Cassa Depositi e Prestiti (CDP) Green, Social and Sustainability Bond Framework

June 18th, 2021

1. Background

Cassa Depositi e Prestiti (CDP) is a joint stock company that has been recognized by law as the National Promotional Institution\(^1\), with the public mandate to support the growth of the Italian economy and invest in the competitiveness of the country. CDP has also been recognized as the Italian Financial Institution for Development Cooperation in 2015. Thanks to these new roles, CDP has strengthened its ability to promote sustainable development and, therefore, contribute to the achievement of the SDGs of the United Nations' 2030 Agenda.

This strategy is coherent with the mandate received by its shareholders, the Italian Ministry of Economy and Finance (which owns 82.77% of the share capital) and bank Foundations (which hold an overall stake of 15.93%)\(^2\), which commits CDP to operate in promoting a more sustainable, inclusive and robust growth for the Italian economy.

Since its foundation in 1850, CDP has been committed to supporting investment with the aim to produce positive externalities for the entire community, stimulate economic growth, and increase Italy's competitiveness. Moreover, with the new 2019-2021 Business Plan, CDP has decided for the first time to orientate its strategic perspective towards the Sustainable Development principles within the framework defined by the UN 2030 Agenda and the corresponding 17 SDGs.

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. Particularly, 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.

Consistent with its activities, CDP's commitment to sustainability comes from the very nature of its mission and 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 Sustainability Department that promotes and ensures the development and implementation of CDP Group sustainability strategy both with internal and external stakeholders. In addition to specific principles, CDP believes that integrating 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 instruments, targeting public sector, infrastructure, corporates, export finance and real estate.

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1 According to the Italian Budget Law 2016
2 The remaining 1.30% is represented by treasury shares.
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:

- **By-laws**: “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**: “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 recognize 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**, covering the following topics:
  1. Shareholders responsibility and rights;
  2. Corporate Governance Structure;
  3. Remuneration;
  4. Reporting, accounts and audit;
  5. Sustainable Business Practices and

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

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3 https://en.cdp.it/about-us/company-info/articles-of-association/articles-of-association.kl
6 http://www.undp.org/content/undp/en/home/sustainable-development-goals.html
2. Rationale

In light of the evolution of the context and CDP’s strategy expressed in the Business Plan 2019-2021, in 2019 the Group has updated its materiality matrix.

The materiality analysis has enabled the Group to identify the economic, environmental, social and governance, topics that have the greatest impact on its ability to generate value over time, known as “material topics”.

In line with the principle of “materiality”, as defined by the applicable international standards, the topics that reflect the Group’s economic, social and environmental impacts and/or that can significantly influence the decisions of its stakeholders have been considered material and have been identified through a structured stakeholder involvement process.

The matrix identifies 21 material themes grouped into seven principles. It is graphically represented by a Cartesian plan where on each theme the relevance perceived by CDP (abscissa axis) and that perceived by its main stakeholders (ordinate axis) are crossed. The themes positioned in the upper right quadrant, highlighted in grey, are to be considered as the most relevant themes (“materials”).

The results of the analysis of the individual topics identified as material, which are summarized in the table below, have been published in the Sustainability Report 2019.
The matrix represents not only an essential tool for non-financial reporting but also a strategic lever for:

- create greater internal awareness on the meaning of sustainability for CDP, identifying the priorities of intervention and the areas of most significant interest through an improvement in the listening ability of the stakeholders;
- guide company strategies by defining improvement targets on the economic, social and environmental impacts generated by its operations, as well as setting appropriate governance models;
- to enhance CDP’s commitment to sustainable development in full transparency towards its stakeholders.

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 2021 by International Capital Market Association (“ICMA”).

The proceeds of any CDP Green, Social and Sustainability Bond will be used to fund either loans, projects, equity investments or other instruments (“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 four core components here below:

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

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 that fall into the Eligible Categories and meet the Eligibility Criteria specified herein. The Eligible Categories are:

A. Infrastructures and Development of Cities;
B. SMEs and Corporate Financing;
C. Social Housing; and
D. Green 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 foster, in particular, the sustainable growth and development of Italy, and eventually of selected developing countries, through the promotion of urban transformations, infrastructures development and general-interest projects.

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 and to the development of territorial competitiveness.

Examples of target population include, but are not limited to, public services and social infrastructure (public health, public school services and buildings, environmental services, etc), disadvantaged groups, people living in unserved areas as well as in areas economically underperforming and/or devastated by natural and/or health disasters8 (earthquakes, floods, pandemics, etc.).

Within this category, the Bonds may contribute mainly to the achievement of one or more of the following UN SDGs:

8 According to law and applicable regulations.
<table>
<thead>
<tr>
<th>Sub-Categories</th>
<th>GBP/SBP Categories:</th>
<th>Eligibility Criteria</th>
<th>Examples of Eligible loans/projects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Healthcare</strong></td>
<td>Social categories:</td>
<td>• 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</td>
<td>• Financing the construction, development, maintenance or renovation of healthcare facilities, medical equipment and technologies for the improvement and protection of public health</td>
</tr>
<tr>
<td></td>
<td>Access to essential services</td>
<td></td>
<td>• Financing healthcare facilities for providing access to affordable public services to low socio-economic groups</td>
</tr>
<tr>
<td></td>
<td>Socioeconomic advancement and empowerment</td>
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<tr>
<td></td>
<td>Affordable basic infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Water and Sanitation</strong></td>
<td>Social categories:</td>
<td>• Improving access to water and sanitation services</td>
<td>• Financing infrastructures related to water treatment facilities, such as raw water abstraction and transfer infrastructure, water treatment plants, water distribution networks, water storage</td>
</tr>
<tr>
<td></td>
<td>Affordable basic infrastructure</td>
<td>• Improve existing sanitation facilities and sewers</td>
<td>• Financing water network construction, maintenance and upgrade</td>
</tr>
<tr>
<td></td>
<td>Socioeconomic advancement and empowerment</td>
<td>• Increase water - use efficiency</td>
<td>• Financing wastewater treatment plants, such as sewage networks, wastewater treatment plants, on-site sanitation facilities</td>
</tr>
<tr>
<td></td>
<td>Sustainable water and wastewater management</td>
<td>• Improving wastewater treatment performance and better access to drinking water</td>
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</tr>
<tr>
<td><strong>Education</strong></td>
<td>Social categories:</td>
<td>• Activities that improve educational infrastructure</td>
<td>• Construction of new schools, campus, student housing, including school sports facilities, providing accessible and affordable services to the population</td>
</tr>
<tr>
<td></td>
<td>Access to essential services</td>
<td>• Activities that foster a successful integration of disadvantaged groups in the education system</td>
<td>• Financing the renovation, upgrade, safety, seismic retrofitting and energy efficiency of existing schools’ buildings, providing accessible and affordable services to the population</td>
</tr>
<tr>
<td></td>
<td>Socioeconomic advancement and empowerment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-Categories</td>
<td>GBP/SBP Categories:</td>
<td>Eligibility Criteria</td>
<td>Examples of Eligible loans/projects</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------------</td>
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<td>-----------------------------------</td>
</tr>
<tr>
<td>Social categories:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Affordable basic infrastructure</td>
<td>• Develop quality and sustainable infrastructures for all that contributes to the improvement of living conditions in urban agglomerations and underserved areas</td>
<td>• Financing the construction, equipping, or maintenance of clean transportation facilities of rail transportation projects for public use</td>
<td></td>
</tr>
<tr>
<td>• Access to essential services</td>
<td>• Activities that expand or maintain access to sustainable transport systems</td>
<td>• Financing of recreational facilities such as parks, swimming pools, green and public spaces and similar, providing affordable access to all.</td>
<td></td>
</tr>
<tr>
<td>• Socioeconomic advancement and empowerment</td>
<td>• Activities that improve the construction and the maintenance of sustainable and resilient buildings</td>
<td>• Financing the upgrade in infrastructure for the improvement of public utility grid as, for example, electricity, gas, optical fiber, etc.</td>
<td></td>
</tr>
<tr>
<td>Green categories:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Clean transportation</td>
<td></td>
<td>• Support digitalization and virtualization</td>
<td></td>
</tr>
<tr>
<td>• Green buildings</td>
<td></td>
<td>• Financing of roads in underserved, internal or isolated area</td>
<td></td>
</tr>
</tbody>
</table>

9 Construction of new buildings, developments or renovation of existing buildings (including public services, commercial, residential and recreational) which meet recognised environmental standards, such as, for example: 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. If available, other criteria will be available within the Report, based on the specific typology of loans/projects financed.
B. SMEs AND CORPORATE 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 is a key player in the sustainable development of the Italian economy as it provides financial support to national enterprises in order to protect their economic sustainability and increase their competitiveness. Indeed, CDP provides loans to Italian companies both indirectly and directly supporting the entire potential lifecycle of a company, from startup to restructuring, with a particular focus on long term investments and research and development.

With reference to the SMEs, which represent the majority of Italian companies, CDP encourages access to credit, through the Italian Banking system. Given their key role in economic growth and the context of high unemployment rate in Italy, supporting SMEs is of crucial importance. For this purpose, CDP has put in place development policies through the management of lending, based on specific legislation, and economic support mechanisms to provide liquidity to Italian SMEs through structured interventions in close synergy with financial institutions and facilitating their access to credit.

Moreover, CDP also provides Italian companies with direct lending especially financing projects involving social, cultural or innovative initiatives and also supporting companies in temporary need or that are negatively affected by natural and/or health disaster in order to protect their self-sufficiency and preserve local employments.

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 people living below the poverty line and underserved populations, and to the employment preservation and generation in concerned areas.

The proceeds of the CDP Green, Social and Sustainability Bonds will be used to fund loans to Italian SMEs and other corporates with the aim to foster Italian employment and economic growth through the support of areas and populations affected by natural and/or health disasters (earthquakes, floods, pandemics, etc.) or economically underperforming Italian areas.

Examples of target population include SMEs, Eligible companies as well as areas economically underperforming and/or devastated by natural and/or health disasters (earthquakes, floods, pandemics, etc.).

Within this category, the Bonds may contribute mainly to the achievement of one or more of the following UN SDGs:

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10 Companies employing fewer than 250 persons, according to the EU recommendation 2003/361/CE.
11 Based on specific agreements with the Italian Banking Association (ABI) with established criteria for allocating CDP funding, granting uniform and transparent terms of conditions to access.
12 According to CDP definition. In relation to extraordinary situations (i.e., natural and/or health disaster), CDP may select the Eligible companies to be financed or re-financed on the basis of additional specific criteria.
13 For example, Italian regions with a level of GDP (gross domestic product at market prices per inhabitant) lower than the national average.
<table>
<thead>
<tr>
<th>GBP/SBP Categories:</th>
<th>Eligibility Criteria</th>
<th>Examples of Eligible loans/projects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social categories:</strong></td>
<td>Support Italian employment</td>
<td>• Financing to Italian companies that promotes and support country development as, for example, companies active in social tourism and culture sectors.</td>
</tr>
<tr>
<td>Socioeconomic advancement and empowerment</td>
<td>Improve the Italian economic growth through the support of companies facing natural and health disasters or based in economically underperforming Italian areas</td>
<td>• Financing to SMEs, including start-ups</td>
</tr>
<tr>
<td>Employment preservation/generation and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises</td>
<td>Support the Italian companies in order to promote socioeconomic development of territories, their growth and international expansion</td>
<td>• Promote sustainable tourism that creates jobs and promotes local culture and products</td>
</tr>
<tr>
<td></td>
<td>Support access to credit of small-scale industrial and other companies</td>
<td>• Financing the preservation, protection and conservation of all cultural and natural heritage, by type of heritage, level of government, type of expenditure and type of private funding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Financing companies operating in social infrastructure sector, supporting their access to banking and financial services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Financing to enterprises for investment in research and development</td>
</tr>
</tbody>
</table>
C. 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.

Examples of target population include, but are not limited to, people living without adequate housing and household in position of exclusion.

Within this category, the Bonds may contribute mainly to the achievement of one or more of the following UN SDGs:

<table>
<thead>
<tr>
<th>GBP/SBP Categories:</th>
<th>Eligibility Criteria</th>
<th>Examples of Eligible loans/projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social categories:</td>
<td>Projects that increase the access to social housing aiming to support people living in social and economic difficulties and person living without adequate housing</td>
<td>Construction, renovation or upgrade of social housing in Italy as to provide decent housing</td>
</tr>
<tr>
<td>Access to housing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affordable basic infrastructure</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
D. GREEN ENERGY AND ENVIRONMENTAL 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 the support of energy transition and the promotion of environmental sustainability.

CDP believes that Green, Social and Sustainability Bonds are an effective tool to channel investments to assets that have green objectives towards a low-carbon and more climate resilient economy, befitting the entire population.

Within this category, the Bonds may contribute mainly to the achievement of one or more of the following UN SDGs:

<table>
<thead>
<tr>
<th>GBP/SBP Categories:</th>
<th>Eligibility Criteria</th>
<th>Examples of Eligible loans/projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green categories:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable energy</td>
<td>Adaptation projects that demonstrate contribution to reducing vulnerability to climate change identified in the project area</td>
<td>Renewable energy projects including wind, solar, hydro power^{14}, biomass^{15}, geothermal, and their associated components</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>Reduction of GHG emission, due to low carbon energy use and/or energy recovery</td>
<td>Energy efficiency projects such as in new and refurbished buildings, energy storage, smart grid solutions, appliance and products, such as LED street lighting</td>
</tr>
<tr>
<td>Pollution prevention and control</td>
<td>Projects aiming at reducing the impacts of climate change</td>
<td>Public lighting</td>
</tr>
<tr>
<td>Environmentally sustainable management of living natural resources and land use</td>
<td>Projects aiming at developing local renewable energy production and/or energy recovery</td>
<td>Natural disaster prevention</td>
</tr>
<tr>
<td>Climate change adaptation</td>
<td>Activities that improve waste management</td>
<td>Financing recycling or composting projects to divert waste from landfill</td>
</tr>
<tr>
<td>Circular economy</td>
<td>Projects aiming at extending useful life of products and assets</td>
<td>Construction/refurbishment of energy efficient, thermal insulation for buildings in line with existing environmental standard^{16}</td>
</tr>
<tr>
<td></td>
<td>Projects aiming at reducing virgin material consumption and waste generation</td>
<td>Product life extension or increased intensity of use</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Repurposing, refurbishment and/or retrofiting of end-of-life or redundant immovable assets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recovery of secondary materials, chemicals, re-usable products and parts from waste, production residues for reuse or recycling</td>
</tr>
</tbody>
</table>

^{14} Hydro projects up to 20 MW in installed capacity or, if larger than 20 MW, satisfying International Finance Corporation (IFC) Standards

^{15} 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.

^{16} And as defined in footnote 9.
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:

- 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 Working Group will ensure an accurate allocation of proceeds, reviewing the disbursements made and the investments that will be made. 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 proceeds of the bonds 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.

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 publish the Bond Report within approximately 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.

The Bond Report provides an overview of the Eligible loans/projects financed through the proceeds raised from the Green, Social and Sustainability Bond issuances 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 Bond Report, which will include, for example:

- 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 indicators\(^\text{17}\) to communicate the expected impact of loans/projects\(^\text{18}\). For each of the Eligible Categories, CDP will report the loans/projects associated with the most relevant SDG(s).

The following are potential criteria\(^\text{19}\) used for this analysis:

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\(^{17}\) 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](http://www.cdp.it) for each bond issuance under the CDP Framework.

\(^{18}\) 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.

\(^{19}\) For each specific bond, a sub-set of these criteria will be used according to the characteristics of eligible projects, data availability and methodological issues.
<table>
<thead>
<tr>
<th>Eligible Categories</th>
<th>Indicative Reporting Criteria</th>
</tr>
</thead>
</table>
| **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  
Water use efficiency  
Wastewater treatment management  
Number of schools built/upgraded  
Number and type of initiatives supporting public university education  
Number of students served  
Number of residents benefiting 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  
Type of essential service funded and number of projects per each type of essential service funded  
Number of beneficiaries of social infrastructures  
Length of rail tracks, cycle ways, roads, pedestrian thoroughfares (km)  
Length of new/upgraded energy, water grids (km)  
Number of residents reached by new/upgraded grids or by transportation services  
Number of refurbished buildings and surface (square meters)  
Number of passengers accommodated (estimate)  
Rate of coverage of the digitalization initiatives in the concerned area |
| **SMEs and Corporate Financing**        | Number of SMEs financed  
Number of employees of the financed SMEs (estimate)  
Number of enterprises that invest in research and development  
Number of projects in support of cultural and natural heritage |
| **Social Housing**                      | Number of beneficiaries  
Savings in terms of housing rents  
Number of jobs supported by the projects  
Number of dwellings renovated or constructed |
| **Green 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 CO2 emissions avoided  
KW of clean energy provided  
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 projects for recycling or composting projects to divert waste from landfill  
Number of initiatives supported to prevent natural disaster and to improve energy efficiency  
Number of projects in the field of circular economy |

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, in accordance with the recognized international standards on impact reporting.

CDP’s annual Green, Social and Sustainability Bonds Report will be available on CDP’s website (https://www.cdp.it/sitointernet/it/green_social_sust_bonds.page) and it could be integrated in CDP’s annual sustainability report.

4. External Review

CDP has appointed ISS ESG as Second Party Opinion provider to verify the sustainability credentials of this framework and assess the alignment of this framework with the Green Bond Principles and the Sustainability Bond Guidelines issued in June 2018 and the Social Bond Principles issued in June 2020 by ICMA.

The Second Party Opinion will be made available on CDP’s website at https://www.cdp.it/sitointernet/it/green_social_sust_bonds.page

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