

EXTERNAL REVIEW

on the Social Bond Report 2021 of
Cassa Depositi e Prestiti S.p.A

20 September 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Social Bond September 2020
Relevant standards	<ul style="list-style-type: none">• Social Bond Principles (SBP) and Harmonised Framework for Impact Reporting (HFIR) as administered by the International Capital Market Association (ICMA)
Scope of verification	<ul style="list-style-type: none">• Cassa Depositi e Prestiti's Social Bond Report (as of September 2021)• Cassa Depositi e Prestiti's Green, Social and Sustainability Bond Framework (as of September 2020)
Lifecycle	<ul style="list-style-type: none">• Post-issuance verification
Validity	<ul style="list-style-type: none">• For Cassa Depositi e Prestiti's Social Bond Report released in September 2021

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Overall Evaluation of the Social Bond Report 2021

Cassa Depositi e Prestiti S.p.A. (CDP) commissioned ISS ESG to provide an External Review on its Social Bond Report 2021 by assessing:

1. The alignment of the CDP's Social Bond Report 2021 with the commitments set forward in CDP's Framework in line with the International Capital Market Association's (ICMA) Social Bond Principles (SBPs).
2. The alignment of the CDP's Social Bond Report 2021 with best market practices as described in the ICMA Harmonised Framework for Impact Reporting (HFIR).
3. Soundness of CDP's Social Bond Report 2021 KPIs – whether the indicators used align with best market practices and are a relevant reporting tool for the social bond issued.

ISS ESG ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p>Part 1</p> <p>Alignment with framework commitment, in line with the SBPs</p>	<p>ISS ESG finds that the Social Bond Report 2021 respects the commitments set forward in the Framework by CDP and remains aligned to the Social Bond Principles. All key requirements defined by the SBPs have been disclosed in the framework and have then been respected in the Social Bond Report 2021.</p>	<p>Aligned</p>
<p>Part 2:</p> <p>Alignment with best market practices, defined in the HFIR</p>	<p>ISS ESG finds that the Social Bond Report 2021 is in line with ICMA's Harmonised Framework for Impact Reporting. All compulsory and key optional requirements have been fulfilled.</p>	<p>Aligned</p>
<p>Part 3:</p> <p>Soundness of KPIs reported</p>	<p>ISS ESG finds that the KPIs used in the Social Bond Report 2021 of CDP align with good market practices and with the SBPs.</p> <p>The allocation reporting appropriately displays the way proceeds of the bond are allocated. The indicators chosen for the impact reporting are material and in line with suggested market guideline metrics, and information regarding sourcing are properly displayed.</p>	<p>Positive</p>

ISS ESG EXTERNAL REVIEW ASSESSMENT

PART I: ALIGNMENT WITH FRAMEWORK COMMITMENT, IN LINE WITH THE SBPs

The table below presents the findings of ISS ESG's assessment of the Social Bond Report 2021 against CDP's commitments set forward in its Framework and against ICMA's Social Bond Principles (SBPs).

SBPs' REQUIREMENTS	CDP'S SUSTAINABLE FINANCING FRAMEWORK COMMITMENT	EVIDENCE IN CDP SOCIAL BOND REPORT 2021	FULFILMENT
1. Use of Proceeds			
1.1. Alignment with the project categories defined by the SBPs	<p>The net proceeds will be exclusively allocated to finance or re-finance projects in the following categories:</p> <ul style="list-style-type: none"> • Infrastructures and Development of Cities, • SMEs and Corporate Financing, • Social Housing, • Green Energy and Environmental Sustainability. 	<p>CDP decided to use the proceeds from the social issue to support Italian companies, and in particular initiatives falling within the "SMEs and Corporate Financing" category, one of the four "Eligible Categories" defined in the CDP Framework.</p> <p>The proceeds of CDP's Social Bond were used to directly finance Italian companies that:</p> <ul style="list-style-type: none"> • Invest in research, development and innovation (RD&I); • Found themselves in a state of temporary difficulty as a result of the spread of the Covid-19 epidemic or measures to prevent and contain it, with the aim of both supporting their current liquidity needs and their subsequent economic recovery through medium- to long-term investments. 	✓
1.2. Sustainability objectives related to	Environmental and social objectives and benefits are defined for each project category in CDP's framework.	A detailed description of core social impacts for each target area is available in the report.	✓

project categories		<ul style="list-style-type: none"> 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. 	
1.3. Refinancing / Financing	An amount equal to the net proceeds of the Bonds will be exclusively allocated to finance or re-finance, in whole or in part, new and/or existing loans/projects.	CDP has allocated all of the proceeds, which have been assigned to existing and new projects, for a total amount of EUR 750m. More specifically, 47% of the proceeds have been allocated to new initiatives, while 53% of the proceeds have been allocated to projects financed between 2019 and September 2020.	✓
1.4. Exclusion of harmful project categories	<p>For the avoidance of doubt, financing related to the following activities are excluded from the financing by CDP's Sustainable Financing Instruments:</p> <ul style="list-style-type: none"> 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 	The proceeds have not been allocated to any of the excluded sectors.	✓
2. Process for project evaluation and selection			
2.1 Defined and transparent criteria for	A dedicated Green, Social and Sustainability Bond Working Group has been established to	A dedicated Green, Social and Sustainability Bond Working Group has been established to	✓

<p>projects eligible for social bond proceeds</p>	<p>create the Sustainable Financing Framework, manage any future updates to the Framework, including expanding the list of Eligible Categories and oversee its implementation.</p>	<p>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.</p>	
<p>2.2 Summary criteria for project evaluation and selection publicly available</p>	<p>The eligibility criteria are made publicly available.</p>	<p>The eligibility criteria are made publicly available.</p>	<p style="text-align: center;"></p>
<p>2.3 Documented process to determine that projects fit within defined categories</p>	<p>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:</p> <ul style="list-style-type: none"> ▪ 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 	<p>All projects fit the eligible categories listed in the Use of Proceeds part of the framework, and the process on the left has been respected for selecting projects.</p>	<p style="text-align: center;"></p>

	<p>loans/projects designated to the Bonds is taken by CDP Green, Social and Sustainability Bond Working Group.</p> <p>These three phases of the process of evaluation and selection involves all relevant parties to ensure autonomy and independence in the respective activities.</p>		
2.4 Documented process to identify and manage potential ESG risks	<p>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.</p>	<p>CDP Green, Social and Sustainability Bond Group has analysed each proposed selected portfolio of loans/projects to check its alignment with the eligibility criteria defined in the Framework.</p>	✓
2.5 Information on Responsibilities and Accountabilities	<p>A dedicated Green, Social and Sustainability Bond Working Group has been established to manage the Green, Social and Sustainability Bond Framework and any future updates to the Framework, including expanding the list of Eligible Categories and oversee its implementation.</p>	<p>As highlighted above, this has been respected by CDP.</p>	✓
2.6 Stakeholder involved in the process	<p>The Committee is composed of representatives from CDP's:</p> <ul style="list-style-type: none"> • Finance Department, • Relevant business departments, • Investor Relations and Rating Agencies Department, • Sustainability Department. 	<p>Stakeholder engagement has been confirmed by CDP.</p>	✓
3. Management of Proceeds			
3.1 Social Bond Proceeds segregated or tracked by	<p>Until full allocation, the Proceeds of the Bonds will be credited to CDP's treasury liquidity portfolio and managed in cash or in other</p>	<p>The proceeds have been fully allocated.</p>	✓

	the issuer in an appropriate manner	short-term instruments in accordance with CDP's risk rules.		
3.2	Disclosure of intended types of temporary investment instruments for unallocated proceeds	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.	The proceeds have been fully allocated.	✓
3.3	Procedure in case of divestment or postponement	In case of loan/project that would be no longer eligible with, CDP will use the proceeds to finance/refinance other Eligible loans/projects which are compliant with the current Use of Proceeds section.	The proceeds have been fully allocated to suitable projects.	✓
3.4	Disclosure of portfolio balance of unallocated proceeds	Until full allocation of the net proceeds from the sustainable instruments has taken place, CDP will disclose in its reporting the amount of net proceeds not yet allocated.	The proceeds have been fully allocated.	✓
4. Reporting				
4.1	Roles and responsibilities of each member/committee in the monitoring and reporting process	The Green, Social and Sustainability Working Group will collect information and make an annual report.	The report has been published in 2021.	✓
4.2	Formalisation of monitoring and reporting processes	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 proceeds.	The annual timeframe has been respected.	✓

<p>4.3 Use of Proceeds reporting</p>	<p>The Bond Report will include, for example:</p> <ul style="list-style-type: none"> • 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, 	<p>The section “Allocation reporting” of the Social Bond Report 2021 complies with the pre-issuance commitment expressed in the framework and with the requirements defined in the SBPs. <i>Further analysis of this section of the report is displayed in Part III of this report.</i></p>	<p style="text-align: center;">✓</p>
<p>4.4 Impact reporting</p>	<p>CDP will use qualitative or quantitative performance indicators to communicate the expected impact of loans/projects. For each of the Eligible Categories, CDP will report the loans/projects associated with the most relevant SDGs.</p>	<p>The section “Impact Reporting” of the Social Bond Report 2021 complies with the pre-issuance commitment expressed in the framework and with the requirements defined in the SBPs. <i>Further analysis of this section of the report is displayed in Part III of this report.</i></p>	<p style="text-align: center;">✓</p>
<p>4.5 Means of disclosure: where the information is published</p>	<p>The framework is public and announces the report will be public and available on CDP’s website.</p>	<p>The report is intended to be available publicly.</p>	<p style="text-align: center;">✓</p>
<p>4.5 External review</p>	<p>An SPO and verification of reporting and proceeds allocation will be carried out.</p>	<p>ISS ESG provides a verification on the Social Bond Report 2021.</p>	<p style="text-align: center;">✓</p>

Opinion: ISS ESG finds that the Social Bond Report 2021 respects the commitments set forward in the Framework by CDP and remains aligned to the Social Bond Principles. All key requirements defined by the SBPs have been disclosed in the framework and have then been respected in the Social Bond Report 2021.

PART II: ALIGNMENT WITH BEST MARKET PRACTICES, DEFINED IN THE ICMA HARMONIZED FRAMEWORK FOR IMPACT REPORT

ICMA Harmonised Framework for Impact Reporting has been chosen as benchmark for this analysis as it represents the most widely adopted guideline for Impact Reporting.

The table below presents the findings of ISS ESG assessment of the Social Bond Report 2021 against ICMA Harmonized Framework for Impact Reporting guideline.

COMPULSORY REQUIREMENTS		
REQUIREMENTS	REPORT EVIDENCE	ANALYSIS AGAINST REQUIREMENTS
The impact report should illustrate the expected impact made possible as a result of projects to which social bond proceeds have been allocated.	<p>The assessment and measurement of the impacts generated by CDP's Social Bond covered the following areas:</p> <ul style="list-style-type: none"> a. Liquidity needs for companies (evaluation of their cash availabilities and expenses during 2020, amount of proceeds disbursed by CDP to compensate for the loss of liquidity caused by the reduction in revenues during 2020) b. Trends in research, development and innovation expenditure 	✓
Definition of core social impacts	<p>A description of core social impacts for each target area is available in the report:</p> <ul style="list-style-type: none"> a. In case of companies that were affected from Covid-19 pandemic, CDP included information on how the proceeds were distributed depending on the liquidity needs of the companies, on the number of companies financed, on the number of employees that benefitted from the measures, on the number of enterprises that invest in research and development and on the split between SMEs and big corporates b. CDP highlights some qualitative information on the types of research, development, and innovation of financed companies, as well as providing evidence on the amount of RD&I of supported companies, compared to the national average 	✓

KEY OPTIONAL REQUIREMENTS		
REQUIREMENTS	REPORT EVIDENCE	ANALYSIS AGAINST REQUIREMENTS
Report on both the use of environmental and social bond proceeds, as well as the expected environmental and social impacts at least on an annual basis.	The Bond Report will be published within one year from the date of issuance of Social Bond. All the proceeds have been fully allocated.	✓
Provide a list of projects to which social bond proceeds have been allocated, or report solely on a portfolio level	The report includes the eligible assets and their market value per eligible project category and project type within categories. On top of this, CDP has also provided the number of companies financed, the average value and duration of loans, a breakdown by company's size, a breakdown of the companies activity sectors and a geographical breakdown.	✓
Define and disclose the period and process for including projects in their report	The period and process for including projects in the CDP report has been defined and disclosed.	✓
Describe the approach to impact reporting	An annex describing the methodology used to evaluate each impact indicator is included ¹ .	✓
Indicate the total signed amount and the amount of social bond proceeds allocated to eligible disbursements.	A total of EUR 750m have been raised through CDP's Social Bond. All proceeds have been allocated to Social Assets.	✓

Opinion: ISS ESG finds that the Social Bond Report 2021 is in line with ICMA's Harmonised Framework for Impact Reporting. All compulsory and key optional requirements have been fulfilled. The assessment and measurement of the impacts covered the liquidity needs for companies and the trends in research, development and innovation expenditure. Moreover, CDP has identified the proceeds allocated by dividing them per geographical distribution (Italian region).

¹ CDP will include such annex in a separate document that will be available on its website.

PART III: SOUNDNESS OF KPIS REPORTED

Use of Proceeds Allocation report

Use of proceeds allocation reporting is key to put the reported impacts into perspective with the amount of investments allocated to the respective use of proceeds categories.

Level and scope of reporting

ISS ESG finds that the allocation report section of the Social Bond Report of CDP aligns with good market practices and with the SBPs. The Use of Proceeds reporting occurred within one year from the issuance, after full allocation of the proceeds and is covering all proceeds obtained through the bond. The funds allocation is displayed at the sector level, in a granular way thanks to the breakdown by type of activity financed, geographical distribution and dimension of the company.

Information reported

ISS ESG finds that the allocation report section of the Social Bond Report of CDP aligns with good market practices by providing information on:

- The number of companies (re-)financed
- The distribution of companies per sectorial activity and geographical location
- The average duration of the projects financed
- The total amount of proceeds in million euros (displaying financing versus re-financing, and SMEs versus Big Corporates)

Impact report

Level and scope of reporting

ISS ESG finds that the impact report section of the CDP's Social Bond Report aligns with good market practices and with the SBPs. The impact reporting occurred within one year from the issuance, after full allocation of the proceeds and is covering all proceeds obtained through the bond. The funds allocation is displayed at the project category level.

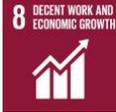
Information reported

ISS ESG finds that the quantitative impact indicators reported in this section of the Social Bond Report of CDP align with good market practices. Find below an assessment of the selection of those impact indicators against the ICMA Harmonized Framework for Impact Reporting.

ELEMENT	ASSESSMENT
<p>Choice of impact indicators</p>	<p>The impact indicators chosen by the issuer for this bond are the following:</p> <ul style="list-style-type: none"> a) Liquidity needs of companies: <ul style="list-style-type: none"> - number of companies financed, - the number of employees that benefitted from the measures b) Trends in research, development and innovation (RD & I) expenditures: <ul style="list-style-type: none"> - Number of companies financed - Qualitative information of RD&I initiatives - Comparison between RD&I in financed companies versus national average <p>Those indicators are quantitative and material to the Use of Proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics per project categories published by the ICMA Harmonized Framework for Impact Report for Social Bonds. This aligns with best market practices.</p>
<p>Data sourcing</p>	<p>For the impact indicator, the issuer displays the database or proxy used as a basis for the calculation of the impact indicator in the methodology document associated with the report, or the report itself. This aligns with best market practices and with the suggestion as per the ICMA Harmonized Framework for Impact Report for Social Bonds.</p>
<p>Baseline selection</p>	<p>The impact data is compared with reliable and relevant baselines. The relevant information will be appropriately displayed in the report and methodological annexes.</p> <p>This aligns with best market practices and with the suggestion of the ICMA Harmonized Framework for Impact Report for Social Bonds.</p>
<p>Scope of reported data</p>	<p>The impact data is presented at the project category level (SMEs and Corporate Financing) for indicators a) and b).</p>

Mapping of the impact indicators with the UN Sustainable Development Goals

According to the ICMA high-level mapping to the Sustainable Development Goals (SDGs), the impact indicators presented by the issuer can be associated with the following SDGs:

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
a) Liquidity needs of companies	 
b) Trends in research, development and innovation (RD & I) expenditures	

DISCLAIMER

1. Validity of the External Review: For CDP's Social Bond Report released in September 2020.
2. ISS ESG uses a proprietary methodology to assess the bond reports. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create External Reviews on bonds based on data from the issuer.
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ANNEX: Methodology

ISS ESG Review of the Bond Reports

The external review of bond reports provides the Issuer with an independent opinion on the soundness of its post-issuance report and of its alignment with recognized market guidelines and it provides investors with independent information regarding the reliability of the report produced.

On the basis of the information provided by the Issuer, ISS ESG assess the alignment of the report with recognized market guidelines, the metrics chosen by the Issuer and the soundness of process and methodology of reporting.

The analysis of the metrics adopted is based also on specific sets of indicators developed by ISS ESG for every single use of proceeds category.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which CDP's Social Bond contributes to related SDGs and has a positive association with their respective sub-targets.

About ISS ESG External Review

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent External Review so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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