commitment to the service of Italy.

CDP is a joint stock company controlled by the Italian Ministry of Economy and Finance, which owns 82.77% of the share capital. Other shareholders include banking foundations, which hold an overall stake of 15.93% (the remaining 1.30% is represented by treasury shares).

CDP finances public investments, promotes international cooperation and is the catalyst for the country's infrastructure growth. It also backs Italian enterprises, helping them innovate and grow, while fostering their exports and international expansion. In particular, CDP provides liquidity to Italian SMEs through the banking system, contributing to the process of job creation and retention. Additionally, as a primary national player in social and affordable housing, CDP contributes to the growth of the Italian real estate sector and promotes urban transformation. CDP also provides financial support to development projects in Italy and internationally, through the provision of corporate loans, project finance, as well as financing through the Revolving Fund for Development Cooperation and infrastructure equity funds.

Due to the changes in the Italian economy, CDP has expanded its original scope over the past decade, becoming the major shareholder for Italian companies of national and international importance, adopting the approach of a stable investor, oriented towards sustainable long-term value creation. At the same time, however, CDP still maintains its traditional role as a key player in financing infrastructure investments of Public and Local Entities in Italy.

Consistent with this scope, CDP's commitment to sustainability comes from the very nature of its business. Given the public interest of its mission and its long-term view, social responsibility and sustainability are at the core of CDP's business model, underpinned by a dedicated Corporate Social Responsibility (CSR) department that promotes social responsibility both with internal and external stakeholders. In addition to specific principles, CDP believes that a Corporate Shared Value (CSV) approach, aiming to integrate sustainability into its entire business, can generate better long-term results for the company. Moreover, CDP assesses the economic, social and environmental impact of its investments with a long-term perspective, financing development projects in Italy and abroad through both debt and equity tools, targeting public sector, infrastructure, corporates, export finance and real estate.

CDP's commitment to sustainability, in accordance with international standards and best practices, is clearly highlighted in the company's By-laws, Code of Ethics and Corporate Governance and Responsible Investment Principles:

¹ According to the Italian Budget Law 2016

- **By-laws**²: “The corporate objective of the Company is: [...] Investments in research, development, innovation, protection and leveraging of cultural assets, promotion of tourism, environment and energy efficiency, green economy [...].”
- **Code of Ethics**³: “CDP and the coordinated companies act with full awareness of our role at the service of the country. We assess the economic, social and environmental impact of our actions from a long-term perspective [...]. We recognise the importance of protecting the environment as a primary good and are committed to promoting the rational use of resources in CDP and in the coordinated companies and devoting attention to finding innovative solutions for saving energy.”
- **Corporate Governance and Responsible Investment Principles**⁴, covering the following topics:
 - i) Shareholders responsibility and rights; ii) Corporate Governance Structure; iii) Remuneration; iv) Reporting, accounts and audit; v) Sustainable Business Practices; and vi) Engagement and Communication.

Moreover, CDP’s commitment to sustainability is inspired by the United Nations Sustainable Development Goals (UN SDGs)⁵ and the Italian Strategy for Sustainable Development (SNSvS) and is realized by involving all areas of the organization and integrating the concept of sustainability across the business with the aim of creating shared value between CDP and its stakeholders.

² <https://en.cdp.it/about-us/company-info/articles-of-association/articles-of-association.kl>

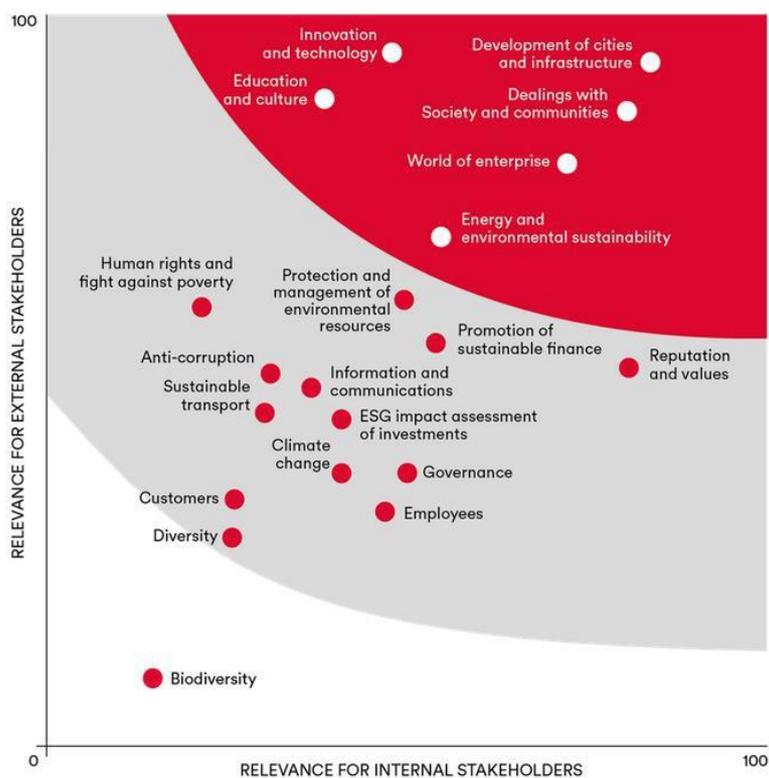
³ <https://en.cdp.it/about-us/company-info/code-of-ethics/code-of-ethics.kl>

⁴ <https://en.cdp.it/about-us/company-info/corporate-governance-principles/corporate-governance-principles.kl>

⁵ <http://www.undp.org/content/undp/en/home/sustainable-development-goals.html>

2. Rationale

In 2016, CDP Group began the project to define its shared value strategy. The first step of this path led to the identification of a number of priority themes for sustainable development through a materiality matrix. The materiality analysis is the main method adopted by companies to identify, evaluate and prioritize the relevant sustainability issues that affect the ability to create value in the short, medium and long term. By comparing the strategies adopted by the main players in the financial market and other industrial sectors, both Italian and international, the CDP Group has identified a list of 20 themes of sustainable development in the environmental, social, economic and governance fields as well as 6 priority themes of sustainable development that form the basis of the CDP Group's value creation model.



CDP manages the sustainability process by involving all areas of the organization and integrating the very concept of sustainable development in business. It sets out to create shared value for the company, its stakeholders, and the communities in which it works. Transparency and communication with different stakeholders mark CDP's approach to sustainability, due to its role of aggregator and catalyst of new opportunities and skills.

CDP's commitment to sustainability arises from the specific nature of its business, which favors the adoption of a sustainability strategy based on the concept of CSV. Following the issuance of its inaugural Social Bond in November 2017 and CDP's most relevant sustainability issues illustrated in the materiality matrix, the group finds itself ideally positioned to issue



Green, Social and Sustainability bonds in line with the Environmental, Social and Governance (ESG) guidelines. Most of CDP's core businesses are aligned with SRI (Socially Responsible Investment) investors mandates and CDP's central role in the Italian economy can draw the attention of a wide range of ESG-focused investors.

3. Green, Social and Sustainability Bond Framework Overview

In line with its role of National Promotional Institution, CDP's strategic approach to sustainability is in line with the standards and international best practices, the 17 UN SDGs identified by the United Nations as a reference point.

CDP has created this 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 issued in June 2018 by International Capital Market Association (ICMA)⁶.

The proceeds of any CDP Green, Social and Sustainability Bonds will be used to fund either loans, project finance, equity investments or other tools ("Eligible loans/projects") which fall under the *Eligible Categories* as defined herein, aiming at supporting the achievement of the United Nations Sustainable Development Goals.

For the purpose of this Framework, CDP can issue the following three types of bonds:

- "**Social Bonds**": bond instrument where the proceeds will be used to finance or re-finance, in whole or in part, new and/or existing social Eligible loans/projects (as specified in section "Use of Proceeds").
- "**Green Bonds**": bond instrument where the proceeds will be used to finance or re-finance, in whole or in part, new and/or existing green Eligible loans/projects (as specified in section "Use of Proceeds").
- "**Sustainability Bonds**": bond instrument where the proceeds will be used to finance or re-finance, in whole or in part, new and/or existing social and green Eligible loans/projects (as specified in section "Use of Proceeds").

For each issuance of Green, Social and Sustainability Bonds (the "**Bonds**"), CDP will follow the following four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds and
4. Reporting

⁶ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>
<https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>
<https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>



3.1. Use of Proceeds

An amount equal to the proceeds from the issue of the Bonds will be exclusively allocated to finance or re-finance, in whole or in part, new and/or existing Eligible loans/projects in the following Eligible Categories that meet the Eligibility Criteria specified herein. The Eligible Categories are:

- A. Infrastructures and Development of Cities;
- B. Education;
- C. SMEs Financing;
- D. Social Housing; and
- E. Energy and Environmental Sustainability.

Each CDP's Green, Social and Sustainability Bond may focus on one, more than one or even on all of the above-mentioned Eligible Categories and it will be a tool contributing to promote the sustainable development.

A. INFRASTRUCTURE AND DEVELOPMENT OF CITIES

The proceeds derived from the issuance of CDP Green, Social and Sustainability Bonds will be exclusively used to finance or re-finance, in whole or in part, new and/or existing Eligible loans/projects aimed to promote, in particular, the growth and development of the country, promoting urban transformations, infrastructures development, supporting general-interest projects and companies involved in the supply of public services.

CDP believes that Green, Social and Sustainability Bonds are an effective tool to channel investments to assets that have social and green objectives and benefits, thereby contributing to the improvement of living conditions in urban agglomerates, both in cities and underserved areas, for the entire population.

Target population includes people living in unserved areas as well as in areas economically underperforming and/or devastated by natural disasters⁷.

In particular, in this category, the Bonds contribute to the achievement of several UN SDGs, namely:

- SDG 3, which aims for “ensuring healthy lives and promote well-being for all at all ages”;
- SDG 6, which aims for “ensuring access to water and sanitation for all”;
- SDG 9, which aims for “building resilient infrastructure, promote sustainable industrialization and foster innovation”;
- SDG 10, which aims for “reducing inequality”;
- SDG 11, which aims for “making cities inclusive, safe, resilient and sustainable”; and
- SDG 13, which aims for “taking urgent action to combat climate change and its impacts”.

⁷ According to law and applicable regulations.

Sustainable Development Goal	Related SDG Target	Loans/projects categories	Eligibility Criteria	Examples of Eligible loans/projects
	<p>3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p>	<p>Social categories:</p> <ul style="list-style-type: none"> • Access to essential services • Socioeconomic advancement and empowerment • Affordable basic infrastructure 	<ul style="list-style-type: none"> • Activities that improve the capacity of all countries for provisions of free and subsidized healthcare services with particular focus to the underserved areas or vulnerable populations 	<ul style="list-style-type: none"> • Financing the construction, development, maintenance or renovation of healthcare facilities, medical equipment and technologies for the improvement and protection of public health
	<p>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p>6.3 By 2030, substantially improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p> <p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p> <p>6.b Support and strengthen the participation of local communities in improving water and sanitation management</p>	<p>Social categories:</p> <ul style="list-style-type: none"> • Affordable basic infrastructure • Socioeconomic advancement and empowerment <p>Green categories:</p> <ul style="list-style-type: none"> • Sustainable water and wastewater management 	<ul style="list-style-type: none"> • Improving access to water and sanitation services • Improve existing sanitation facilities and sewers • Increase water-use efficiency • Improving wastewater treatment performance and better access to drinking water 	<ul style="list-style-type: none"> • Financing infrastructures related to water treatment facilities, such as raw water abstraction and transfer infrastructure, water treatment plants, water distribution networks, water storage • Financing water network construction, maintenance and upgrade • Financing wastewater treatment plants, such as sewage networks, wastewater treatment plants, on-site sanitation facilities
	<p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p> <p>9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people</p>	<p>Social categories:</p> <ul style="list-style-type: none"> • Affordable basic infrastructure <p>Green categories:</p> <ul style="list-style-type: none"> • Clean transportation • Green buildings 	<ul style="list-style-type: none"> • Develop quality and sustainable infrastructures for all that contributes to the improvement of living conditions in urban agglomerations and underserved areas 	<ul style="list-style-type: none"> • Financing the construction, refurbishment or maintenance of energy efficient buildings, including public service, recreational facilities, commercial and residential buildings in line with existing environmental standards⁸ • Financing of rail transportation projects for public use

⁸ Construction of new building developments or renovation of existing buildings (including public service, commercial, residential and recreational) which meet recognised environmental standards such as: LEED –gold, BREEAM –good/very good, HQE –very good/excellent, CASBEE – A (very good)/ S (excellent) or equivalent or, buildings which have reduced life cycle consumption of energy levels of at least 20% less than statute/city baseline.

Sustainable Development Goal	Related SDG Target	Loans/projects categories	Eligibility Criteria	Examples of Eligible loans/projects
	and public and private research and development spending			<ul style="list-style-type: none"> • Financing of roads in underserved, internal or isolated areas • Financing the upgrade in infrastructure for the improvement of public utility grids • Financing to enterprises for investment in research and development
	<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>	<p>Social categories:</p> <ul style="list-style-type: none"> • Socioeconomic advancement and empowerment 	<ul style="list-style-type: none"> • Activities aimed at supporting people and disadvantaged groups to improve their socio-economic position 	<ul style="list-style-type: none"> • Financing healthcare facilities, construction of school and infrastructures for providing access to affordable public services to low socio-economic groups
	<p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p> <p>11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p> <p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p>11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities</p>	<p>Social categories:</p> <ul style="list-style-type: none"> • Affordable basic infrastructure • Access to essential services 	<ul style="list-style-type: none"> • Activities that expand or maintain access to sustainable transport systems • Activities that Improve waste management 	<ul style="list-style-type: none"> • Financing the construction, equipping, or maintenance of clean transportation facilities, such as any new rail facilities for public use, cycleways pedestrian thorough fares and other transportation infrastructure contributing to the reduction of harmful emissions • Financing recycling or composting projects to divert waste from landfill • Financing of recreational facilities such as parks, swimming pools, green and public spaces, trails and similar, providing affordable access to all.

Sustainable Development Goal	Related SDG Target	Loans/projects categories	Eligibility Criteria	Examples of Eligible loans/projects
	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Green categories: <ul style="list-style-type: none"> Climate change adaptation Renewable energy 	<ul style="list-style-type: none"> Adaptation projects that demonstrably contribute to reducing vulnerability to climate change identified in the project area Reduction of GHG emission, due to low-carbon energy use and/or energy recovery Projects aiming at reducing the impacts of climate change Projects aiming at developing local renewable energy production and/or energy recovery 	<ul style="list-style-type: none"> Natural disaster prevention infrastructure Construction/refurbishment of energy efficient, thermal insulation for buildings in line with existing environmental standard⁹

B. EDUCATION

The proceeds derived from the issuance of CDP Green, Social and Sustainability Bonds will be exclusively used to finance or re-finance, in whole or in part, new and/or existing Eligible loans/projects to encourage access to education and culture, by providing access to educational facilities, as well as allowing for a successful integration of disadvantaged groups in the education system.

Target population includes disadvantaged groups in the education system, people living in unserved areas, as well as in areas economically underperforming and/or devastated by natural disasters¹⁰.

CDP believes that Green, Social and Sustainability Bonds are an effective tool to channel investments to assets that contribute to the improvement of services for education, both in cities and underserved areas, benefitting the entire population.

In particular, in this category, the Bonds contribute to the achievement of several UN SDGs, in particular:

- SDG 4, which aims for “ensuring inclusive and quality education for all and promote lifelong learning”.

⁹ And as defined in footnote 8.

¹⁰ According to law and applicable regulations.

Sustainable Development Goal	Related SDG Target	Loans/projects categories	Eligibility Criteria	Examples of Eligible loans/projects
	<p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p> <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations</p> <p>4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all</p>	<p>Social categories:</p> <ul style="list-style-type: none"> • Access to essential services • Socioeconomic advancement and empowerment 	<ul style="list-style-type: none"> • Activities that improve educational infrastructure • Activities that foster a successful integration of disadvantaged groups in the education system 	<ul style="list-style-type: none"> • Construction of new schools, campus, student housing, including school sports facilities, providing accessible and affordable services to the population • Financing the renovation, upgrade, safety, seismic retrofitting and energy efficiency of existing schools' buildings, providing accessible and affordable services to the population

C. SMEs FINANCING

The proceeds derived from the issuance of CDP Green, Social and Sustainability Bonds will be exclusively used to finance or re-finance, in whole or in part, new and/or existing Eligible loans/projects which are not dedicated to any other type of specific funding and have a positive social impact. CDP encourages access to credit by the small-medium enterprises (SMEs) which represent the typical Italian company.

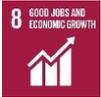
CDP believes that Green, Social and Sustainability Bonds are an effective tool to channel investments to assets that have social objectives and benefits and thereby contribute to the improvement of living and working conditions for the people, living below the poverty line and underserved populations.

The proceeds of the CDP Green, Social and Sustainability Bonds will be used to fund loans to the SMEs (companies employing fewer than 250 persons) for supporting Italian employment, Italian economic growth through the support of areas and populations affected by natural disasters or economically underperforming Italian areas, i.e. Italian regions with a level of GDP (gross domestic product at market prices per inhabitant) lower than the national average¹¹.

In particular, in this category, the Bonds contribute to the achievement of several UN SDGs, namely:

- SDG 8 which aims for the promotion of “sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.

¹¹ Source: Istat annual edition.

Sustainable Development Goal	Related SDG Target	Loans/projects categories	Eligibility Criteria	Examples of eligible loans/projects
	<p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors</p> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training</p> <p>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p>	<p>Social categories:</p> <ul style="list-style-type: none"> Socioeconomic advancement and empowerment Employment preservation/generation through the potential effect of SME financing and microfinance 	<ul style="list-style-type: none"> Support Italian employment Improve the Italian economic growth through the support of areas and populations affected by natural disasters or economically underperforming Italian areas Support the SMEs in order to promote their growth and international expansion 	<ul style="list-style-type: none"> Financing to SMEs, including start-ups Support the access to banking and financial services in underserved area

D. SOCIAL HOUSING

The proceeds derived from the issuance of CDP Green, Social and Sustainability Bonds will be exclusively used to finance or re-finance, in whole or in part, new and/or existing Eligible loans/projects, such as CDP equity financing in the Fondo Investimenti per l’Abitare (FIA), which is managed by CDP Investimenti Sgr since 2010. These Bonds are an effective tool to channel investments to assets that have social objectives and benefits and thereby contribute to the improvement of housing conditions.

Target population includes people living without adequate housing and household in position of exclusion.

In particular, in this category, the Bonds contribute to the achievement of the following UN SDGs:

- SDG 1, which aims for “ending poverty in all its forms everywhere”;
- SDG 11, which aims for “making cities and human settlements inclusive, safe, resilient and sustainable”.

Sustainable Development Goal	Related SDG Target	Loans/projects categories	Eligibility Criteria	Examples of eligible loan/projects
 	<p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p> <p>11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries</p>	<p>Social categories:</p> <ul style="list-style-type: none"> • Access to housing • Affordable basic infrastructure 	<ul style="list-style-type: none"> • Projects that increase the access to social housing aiming to support people living in social and economic difficulties and person living without adequate housing 	<ul style="list-style-type: none"> • Construction, renovation or upgrade of social housing in Italy as to provide decent housing

E. ENERGY AND ENVIROMENTAL SUSTAINABILITY

The proceeds derived from the issuance of CDP Green, Social and Sustainability Bonds will be exclusively used to finance or re-finance, in whole or in part, new and/or existing loans/projects which are dedicated, to promote energy and environmental sustainability.

Energy transition and environmental sustainability financing contribute to the promotion of low-carbon and more climate-resilient economy befitting the entire population.

CDP believes that Green, Social and Sustainability Bonds are an effective tool to channel investments to assets that have green objectives.

In particular, in this category, the Bonds contribute to the achievement of several UN SDGs, namely:

- SDG 7, which aims for “ensuring access to affordable, reliable, sustainable and modern energy for all”.

Sustainable Development Goal	Related SDG Target	Loans/projects categories	Eligibility Criteria	Examples of Eligible loans/projects
	7.1 ensure universal access to affordable, reliable and modern energy services 7.2 increase substantially the share of renewable energy in the global energy mix	Green categories: <ul style="list-style-type: none"> Renewable energy Energy efficiency 	<ul style="list-style-type: none"> Generation of energy from renewable sources Construction/maintenance/expansion of associated networks Energy efficiency projects, including energy efficient technologies, in line with existing environmental standards¹² 	<ul style="list-style-type: none"> Renewable energy projects including wind, solar, hydro power ¹³, biomass ¹⁴, geothermal, and their associated components Energy efficiency projects such as in new and refurbished buildings, energy storage, smart grid solutions, appliance and products, such as LED street lighting Public lighting

3.2. Process for Project Evaluation and Selection

A dedicated Green, Social and Sustainability Bond Working Group has been established to create this Green, Social and Sustainability Bond Framework, manage any future updates to the Framework, including expanding the list of Eligible Categories and oversee its implementation.

The Green, Social and Sustainability Bond Working Group is composed of representatives from CDP's:

- Finance department;
- Relevant business departments;
- Investor Relations & Rating Agencies department; and
- Sustainability department.

The CDP Green, Social and Sustainability Bond Working Group has defined the evaluation and selection process and the Green, Social and Sustainability Bond Framework implementation. It will select loans/projects to be financed among those already financed in CDP's portfolio and in the pipeline, according to the evaluation and selection criteria described in the Use of Proceeds section. In particular:

¹² And as defined in footnote 8.

¹³ Hydro projects up to 20 MW in installed capacity or, if larger than 20 MW, satisfying International Finance Corporation (IFC) Standards.

¹⁴ Biomass projects may be included subject to availability of adequate raw materials, locally produced and derived from cultivation byproducts, lignocellulosic materials, manure and organic waste. Vegetable oils and other dedicated cultivations are eligible in compliance with applicable regulations and lack of conflicting utilization of the resources with human consumption.

- Each relevant business department may propose a portfolio of loans/projects to be considered as eligible to Green, Social and/or Sustainability Bond financing, accordingly to CDP Framework requirements.
- CDP Green, Social and Sustainability Bond Working Group will do a second analysis to approve, as appropriate, each proposed selected portfolio of loans/project based on the defined Eligible Categories that meet to the Eligibility Criteria.
- The final decision on the allocation of the loans/projects designated to the Bonds is taken by CDP Green, Social and Sustainability Bond Working Group.

These three phases of the process of evaluation and selection involves all relevant parties to ensure autonomy and independence in the respective activities.

Loans/projects related to sectors listed in Annex A will not be eligible.

3.3. Management of Proceeds

The proceeds of the bond will be allocated to Eligible loans/projects and in case of loan/project that would be no longer eligible with, CDP will use the proceeds to finance/re-finance other Eligible loans/projects which are compliant with the current Use of Proceeds section. Moreover, until full allocation, the Proceeds of the Bonds will be credited to CDP's treasury liquidity portfolio and managed in cash or in other short-term instruments in accordance with CDP's risk rules.

In particular, the Working Group will ensure an accurate allocation of proceeds, reviewing the disbursements made and the investments that will be made. Moreover, as already mentioned above, the Working Group will be in charge for the purpose of identifying loans/projects that meet the Eligibility Criteria and allocating the bond proceeds from the treasury to these loans/projects.

The unallocated funds of the bond will be managed within the CDP liquidity portfolio and will be invested in accordance with CDP's risk rules in money market activity such as, for example, marketable securities.

3.4. Reporting

CDP will produce a report on its Green, Social and Sustainability Bonds (the "**Bond Report**"), which will provide an overview of the Eligible loans/projects financed through the proceeds raised from the Green, Social and Sustainability Bond issuance and their social and / or environmental impacts, based on some impact indicators. The Green, Social and Sustainability Bond Working Group will collect information from relevant departments and will produce the report.

Allocation reporting

CDP will produce a report on its Green, Social and Sustainability Bonds which will include:

- the total amount of proceeds allocated per Eligible Categories/Loans/Projects;
- the bond proceeds allocated per region and sector of activity;
- the balance of unallocated proceeds, if any.

CDP will use qualitative or quantitative performance indicators¹⁵ to communicate the expected impact of

¹⁵ The methodology used to estimate the impacts of the projects financed will be well described and made public in a report that will be published on Cdp website www.cdp.it for each bond issue under the framework.



loans/projects¹⁶.

For each of the Eligible Categories, CDP will be indicated the most relevant SDG(s) to which the loans/projects (re)financed contribute to:

Eligible Categories	Indicative Reporting Criteria
Infrastructures and Development of cities	Number of hospitals and other healthcare facilities built/upgrade Number of patients and/or population of regions served by new/upgraded healthcare facilities Number of water infrastructure Projects built/upgrade Percentage/size of populations provided access to clean water and/or sanitation Number of tonnes of clean water provided Length of new/upgraded energy, water grids (km) KW of clean energy provided Energy savings (estimate) Estimate of GHG emissions reduction (in t of CO2eq.) Number of household/residents benefitting from affordable and clean energy which is otherwise not accessible Number of solar farms or wind farms Location and type of solar or wind farms Number of electric/hybrid/ low-emission vehicles provided Number of residents benefitting from basic infrastructure new/upgraded which is otherwise not accessible (i.e. rail transportation, development road) Type of basic infrastructure funded and number of projects per each type of affordable basic infrastructure Location of basic infrastructure project Type of essential service funded and number of projects per each type of essential service funded Location of service project number of enterprises that invest in research and development Number of beneficiaries Length of rail tracks, cycle ways, pedestrian thoroughfares (km) Number of residents reached by new/upgraded grids Number of refurbished buildings and surface (square meters) Number of passengers accommodated (estimate)
Education	Number of schools built/upgraded and surface (square meters) Number and type of initiatives supporting public university education Number of students served
SMEs Financing	Number of SMEs financed Number of employees of the financed SMEs (estimate)

¹⁶ The final impacts of the Eligible loans/projects will be evaluated highlighting the component directly related to CDP's contribution. The reporting indicators will be elaborate internally based on the relevant expertise including in the Working Group. Furthermore, CDP may consider to be assisted by an external expert to develop reporting indicators in order to better represent the social impacts of eligible projects.

Social Housing	Number of beneficiaries Number of jobs supported by the projects Number of dwellings renovated or constructed
Energy and Environmental Sustainability	Number and type of initiatives financed in the renewable energy field Number and type of initiatives financed in the waste management field Number and type of initiatives financed for the promotion and the growth of Renewable energy production (estimate) Energy savings (estimate) Estimate of GHG emissions reduction (in t. of CO2eq.) KW of clean energy provided

CDP may select alternative quantitative or qualitative indicators to report on the impact of loans/projects financed through the proceeds of the Green, Social and Sustainability Bonds, where it believes these to be relevant to the Eligible loans/projects.

The Reporting aims at informing the bondholders about key features of the loans/projects, in line with the best market practice. For this reason, CDP will give a summary of the impact of these Eligible loans/projects and some case studies will also be presented to highlight the qualitative impacts of CDP's lending.

The Bond Report will be published within one year from the date of the issuance of each Green, Social and Sustainability Bond and annually thereafter, at least until the full allocation of the proceeds.

CDP's annual Green, Social and Sustainability Bonds Report will be available on CDP's website (<https://en.cdp.it/investors/>) and it could be integrated in CDP's annual sustainability report.

4. External Review

CDP has appointed Vigeo Eiris as Second Party Opinion provider to verify the sustainability credentials of this framework and assess the alignment of this framework with the Green, Social and Sustainability Bond Guidelines released by ICMA in June 2018. The Second Party Opinion will be made available on CDP's website at <https://en.cdp.it/investors/>.

Furthermore, CDP will appoint an independent auditor to perform an assurance engagement of the Green, Social and Sustainability Bonds Report and/or the Second Party Opinion provider to review the compliance of Eligible loans/projects with the Eligibility Criteria.

ANNEX A

CDP will not allocate proceeds received from the issuance of Green, Social and Sustainability Bonds to recipients either directly operating, involved in the supply chain or distribution in the following sectors:

- Tobacco
- Raising of fur animals and manufacture of fur items
- Extraction and support extraction activities of natural gas, crude oil and other products deriving from oil refining
- Nuclear power generation and treatment of nuclear fuels
- Fertilizers
- Distilling, rectifying and blending of spirits
- Explosives, weapons and ammunition
- Military fighting vehicles and ballistic missiles
- Gambling and betting activities / adult entertainment