CDP’S 2022-2024 ESG PLAN
An integrated approach
“Promoting Italy’s sustainable development, by using savings responsibly to drive growth and employment, by supporting innovation and business competitiveness, infrastructure and local development”.

CDP promotes long-term economic, social and environmental sustainability to the benefit of shareholders and stakeholders relevant to the company.

CDP is the preferred vehicle for attracting private resources in order to increase investments made for sustainable purposes. We have been the Italian Financial Institution for Development Cooperation since 2014 and the National Promotional Institution since 2015.
Our business model is designed to generate value over time.
We have incorporated sustainability into our operating and business model

CDP is committed to incorporating sustainability into its business choices and operating processes and defines its objectives in line with:

**SUSTAINABILITY FRAMEWORK**

- **TOP-DOWN APPROACH** (Sustainable Development Goals)
- **BOTTOM-UP APPROACH** (Materiality Analysis)
- **STAKEHOLDERS**
  - Structured Listening
  - Identification of Material Topics
- **OPERATING MODEL**
  - **HUMAN RESOURCES**
    - Our People, a fundamental value of CDP
  - **WORKING ENVIRONMENT**
    - Efficient, sustainable offices with a low environmental impact
  - **PROCUREMENT CYCLE**
    - Suppliers aligned with the best technical-commercial, environmental and social standards
- **BUSINESS MODEL**
  - **EX-ANTE ASSESSMENT**
    - Of the expected benefits and the potential impacts of initiatives eligible for financing
  - **EX-POST ASSESSMENT**
    - Of the impacts generated, in order to verify the effectiveness and additionality of initiatives
  - **IMPACT MANAGEMENT AND MONITORING**
    - For the protection of the environment and human rights
- **TRANSPARENCY AND ACCOUNTABILITY**
  - Promoting a culture of sustainability
  - Encouraging constant engagement with its stakeholders
  - Reporting ESG results and positioning


We have incorporated sustainability into our operating and business model.
## The milestones in our journey towards sustainability

<table>
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<th>Year</th>
<th>Event</th>
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| 2019 | • **SUSTAINABILITY AREA**<br>Start of the transformation process towards a business and operating model designed to create sustainable value  
• **AMENDMENT TO THE ARTICLES OF ASSOCIATION**<br>The possibility of financing activities to promote sustainable development and foster the growth of enterprises in Italy and abroad is specified |
| 2020 | • **SUSTAINABILITY FRAMEWORK**<br>Describes the principles, areas and operating methods adopted to incorporate sustainability into the organisational system  
• **PUBLICATION OF THE FIRST SUSTAINABILITY REPORT**<br>Reports on CDP’s contribution to the Sustainable Development Goals (SDGs) |
| 2021 | • **FIRST INTEGRATED REPORT**<br>Reports on how strategy, governance and performance make it possible to create value over time  
• **SUSTAINABILITY IN GOVERNANCE**<br>Assigns new responsibilities in the field of sustainability to the Board Risk and Sustainability Committee  
• **2022-2024 STRATEGIC PLAN**<br>Strengthens CDP’s commitment to the sustainable development of the country |
| 2022 | • **NEW GOVERNANCE**<br>To ensure adequate integration and management of sustainability in business processes  
• **FIRST ESG PLAN**<br>To define sustainability goals and commitments  
• **SECTORAL STRATEGIC GUIDELINES AND ESG POLICY**<br>To guide operational choices in line with the Strategic Plan and direct them towards generating positive and measurable impacts |
Our financial results and value creation

SHAREHOLDING STRUCTURE

15.93% Banking Foundations
1.30% Treasury Shares
82.77%

FINANCIAL RESULTS*

383 billion euro TOTAL FUNDING
3.7 billion euro CONSOLIDATED NET INCOME
37 billion euro EQUITY INVESTMENTS
116 billion euro LOAN PORTFOLIO
411 billion euro TOTAL ASSETS
25 billion euro EQUITY

VALUE CREATED*

1.57% IMPACT ON GDP
17 thousand ENTERPRISES SERVED
54 billion euro ADDITIONAL ENTERPRISE TURNOVER
399 thousand JOBS (40% WOMEN, 20% YOUNG PEOPLE)
3.3 billion euro FOR CLIMATE CHANGE AND ENERGY TRANSITION
-39% DIRECT GHG EMISSIONS

* The financial results and the value created refer to the 2022 Half-yearly Financial Report and the 2021 Integrated Report:
Our Sustainability Governance

RISK AND SUSTAINABILITY COMMITTEE
It performs a control function and provides guidance with regard to risks and sustainability

SECTOR STRATEGY AND IMPACT
Helps top management establish sector strategies capable of strengthening the impact of the Group’s actions on the country’s economy, the environment, long-term sustainability, regional planning and the quality of life of the population, and measures said impact ex post.

POLICY, EVALUATION AND ADVISORY
Ensures the definition of sector financing/investment and sustainability policies, as well as the development and acceleration of the implementation of public spending programmes and national projects and initiatives, through the provision of support and of economic-financial and technical-specialist advice.

RISKS
Deals with level 2 controls for the implementation of the Policies in operating and business processes and takes care of the definition, selection and implementation of models, methodologies and instruments for the assessment of emerging risks, in particular ESG risks.

COMMUNICATIONS, EXTERNAL RELATIONS AND SUSTAINABILITY
Ensures the development, management and promotion of measures designed to strengthen the Group’s sustainability credentials, manages the Group’s non-financial reporting and its ESG ratings, and also manages relations with internal and external stakeholders, including civil society, with regard to matters of sustainability.
The 2022-2024 Strategic Plan places value on our additional role

In support of sustainable growth, CDP finances and invests according to defined policies and principles of sustainability and additionality with respect to the market.

**MATURE MARKET**

Creating cutting-edge standards with a focus on ESG criteria, to become a benchmark for the market, through an approach of additionality and selectivity.

**MARKET TO BE CREATED**

Supporting the creation and development of new markets, by leveraging resources and technical expertise.
We have identified fields of action in line with the 2030 Agenda and the National Recovery and Resilience Plan (NRRP)

4 MACRO-TRENDS

1. Climate change and ecosystem protection
2. Inclusive and sustainable growth
3. Digitisation and innovation
4. Rethinking value chains

10 FIELDS OF ACTION

1. Energy transition
2. Circular economy
3. Safeguarding the territory
4. Social infrastructure
5. Capital market
6. Digitisation
7. Technological innovation
8. Support to strategic supply chains
9. International cooperation
10. Transport/logistics hubs

IN LINE WITH THE SDGs AND THE NRRP’S MISSIONS

SDGs
Sustainable Development Goals of the 2030 Agenda for Sustainable Development

NRRP
National Recovery and Resilience Plan
THE ESG PLAN, APPROVED BY THE BOARD OF DIRECTORS, REPRESENTS THE FIRST PIECE OF THE 2022-2024 PLAN FOR THE DEFINITIVE INTEGRATION OF SUSTAINABILITY INTO THE GROUP’S EVERYDAY OPERATIONS.

THE ESG PLAN, IN LINE WITH THE SUSTAINABILITY FRAMEWORK, ESTABLISHES GOALS AND COMMITMENTS BASED ON:

- the UN 2030 goals - an internationally recognised framework
- the requirements of the market and of the NRRP
- dialogue with stakeholders

CDP’S ESG PLAN

Becoming a leading player in ESG issues, in order to bridge existing gaps by meeting Italy’s major challenges.

From the Strategic Plan to the ESG Plan
# The ESG Plan: key commitments and projects

<table>
<thead>
<tr>
<th>Strategic Lines of Action</th>
<th>Ambition</th>
<th>Main Commitments</th>
<th>SDGs</th>
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| **Climate Change and Ecosystem Protection** | Being a green institution virtuous both in its consumption and use of resources, and in its business decisions | -50% CO2 emissions by 2024 and -100% by 2030<sup>1</sup>  
-30% paper and toner consumption by 2024<sup>2</sup>  
-30% financed emissions (tCO2/Mln€) by 2030<sup>3</sup> | 12 REponsible Consumption and Production  
13 CLimate Change |
| **Inclusive and Sustainable Growth** | Being an institution whose main asset is its employees, protecting their diversity and well-being | >85% employees who express a high level of engagement on an annual basis  
90% of employees receiving annual training in the field of sustainability  
100% of employees enjoying flexible working 10 days a month  
30% of women in top management positions (first and second lines) by 2024  
sustainability objectives accounting for 30% of total MBO objectives | 4 HEALTH EDUCATION  
5 SCIENCE STABILITY  
8 LOng Work and Work-Related Stress |
| **Digitisation and Innovation** | Being a Smart Company able to digitise and innovate | annual investment in transformation accounting for 45% of total ICT investment  
More than 40% of applications to be cloud-based by 2024  
90% of employees involved in the digital community for innovation by 2024 | 9 Digitisation and Innovation |
| **Rethinking Value Chains** | Being an institution attentive to its supply chain | More than 70% of purchases from suppliers with social/environmental certifications by 2024<sup>4</sup> | 12 REponsible Consumption and Production |

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<sup>1</sup>Goals related to the Group Companies, understood as CDP SpA and the companies it directly controls and over which it exercises management and coordination. Market-based methodology. Baseline 2019. Scope 3 emissions refer to travel.

<sup>2</sup>Goals related to the Group Companies, understood as CDP SpA and the companies it directly controls and over which it exercises management and coordination. Baseline 2019.

<sup>3</sup>Target of carbon intensity reduction relative to the direct lending portfolio of the following business units: Financing to Corporations, Infrastructure and International Cooperation and Development Finance -- the latter solely regarding lending to private corporations. Public Administration and Equity activities are not included within the perimeter. Baseline 2022.

<sup>4</sup>Expenditure items do not include tax, legal and strategic advice.
ESG criteria underpinning a policy-driven approach

THE KEY CONTENTS OF THE POLICIES

CDP is a “policy-driven” institution attentive to the development of policies capable of generating positive and measurable impacts, aimed at creating reference practices and standards for the financial system and for our partners.

The policies define how CDP incorporates sustainability into its operations, by implementing it in its processes and by assigning clear responsibilities.

THE MODUS OPERANDI OF THE POLICIES

PROPOSED ACTIONS

CDP’S ACTIONS

NOT consistent with the “exclusion criteria”

NOT consistent with “CDP’s Field of Action”

NOT compliant with regulatory constraints

OUR GOALS

By 2024, CDP intends to adopt at least 10 policies related to sustainability*, including:

- General Responsible Lending Policy
- General Responsible Investment Policy
- Diversity, Fairness and Inclusion Policy
- Stakeholder Grievance Mechanism
- Sector policies (e.g. energy, infrastructure)
- Other policies (e.g. responsible procurement)

* For more information see the Sustainability section of https://www.cdp.it/sitointernet/it/homepage.page
From policies to project assessment: examination criteria

**STRATEGIC CONSISTENCY**
- Support for initiatives aligned to the fields of action
- Rewarding factors for projects implemented by counterparties on areas of focus and/or with high ESG impact

**QUALITY OF THE COUNTERPARTY**
- Assessment of the counterparty's technical and credit profile
- Assessment of environmental, social, economic and sustainability issues

**PROJECT TECHNICAL QUALITY AND IMPACT**
- For specific-purpose loans, technical assessment of the project and its economic, social, employment and environmental impacts

**ADDITIONALITY**
- Assessment of the value added of CDP's contribution with respect to the market
- Crowding-in approach to catalyse resources of other investors
New model to guide the implementation of actions

**OPERATING MODEL**

- **STRATEGIC AREAS OF ACTION**
- **ROLE AND ACTION STRATEGY/POLICIES**
- **INSTRUMENTS/PRODUCTS**
- **EXAMINATION (EX-ANTE IMPACT ANALYSIS)**
- **(EX-POST) IMPACT ANALYSIS**
- **POLICY ADAPTATION**

**ACTIVITY**

- **ANALYSIS OF MACRO AND SECTOR TRENDS, IDENTIFICATION OF GAPS**
- **FORMULATION OF ACTION STRATEGY TO FILL THE GAPS IDENTIFIED AND ANALYSIS OF COMPLEMENTARITY WITH THE MARKET**
- **IDENTIFICATION OF INSTRUMENTS/PRODUCTS AND FORMS OF RISK MITIGATION**
- **FINANCIAL, TECHNICAL, SUSTAINABILITY AND LEGAL EXAMINATION OF PROJECTS AND IMPLEMENTATION OF THE ACTION**
- **IMPACT ANALYSIS VERIFYING THE ACHIEVEMENT OF THE TARGETS SET**
- **CONTINUOUS ADAPTATION OF POLICIES BASED ON AVAILABLE EVIDENCE**

**CLOSING OF THE TRANSACTION**
ESG risk monitoring

EXTENSION OF CLIMATE AND ENVIRONMENTAL RISK ASSESSMENT TO THE WHOLE ESG UNIVERSE

INTEGRATION OF ESG PARAMETERS INTO THE RISK APPETITE FRAMEWORK (RAF) AND IN PRICING

DEVELOPMENT OF INTEGRATED ESG RISK FRAMEWORK AND SIMULATIONS ON RETURN TARGETS RELATED TO SUSTAINABILITY ASSESSMENT (SDA)

INTEGRATION OF ESG RISKS INTO CAPITAL ADEQUACY, PRICING AND RAF ASSESSMENTS

2022

- Reputational Risk
- Climate and Environmental Risk
- Sustainability Assessment (SDA)

EXAMINATION

ADVISORY AND DECISION-MAKING BODIES

2023

2024
Sustainability at the heart of our products: some examples

**DIRECT ESG LOANS**
Geopolitical and Energy Crisis Fund available for enterprises affected and engaged in energy transition projects

**INDIRECT ESG LOANS**
Agreement for a loan to the BCC ICCREA Group of 250 million Euro for sustainable investments by Italian SMES and mid-Caps

**SUBSCRIPTION OF ESG BONDS**
Subscription of a 300 million Euro Banco BPM bond to accelerate the green transition of Italian SMES and mid-Caps

**SUBSIDIISED LENDING**
Subscription of ESG bonds issued by Italian banks

**GUARANTEE AGREEMENT**
Signing of an agreement with the EIB to grant a guarantee on CDP loans for new sustainable projects by public bodies, with a 20% share reserved for initiatives aimed at combating climate change

**REVOLVING FUND**
Supporting enterprises and investment in research (RIF) providing support for decarbonisation, circular economy, and climate change adaptation and mitigation projects
We are a leading ESG issuer in Italy and Europe

2017 SOCIAL BOND
500 MILLION EURO
FOR SMES IN ECONOMICALLY DISADVANTAGED AREAS OR AFFECTED BY EARTHQUAKES

2018 SUSTAINABILITY BOND
500 MILLION EURO
FOR THE DEVELOPMENT AND MODERNISATION OF WATER INFRASTRUCTURE

2019 SOCIAL BOND
750 MILLION EURO
FOR SCHOOL BUILDINGS AND URBAN REDEVELOPMENT

2020 SOCIAL HOUSING BOND
750 MILLION EURO
FOR RESIDENTIAL SCHOOL BUILDINGS

2020 COVID-19 SOCIAL RESPONSE BOND
1 BILLION EURO
FOR ENTERPRISES AND ADMIN INSTRUCTIONS AFFECTED BY THE COVID-19 EMERGENCY

2020 SOCIAL BOND
750 MILLION EURO
FOR ENTERPRISES AFFECTED BY THE COVID-19 EMERGENCY AND FOR INVESTMENTS IN R&D AND INNOVATION

2021 SOCIAL BOND
500 MILLION EURO
FOR SMES AND MID-CAPS (MAINLY IN THE SOUTH) FOR COMPETITIVENESS AND EMPLOYMENT

2022 SUSTAINABILITY BOND
750 MILLION EURO
FOR RENEWABLE ENERGY, WATER AND ENERGY EFFICIENCY, SOCIAL INFRASTRUCTURE AND THE INTERNATIONAL GROWTH OF ITALIAN ENTERPRISES.

Details of the issuances are available at https://www.cdp.it/siteinternet/it/green_social_sust_bonds.page
Transparent communication and engagement with our stakeholders

**Non-financial Reporting**

- **The Integrated Report** shows the interconnections between the relevant aspects of a company and capital, and is also accessible to blind and visually impaired people thanks to the collaboration with Fondazione Lia (Libri Italiani Accessibili).

**Consultations with Civil Society**

- Consultations with selected stakeholders to discuss the CDP Group’s policies and strategic guidelines for a sustained growth path.

**ESG Rating Agencies**

- Dialogue with ESG raters to evolve and give evidence of CDP’s commitment to sustainability.

**Engagement Initiatives**

- Opportunities for the exchange of information and ideas with internal and external stakeholders (multistakeholder forum, materiality analysis, employee engagement projects, etc.)
CDP as a catalyst for the sustainable development of the country

Driven by policies prioritising actions with high ESG impact

Close to the needs of local areas and of enterprises

Inclusive and transparent