

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green, Social and Sustainability Bond Framework

Cassa Depositi e Prestiti S.p.A.
18 December 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Green Bond, Social Bond and Sustainability Bond

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 appendix 1)
- Social Bond Principles (SBP), as administered by the International Capital Market Association (ICMA) (as of June 2023)
- Sustainability Bond Guidelines (SBG), as administered by ICMA (as of June 2021)

Scope of verification

- Cassa Depositi e Prestiti's Green, Social and Sustainability Bond Framework (as of December 18, 2023)
- Cassa Depositi e Prestiti's Eligibility Criteria (December 18, 2023)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

CONTENTS

SCOPE OF WORK	3
CASSA DEPOSITI E PRESTITI BUSINESS OVERVIEW	3
ASSESSMENT SUMMARY	4
SPO ASSESSMENT.....	6
PART I: ALIGNMENT WITH GBP, SBP, AND SBG	6
PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA	8
A. CONTRIBUTION OF THE GREEN BOND, SOCIAL BOND AND SUSTAINABILITY BOND TO THE UN SDGs	8
B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ASSET PORTFOLIO.....	21
PART III: LINKING THE TRANSACTION(S) TO CASSA DEPOSITI E PRESTITI’S ESG PROFILE	24
A. CONSISTENCY OF GREEN BOND, SOCIAL BOND AND SUSTAINABILITY BOND WITH CASSA DEPOSITI E PRESTITI’S SUSTAINABILITY STRATEGY.....	24
B. CASSA DEPOSITI E PRESTITI’S BUSINESS EXPOSURE TO ESG RISKS	27
ANNEX 1: Methodology	30
ANNEX 2: ISS ESG Corporate Rating Methodology.....	30
ANNEX 3: Quality Management Processes.....	31
About this SPO	32

SCOPE OF WORK

Cassa Depositi e Prestiti S.p.A. (“the Issuer” or “CDP”) commissioned ISS-Corporate to assist with its Green, Social and Sustainability Bond Framework by assessing three core elements to determine the sustainability quality of the instruments:

1. Cassa Depositi e Prestiti’s Green, Social and Sustainability Bond Framework (as of December 18, 2023) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG).
2. The Eligibility Criteria – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Linking the transaction(s) to Cassa Depositi e Prestiti’s overall Environmental, Social, and Governance (ESG) profile – drawing on the issuance-specific Use of Proceeds (UoP) categories.

CASSA DEPOSITI E PRESTITI BUSINESS OVERVIEW

Cassa Depositi e Prestiti SpA is a joint-stock, government-owned company that provides investment financing services to support the delivery and implementation of public service projects. The firm manages Italy's postal savings, with focus on supporting and funding strategic sectors, such as transportation networks, social housing, energy, and communications. Its business areas encompass small and medium-sized enterprises, corporate and project finance, environmental projects, infrastructure development, social housing, and subsidized financing. The company was founded in 1850 and is headquartered in Rome, Italy. It is classified in the Development Banks industry per ISS ESG’s sector classification.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Alignment with GBP/SBP/SBG	The Issuer has defined a formal concept for its Green, Social and Sustainability Bond Framework regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP), and the Sustainability Bond Guidelines (SBG).	Aligned
Part 2: Sustainability quality of the Eligibility criteria	<p>The Green, Social and Sustainability Bond Framework will (re)finance eligible asset categories which include:</p> <p>Green categories: Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Biodiversity, Clean Transportation, Sustainable Water and Wastewater Management, Circular Economy, Climate Change Adaptation.</p> <p>Social categories: Socioeconomic Advancement and Empowerment and Employment Generation, Affordable Housing, Affordable Basic Infrastructure, Access to Essential Services.</p> <p>Product and/or service-related use of proceeds categories² individually contribute to one or more of the following SDGs:</p>  <p>Other use of proceed categories³ improve the operational impacts of CDP's borrower(s) and mitigate potential negative externalities of its sector/their sectors on one or more of the following SDGs:</p>	Positive

¹ The evaluation is based on the Cassa Depositi e Prestiti's Green, Social and Sustainability Bond Framework (December 18, 2023 version), and on the ISS ESG Corporate Rating updated on the July 4, 2023 and applicable at the SPO delivery date.

² Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Biodiversity, Clean Transportation, Circular Economy, Socioeconomic Advancement and Empowerment and Employment Generation, Affordable Housing, Affordable Basic Infrastructure, Access to Essential Services.

³ Energy Efficiency, Clean Transportation, Environmentally Sustainable Management of Living Natural Resources and Biodiversity, Sustainable Water and Wastewater Management, Circular Economy, Climate Change Adaptation.

	<div data-bbox="609 277 1075 394" data-label="Image"> </div> <p>The environmental and social risks associated with those use of proceeds categories are managed.</p>	
<p>Part 3: Linking the transaction(s) to Cassa Depositi e Prestiti's ESG profile</p>	<p>The key sustainability objectives and the rationale for issuing Green, Social and Sustainability Bonds are clearly described by the Issuer. The project categories financed are in line with the sustainability objectives of the Issuer.</p> <p>At the date of publication of the report and leveraging ISS ESG Research, the Issuer is exposed to a very severe controversies with regard to Saipem SpA contract to prepare, transport and install a subsea pipeline connecting offshore operations on the Scarborough gas field with a Second LNG Train (Pluto Train 2) being developed at the Pluto LNG project in Western Australia (WA). Cassa Depositi e Prestiti SpA's wholly owned subsidiary CDP Equity SpA (formerly CDP Industria SpA) and Eni SpA, through a shareholding agreement of 12.5% each, jointly control Saipem.</p>	<p>Consistent with Issuer's sustainability strategy</p>

SPO ASSESSMENT

PART I: ALIGNMENT WITH GBP, SBP, AND SBG

This section evaluates the alignment of the CDP's Green, Social and Sustainability Bond Framework (as of December 18, 2023) with the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP), and the Sustainability Bond Guidelines (SBG).

GBP, SBP, SBG	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by CDP's Green, Social and Sustainability Bond Framework is aligned with the GBP, SBP, and SBG.</p> <p>The Issuer's green and social categories align with the project categories as proposed by the GBP, SBP and SBG Criteria are defined in a clear and transparent manner. Environmental and social benefits are described. The Issuer defines exclusion criteria for harmful projects categories.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by CDP's Green, Social and Sustainability Bond Framework is aligned with the GBP, SBP, and SBG.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer and clearly show the intended benefit to the relevant population.</p>
3. Management of Proceeds	✓	<p>The Management of Proceeds provided by CDP's Green, Social and Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed per bond (bond-by-bond approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p>

		<p>The Issuer has defined an allocation period and is transparent on the nature of temporary investments, in line with best market practices.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting provided by CDP's Green, Social and Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer's website. CDP explains that the level of expected reporting will be at project category level and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>The Issuer also commits to prepare an impact reporting, in in line with best market practices.</p>

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE GREEN BOND, SOCIAL BOND AND SUSTAINABILITY BOND TO THE UN SDGs⁴

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.

1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale (see Annex 1 for methodology):



Each of the Green Bond, Social Bond and Sustainability Bond's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES) ⁵	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Renewable Energy</p> <p><i>Financing of construction or revamping of projects aimed at:</i></p> <ul style="list-style-type: none"> ▪ <i>Renewable energy production, such as: wind (Onshore and offshore wind energy generation facilities), solar (Solar energy Photovoltaics (PV), and concentrated solar</i> 	<p>Contribution</p>	

⁴ The impact of the UoP categories on UN Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

⁵ The assessment is limited to the examples of projects listed in the Framework.

power (CSP)), hydropower⁶, geothermal⁷, and their respective components

- Manufacturing of technologies/products for renewable energy⁸
- Renewable energy storage
- Infrastructure for transmission and distribution of renewable energy⁹

Renewable Energy

Financing of construction or revamping of projects aimed at renewable energy production, such as bioenergy in line with the Substantial Contribution Criteria for Climate Change Mitigation of the EU Taxonomy activity 4.8.

Energy Efficiency

Financing of projects that contribute towards reduced energy usage and or increased energy efficiency, such as financing for Research and Development expenses aimed at new energy-efficient production processes and/or products in line with the Substantial Contribution Criteria for Climate Change Mitigation of the EU Taxonomy activity 9.1.

Energy efficiency

Construction, acquisition or leasing of new buildings (including public, commercial, residential, and recreational facilities) that meet recognized environmental standards, such as:

- LEED - gold,
- BREEAM - good/very good,
- HQE - very good/Excellent,

Contribution



Contribution



Contribution



⁶ For Hydropower projects: i) the plants have a scale of power production below <1000MW, ii) adopt Best Available Practices, iii) ensured adequate protection of the ecosystem and appropriate compensatory actions or measures towards the local community, focusing particularly on the relocation of the population, as well as on the productive/economic activities that support the local community; (iv) ensured the minimization of risks associated with operation, natural events and any structural failures; and complies with one of the following criteria: the facility is a run-of-river plant and does not have an artificial reservoir; the power density of the facility is above 5W/m²; the life-cycle GHG emissions are lower than 100gCO₂e/kWh in line with the Substantial Contribution Criteria for Climate Change Mitigation of the EU Taxonomy activity 4.5.

⁷ For Geothermal energy: projects eligible if the life cycle emission (LCE) threshold is below 100gCO₂e/kWh in line with the Substantial Contribution Criteria for Climate Change Mitigation of the EU Taxonomy activity 4.6.

⁸ The Issuer defines this as the manufacturing process of products or components that directly contribute to renewable energy generation, storage, or distribution. Projects should involve the manufacturing of technologies or products that are essential for renewable energy generation, storage, or distribution. These products could include solar panels, wind turbine components, batteries for energy storage, or other equipment related to renewable energy systems.

⁹ The Issuer refers to i) the connection of renewable sources generation plants (grid infrastructures devoted to directly connecting grid generation plants from renewable sources to the transmission grid) and ii) integration of production from renewable sources, while enhancing grid stability (grid infrastructures that allow a higher inflow of production from renewable sources into the transmission grid, for instance by resolving congestions in a given portion of the grid).

- CASBEE - A (very good)/S (excellent).

Energy efficiency

Construction, acquisition or leasing of new buildings (including public, commercial, residential, and recreational facilities) that meet recognized environmental standards, such as: in line with the EPBD for construction of new buildings that are Nearly Zero Energy Buildings (NZEB)

Pollution Prevention and Control

Financing for technologies, infrastructures, and processes aimed at the reduction of air, water, and soil pollution, such as: decontamination of grounds and basements for all types of sites to make them suitable for a new industrial, commercial or residential use (Physical treatment, chemical treatment, biological treatment, thermal treatment)

Environmentally Sustainable management of living natural resources and biodiversity

- Financing of projects aimed at increase and promote the sustainable management of natural resources, such as: certified organic agriculture: eligible certifications include any certification provided by a certified body of IFOAM, (such as: EU label, Demeter, etc.) or any equivalent certificate;
- biological agents replacing traditional pesticides to control pests, diseases and weeds of crop plant;
- afforestation, reforestation, and conservation of the biosphere.

Environmentally Sustainable management of living natural resources and biodiversity

Financing of projects aimed at increase and promote the sustainable management of natural resources, such as:

- projects for the protection and enhancement of biodiversity;
- conservation of endangered species and protection of protected natural areas.



¹⁰ The assessment does not take into consideration the environmental impacts of new industrial, commercial or residential use.

Clean Transportation

Financing for projects related to sustainable mobility and low carbon transportation of passengers and goods, which comply with the Technical Screening Criteria for the substantial contribution to Climate Change Mitigation of the following EU Taxonomy economic activities:

- 6.1 Passenger interurban rail transport
- 6.2 Freight rail transport
- 6.3 Urban and suburban transport, road passenger transport
- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- 6.6 Freight transport services by road
- 6.7 Inland passenger water transport
- 6.8 Inland freight water transport
- 6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities
- 6.11 Sea and coastal passenger water transport
- 6.13 Infrastructure for personal mobility, cycle logistics
- 6.14 Infrastructure for rail transport
- 6.15 Infrastructure enabling low-carbon road transport and public transport
- 6.16 Infrastructure enabling low carbon water transport

Contribution



Clean Transportation

Financing for projects related to sustainable mobility and low carbon transportation of passengers and goods, which comply with the Technical Screening Criteria for the substantial contribution to Climate Change Mitigation of the following EU Taxonomy economic activity 6.17 Low carbon airport infrastructure

Contribution



Clean Transportation

Financing for projects related to sustainable mobility and low carbon transportation of passengers and goods, which comply with the Technical Screening Criteria for the substantial contribution to Climate Change Mitigation of the following EU Taxonomy economic activity 6.4

Contribution



Operation of personal mobility devices, cycle logistics

Circular Economy (including waste prevention and management)

Financing of projects aimed at increase circular economy activities and waste prevention and management, such as reduction of greenhouse gas emissions through energy recovery from non-recyclable materials (waste-to-energy plants based on sewage sludge). Waste-to-energy projects (i) must adopt the BAP and (ii) do not provide for the installation of new plant capacity in macro-areas with a plant gap or that do not directly serve areas with a plant gap

Circular Economy (including waste prevention and management)

Financing of projects aimed at increase circular economy activities and waste prevention and management, such as plants able to treat the organic fraction (e.g. composting, composting/digestion and digestion plants) and allow the combined recovery of materials, through compost, and energy, through biogas.

Circular Economy (including waste prevention and management)

Financing of projects aimed at increase circular economy activities and waste prevention and management, such as technologies, infrastructure, and processes supporting waste reduction and recycling (support recycling for some strategic waste streams, developing technologies to recover critical raw materials contained in WEEE and promoting selective demolition measures for construction and demolition waste; support innovative recycling technologies, in particular, for the recovery of phosphorus, the recycling of solar panels and chemical recycling processes for plastics that is not mechanically recyclable; process and product innovation enhancing resource efficiency and stimulating to the creation and growth of new virtuous enterprises).

Contribution



Contribution



Contribution



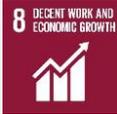
SOCIAL CATEGORIES

USE OF PROCEEDS (PRODUCTS/SERVICES) ¹¹	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Socioeconomic advancement and empowerment and employment generation</p> <p><i>Financing, also through subsidized loans, initiatives for restoration, reconstruction, population assistance and economic recovery in areas facing natural disasters (e.g. earthquakes, floods).</i></p>	<p>Contribution</p>	
<p>Socioeconomic advancement and empowerment and employment generation</p> <p><i>Financing of SMEs¹² focus on:</i></p> <ul style="list-style-type: none"> <i>Underperforming areas: Enhance the economic growth of Italy by supporting SMEs located in economically underperforming area¹³;</i> ▪ <i>Socio-economic crisis: Alleviate the socio-economic crisis by providing support to businesses facing natural disasters, health emergencies, or social emergencies;</i> ▪ <i>Sustainable Development: Support them in ESG initiatives, towards achieving sustainable development goals, and improving ESG profile;</i> ▪ <i>Digitisation: Equipment and facilities to upgrade technology and digitization, supporting their digital transformation through hi-tech investments;</i> ▪ <i>SMEs with a majority of women in workforce, or supply chain;</i> ▪ <i>Access to capital markets: Supporting and promoting access to capital markets for SMEs through basket bonds, expanding financing instruments beyond the banking system, facilitating access to medium and long-term credit aligned with the financial needs associated with investment cycles, to support their growth plans.</i> 		<p>Contribution</p>

¹¹ The assessment is limited to the examples of projects listed in the Framework.

¹² With less than 250 employees according to the EU recommendation 2003/361/CE.

¹³ For example, Italian regions with a level of GDP (gross domestic product at market prices per inhabitant) lower than the national average, or other classification by the European Fund for Regional Development and the World bank.

<p>Socioeconomic empowerment and generation advancement and employment</p> <p><i>SMEs with a majority of women in management positions</i></p>	<p>Contribution</p>	
<p>Socioeconomic empowerment and generation advancement and employment</p> <p><i>Financing initiatives aimed at increasing and supporting female employment, promoting effective participation and equal opportunities</i></p>		
<p>Socioeconomic empowerment and generation advancement and employment</p> <p><i>Financing of initiatives in developing countries¹⁴ with the aim of support and increase local employment and which impact at least two SDGs primary for that country¹⁵.</i></p>		
<p>Affordable Housing</p> <ul style="list-style-type: none"> Construction, renovation, or modernization of social housing in Italy with the aim of providing dignified housing conditions for vulnerable individuals. Increase access to social housing to support individuals facing social and economic difficulties, those living without adequate housing, and vulnerable populations (e.g., students, elderly) 		
<p>Urban Regeneration</p> <p><i>Financing of public administration for projects aimed at improving living conditions in urban agglomerations and underserved areas limiting land consumption, such as:</i></p> <ul style="list-style-type: none"> Recovery of areas and properties, degraded, disused and abandoned (often in the outskirts), and of related infrastructure and services, through real estate development activities that i) limit land consumption to ensure environmental sustainability and ii) have a prevalence of social impact and the 		

¹⁴ Countries on the “OECD-DAC List” of official development assistance recipients. These initiatives are carried out within the CDP International Development Cooperation activity

¹⁵ The Issuer confirms that the initiative has to provide local employment generation. The companies are monitored through Key Performance Indicators set in the contracts.

public interest which envisage multiple uses like affordable housing initiatives (multifamily, student and senior housing) which include basic retail and services, culture facilities (incl. libraries, culture centres, museums, theatres, multipurpose venues) and knowledge facilities (incl. R&D spaces, incubators, and accelerators, coworking and spaces for training and dissemination) and, as complementary, sports facilities and public open spaces (incl. parks, fields, centres, swimming halls).

- *Support the construction, renovation improvement, safety enhancements, seismic retrofitting, and removal of architectural barriers of public structures and buildings*

Digitization

Increase access to ultra-fast broadband connectivity in low-density population areas and/or areas with deployment challenges.

Power and Transport

Improve access to public service networks of electricity.

Financing for the construction of new electric infrastructure in isolated or underserved areas

Power and Transport

Enhance access to safe, affordable, and sustainable transportation systems for all by expanding public transportation in underserved areas

Water and sanitation services

Improve access to affordable water and sanitation services in urban agglomerations and underserved areas, through the financing of the construction of infrastructure linked to water treatment plants, distribution networks, and storage facilities

Public Education

Financing of public administration for projects aimed at: activities that improve public educational infrastructure at all levels (elementary, middle school, high school, university, etc.)

Contribution



Contribution



Contribution



Contribution



Contribution



Healthcare

- *Financing for the construction, improvement, maintenance, or renovation of healthcare facilities, nursing homes, long-term care facilities, and senior homes with a healthcare focus, medical equipment, and technologies to enhance and safeguard public health*
- *Support R&D programs in the healthcare sector aimed at rare diseases.*

Contribution



2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer’s clients.

Cassa Depositi e Prestiti finances operations/processes in third-party sectors which are not listed in the Issuer’s Framework. As such, ISS ESG is not in a position to display the exposure to negative externalities linked to the sector of the operations/processes financed. Negative externalities, if present, could have an impact on the overall sustainability quality of the issuance:

The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES) ¹⁶ :	OPERATIONAL IMPACT IMPROVEMENT ¹⁷	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy Efficiency</p> <p><i>Financing of projects that contribute towards reduced energy usage and or increased energy efficiency in buildings, such as renovations of existing buildings (including public, commercial, residential, and recreational facilities) with a primary energy demand (PED) reduction of at least 30%.</i></p>	✓	
<p>Energy Efficiency</p> <p><i>Financing of projects that contribute towards reduced energy usage and or increased energy efficiency such as:</i></p> <ul style="list-style-type: none"> ▪ <i>construction and operation of electricity storage facilities aimed at energy savings in line with the Substantial Contribution Criteria for Climate Change Mitigation of the EU Taxonomy activity 4.10:</i> ▪ <i>projects/solutions aimed at energy recovery/saving (e.g. renew and/or improve energy-efficient industrial plants/machinery).</i> ▪ <i>financing for Research and Development expenses aimed at new energy-efficient production processes and/or products.</i> 	✓	

¹⁶ The assessment is limited to the examples of projects listed in the Framework.

¹⁷ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

Energy Efficiency

Financing of projects that contribute towards reduced energy usage and or increased energy efficiency, such as

- Smart grid technology and/or infrastructure in line with the Substantial Contribution Criteria for Climate Change Mitigation of the EU Taxonomy activity 4.9¹⁸;
- insulation, LED lighting, cooking stoves and HVAC (heat, ventilation and air conditioning), instruments for measuring and controlling the energy performance of buildings, all of them with energy savings declared and measurable.

✓



Clean Transportation

Financing for projects related to sustainable mobility and low carbon transportation of passengers and goods, which comply with the Technical Screening Criteria for the substantial contribution to Climate Change Mitigation of the following EU Taxonomy economic activities:

- 6.9 Retrofitting of inland water passenger and freight transport
- 6.12 Retrofitting of sea and coastal freight and passenger water transport

✓



Sustainable management of living natural resources and biodiversity

Financing of projects aimed at increase and promote the sustainable management of natural resources, such as electrified farm equipment that allows the reduction of carbon emission from farm fuel equipment

✓



Sustainable water and wastewater management

Financing of projects aimed at increase efficiency in water usage, distribution and wastewater management, such as:

- construction, maintenance, and improvement of water networks to reduce

✓



¹⁸ Limited to sub-criteria: 2.(e) installation of equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources, including:
(i) sensors and measurement tools (including meteorological sensors for forecasting renewable production);
(ii) communication and control (including advanced software and control rooms, automation of substations or feeders, and voltage control capabilities to adapt to more decentralised renewable infeed).

water losses according to national regulation for the Sistema Idrico Integrato;

- *Production and installation of water smart meters on the network;*
- *Improvement of water usage in industrial processes, aimed at reducing consumption and/or reuse treated wastewater;*
- *Construction, improvement, and maintenance of wastewater treatment facilities, such as sewer systems, wastewater treatment plants, and on-site sanitation facilities aiming at reducing sewage sludge.*

Circular Economy (including waste prevention and management)

Financing of projects aimed at increase circular economy activities and waste prevention and management, such as:

- *projects aimed at reducing the consumption of virgin materials and waste production in industrial process.*
- *projects aimed at extending the lifespan of products and assets.*



Climate change adaptation

Financing mainly public entities for projects aimed at reducing the impacts of climate change, such as:

- *projects aimed at improving resilience and reducing physical risks – related to hydrological, seismic and extreme climate events – for businesses, buildings, and territories;*
- *projects to adapt public administration to law and regulation aimed at preventing natural disaster (e.g. beach nourishment).*



Climate change adaptation

Financing mainly public entities for projects aimed at reducing the impacts of climate change, such as projects aimed at improving resilience and reducing physical risks – seismic events – for businesses, buildings, and territories.



Sustainable management of living natural resources and biodiversity

Financing of projects aimed at increasing and promoting the sustainable management of



natural resources, such as sustainable farming systems in order to combat soil erosion and degradation, supporting the spread of organic farming and climate-smart agronomic practices, such as precision farming

Sustainable management of living natural resources and biodiversity

Financing of projects aimed at increasing and promoting the sustainable management of natural resources, such as support for reforestation projects and urban greening plans, with a focus on urban forestation projects, but also climate-resilient building and renovations (such as green roofs and walls, vertical forests, shady tree barriers)."



Pollution Prevention and Control

Financing for technologies, infrastructures, and processes aimed at the reduction of air, water, and soil pollution, such as treatment and/or reduction of hazardous waste in industrial processes



B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ASSET PORTFOLIO

The table below evaluates the selection criteria against issuance-specific KPIs. The majority of the assets are and will be located in Italy. The Issuers reserves the possibility to locate some investments in Developing Countries¹⁹.

ASSESSMENT AGAINST KPIs

ESG guidelines into lending process

In order to guide operational choices, CDP applies ESG Policies, defining how CDP integrates sustainability into its activities. So far, the Board of Directors (BoD) approved eight ESG Policies²⁰: (i) General Responsible Lending Policy, (i) General Responsible Investment Policy, (iii) Diversity, Equity, and Inclusion Policy, (iv) Energy Sector Policy, (v) Defense and Security Sector Policy, (vi) Transportation Sector Policy, (vii) Stakeholder Grievance Policy (viii) Responsible Procurement. Other ESG Policies are under development and planned. In particular, CDP's General Responsible Lending Policy²¹ describes the evaluation process that new lending operations go through, including the assessment of the environmental, social, governance potential positive and negative impacts and, where relevant, technical/economic level of the initiatives being financed, such assessments feed into the internal decision-making process. The ESG assessment is carried out based on CDP methodology "Sustainable Development Assessment" (SDA), applied mainly to operations larger than 15 million²² for the private sector, financial institutions, and development financing (corporate and sovereign) and progressively increasing the perimeter of operations. The analysis takes account of the specific characteristics of the transaction but ensures an adequate level of comparability, aiming at providing guidance on (i) the alignment of business operations with its strategic objectives, (ii) the additionality that it brings to the operations, (iii) the quality of the borrowers from an ESG perspective, (iv) the alignment of business operations with sustainable development issues and, if possible and relevant, (v) the technical and economic quality of the projects underpinning the loans. This assessment provides a score representing the expected impact of projects and initiatives. It's an integral part of the credit granting process, supporting the final decision, and complementing the assessments of legal, credit risk, compliance, and anti-money laundering.

Additionally, the Issuer has transitioned from a traditional "risk-return" approach to a "risk-return-impact" approach. For the monitoring phase, the Issuer collects project-specific information, to compute a set of physical indicators (KPIs) to track the concrete advancements of the projects. The ex-post impact assessment is conducted on an annual basis by a cluster of projects along specific guidelines (CDP's Methodological Guidelines for Monitoring and Impact Evaluation) and might provide the direct, indirect, and induced impacts generated by the initiatives financed. Monitoring and ex-post evaluation are applied to projects financed by CDP's parent company and its direct subsidiaries. All the projects financed with a specific purpose are subject to the monitoring and data collection processes. ESG risks are mainly monitored ex-ante. CDP has adopted policies and processes

¹⁹ As stated by the Issuer: CDP can operate in all OECD-DAC countries, including those identified ad priorities in Italy's development cooperation strategy. These countries include both "Least Developed Countries", identified by the UN as countries with the lowest levels of socio-economic development in the world, and Emerging Countries, i.e., countries that have not yet achieved sufficient economic growth.

²⁰ All the ESG Policies are fully published on CDP institutional website - https://www.cdp.it/sitointernet/en/governance_e_politiche.page

²¹ CDP's General responsible lending policy, URL: https://www.cdp.it/resources/cms/documents/CDP_General_responsible_lending_policy.pdf

²² SDA applies also to operations smaller than 15 million in relation to the loan credit rating and duration.

to assess the level of risk, identify mitigating measures, and ensure monitoring throughout the entirety of the process at the group level. CDP has developed its own climate and environmental risk assessment methodology, covering physical risks, transition risks, and environmental risks. Based on this, a qualitative/quantitative rating is assigned to projects.

Forestry, Agricultural, Pulp and Paper, Fishery and Aquacultural Activities

CDP is gradually formalizing sector specific policies. CDP's Policy for the Agri-food sector (including agriculture, meat production, fishery and aquaculture, forestry, pulp and paper) is currently in the process of being developed. The General Policies guide financing choices and consider nature and the ecosystem. Projects in protected areas are excluded and those with an environmental impact need to have mitigation measures.

Regarding the ex-ante sustainability assessment carried out by CDP (according to the SDA model), the projects related to "Green Transition" are assessed according to the EU Taxonomy.

Labor, Health and Safety

✓ The majority of the projects financed are and will be located in Italy, where high health & safety and labor standards are ensured by the relevant national legislation and the European Union's mandatory social standards. Additionally, CDP's SDA assesses whether the counterparts have policies in place to cover all the sector material topics (including labor, health and safety), the ESG controversies in which counterparts may be involved, and any mitigation actions put in place by the counterparty. The SDA considers international and recognized frameworks (such as ILO core conventions, ISO standard) for the evaluation of the counterparties, and when considered relevant, requests evidence of a Health and Safety Management System ISO45001 certified. Moreover, the General Responsible Lending Policy ensures CDP acts in full compliance with the fundamental rights of the person.

Biodiversity and Community Dialogue

✓ The majority of projects financed are and will be located in Italy. As such, the projects' environmental impacts and impacts on the communities have been mitigated and reduced as it aligns to the European Union standards in terms of Environmental and Social Impact Assessment. Additionally, the Issuer's General Responsible Lending Policy ensures the financing choices do not threaten the survival of endangered species, or significant deterioration of areas deserving protection including UNESCO World Heritage Sites, wetlands covered by the Ramsar Convention, critical natural habitats registered by the International Union for the Conservation of Nature (IUCN) in categories I and II, or deforestation activities involving rainforests or tropical forests. For projects with a significant impact, CDP evaluates and requests supporting evidence on appropriate mitigation measures through the use of the best available technologies on the global market. The Issuer's SDA is created considering international benchmarks and assesses the borrower policies on sector material topics and its dialogue with stakeholders, including the civil society, and transparency in communication. For all projects with a

significant impact on the environment, CDP calls for appropriate mitigation measures using the best available technologies on the global market²³.

Inclusion

- ✓ The Issuer confirms that “Access to Essential Services (public education and healthcare)” projects will be reserved for activities regulated by the public sector and will be free or subsidized. CDP is compliant with the Strategic Plan and the Sectoral Strategic Guidelines that define the priority areas. Inclusive and sustainable growth are within those areas, and CDP acts as a catalyst for the Country’s own objectives, summarized in the General Policies of Responsible Lending and Responsible Investment.

Responsible treatment of customers with debt repayment problems

- ✓ CDP follows market standards when structuring the terms of its financing contracts, including financial and non-financial covenants, guarantees, and other safeguard clauses (pre-emptive actions), and the use of responsible lending performance indicators and targets to reduce and mitigate the risks and prevent client’s debt repayment issues. The procedure is managed by policies and measures (e.g., due diligence of the borrower) in all the phases of the financing (pre-screening, screening, closing, monitoring, and periodic reviewing). The Issuer applies debt restructuring provisions under non-detrimental conditions, following the most common standards on this topic and on a case-by-case basis. CDP’s debt restructuring is managed following national law through a “concordato” before court.

Exclusion criteria

The proceeds from the instruments under the Green, Social and Sustainability Bond Framework will not be used to finance the sectors of 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, Fertilizers, Distilling, rectifying and blending of spirits, Explosives, weapons and ammunition, Military fighting vehicles and ballistic missiles, and Gambling and betting activities. Additionally, the General Responsible Lending Policy defines the areas of exclusion in compliance with international labor and human rights organizations (Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, International Labor Organization (ILO) Conventions on Basic Human Rights, UN Global Compact Principles, among others). CDP has an Anti-Money Laundering (AML) Policy and procedure to exclude business relationships with entities and individuals found to have engaged in prohibited conduct.

²³ As per CDP’s General responsible lending policy.

PART III: LINKING THE TRANSACTION(S) TO CASSA DEPOSITI E PRESTITI'S ESG PROFILE

A. CONSISTENCY OF GREEN BOND, SOCIAL BOND AND SUSTAINABILITY BOND WITH CASSA DEPOSITI E PRESTITI'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

In June 2022, Cassa Depositi e Prestiti's Board of Directors approved the first ESG Plan, within the new overall strategy adopted through the 2022-2024 Business Plan. The ESG Plan focuses on four challenges:

1. Climate change and ecosystem protection: CDP commits to reduce by 50% its CO₂ emissions by 2024 and by 100% by 2030²⁴, to reduce by 30% printer paper consumption by 2024, and to reduce by 30% toner consumption by 2024²⁵. Also, to reduce by 30% the financed emissions (tCO₂/Mln€) by 2030²⁶. This first challenge includes three areas of action for which Sectoral Strategic Guidelines have been adopted within the new 2022-2024 Strategy :
 - Energy Transition: increase and integrate power generation capacity from renewable sources, electrification of energy consumption, promotion of energy efficiency, develop new technologies, and promote energy security.
 - Circular Economy: increase waste management efficiency and innovation in reuse and recycling chains.
 - Safeguarding of the Territory: protection of local territories and water resources.
2. Inclusive and sustainable growth: CDP commits to have more than 85% of employees who express 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 by 2024, and 30% of total MBO objective to be sustainability related. This second challenge includes the following area of action for which Sectoral Strategic Guidelines have been adopted within the new 2022-2024 Strategy:
 - Social Infrastructure: education, healthcare, and housing.
3. Rethinking value chains: CDP commits to have more than 70% of purchases from suppliers with social/environmental certifications by 2024. This third topic includes three areas of action for which Sectoral Strategic Guidelines have been adopted within the new 2022-2024 Strategy:
 - Support to Strategic Supply Chains: growth of enterprises, consolidation of national and European positioning in Global Value Chains, and international expansion development.

²⁴ Targets 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. 2019 baseline. Scope 3 emissions refer to business travel.

²⁵ Targets related to the Group Companies, understood as CDP SpA and the companies it directly controls and over which it exercises management and coordination. 2019 baseline.

²⁶ Target of carbon intensity reduction relative to the direct lending portfolio of the following business units: Financing to Corporates, 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.

- International Cooperation: climate and environmental protection, and sustainable and inclusive growth.
 - Transports/Logistics Hubs: networks, logistics hubs, and urban mobility and local public transport.
4. Digitization and innovation: CDP commits to have 45% of total ICT annual investment in transformation, more than 40% of applications to be cloud-based by 2024, and 90% of employees involved in the digital community for innovation by 2024. This last challenge includes three areas of action for which Sectoral Strategic Guidelines have been adopted within the new 2022-2024 Strategy:
- Technological Innovation: support the development of technological innovation, the innovation ecosystem, and the adoption of technological innovation.
 - Capital Market: growth of the venture capital ecosystem and increase of private equity.
 - Digitization: development of connectivity infrastructure, support the digitization of businesses and of the Public Administration, and strengthen digital security.

The Issuer discloses its targets and progress annually in the Integrated Report publicly available on its website²⁷. CDP's Integrated Report complies with the Global Reporting Initiative (GRI) standards, the Sustainability Accounting Standards Board (SASB), guidance from the International Integrated Reporting Council (IIRC), and the standards and recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

To identify and manage the ESG risks that could result for the ESG Plan, the Issuer has a three-layer process: first level control, carried out by the operating structures to ensure that transactions are carried out correctly; second level control, carried out by the Risk Department in compliance with risk assessment models, company regulations and applicable laws; third level control, carried out by the Internal Audit Department to ensure continuous improvement in the effectiveness and efficiency of processes, risk management and internal control. These Departments are supported by the Risk and Sustainability Committee that provides guidance in relation to the management of risks and assessment of the adoption of new products. The Committee also provides support regarding sustainability strategy, policies, and reporting.

The Issuer has been issuing financial instruments since 2017, when established the Green, Social and Sustainability Bond Framework for the first time. In particular, CDP issued in 2017 a Social Bond aimed at financing Italian Small Medium Enterprises (SMEs) based in economical deprived areas, in 2018 a Sustainability Bond aimed at promoting the development and modernization of the Italian water supply network, in 2019 a Social Bond aimed at financing school facilities and urban redevelopment initiatives, in 2020 two Social Bonds. The first to support social housing and the second one to support Italian Companies investing in research, development and innovation and those hit by the Covid-19 emergency. More recently, CDP has issued in 2021 a Social Bond aimed to support Italian SMEs and Mid-Caps mainly located in the Southern Italy regions, in 2022 a Sustainability Bond and in 2023 its inaugural Green Bond aimed at supporting green initiatives with positive environmental impacts.

Rationale for issuance

²⁷ https://www.cdp.it/sitointernet/en/bilancio_integrato.page

CDP's mission, as the National Promotional Institution for Italy, encompasses the support of the country's sustainable development. To meet this goal, the Issuer has established its first Green, Social and Sustainability Bond Framework in 2017 and regularly updated it. CDP has so far issued nine bonds (six social bonds, two sustainability bonds, and one green bond) for a total of six billion euros. Following the approval of CDP's strategic priority for 2022-2024, the scope of the framework has been expanded and updated. With its future emissions, CDP aims at continuing to finance projects with environmental and social impacts.

Opinion: *The key sustainability objectives and the rationale for issuing Green, Social and Sustainability Bonds are clearly described by the Issuer. The project categories financed are in line with the sustainability objectives of the Issuer.*

B. CASSA DEPOSITI E PRESTITI'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

The issuer is classified in the Development Banks, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Labour standards and working conditions
Climate change and related risks
Goal-oriented promotion of sustainability issues
Sustainability standards for financial products and services

ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating research, further information about the Issuer's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part III.A of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of the Issuer's current overall products and services portfolio²⁸ to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along the Issuer's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE ²⁹	DIRECTION OF IMPACT	UN SDGS
Emergency aid	1.5%	CONTRIBUTION	

²⁸ This analysis includes the asset portfolio selected by the Issuer for this SPO. The detailed sustainability impact of the asset portfolio is analysed in part II.A. of this SPO.

²⁹ Percentages presented in this table are not cumulative.

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, controversy in which the Issuer would be involved has been identified: In January 2022, Saipem SpA was awarded a contract to prepare, transport and install a subsea pipeline connecting offshore operations on the Scarborough gas field with a Second LNG Train (Pluto Train 2) being developed at the Pluto LNG project in Western Australia (WA), which is being opposed by local NGOs over its alleged significant contribution to climate change. Cassa Depositi e Prestiti SpA's wholly owned subsidiary CDP Equity SpA (formerly CDP Industria SpA) and Eni SpA through a shareholding agreement of 12.5% each jointly control Saipem. Pluto LNG and the expansion project Pluto Train 2 are operated by Woodside Energy Group Ltd. (Woodside). According to a report by the NGO Climate Analytics in November 2021, the expansion would contradict global efforts to tackle climate change under the Paris Agreement and that the project allegedly underestimated expected emissions. Based on its calculations, the NGO alleged that emissions are permitted to increase in absolute terms and that if unabated by 2030, Scope 1 emissions would be 45% above 2020 levels even if reductions were achieved. The report concludes that from any measure, the substantial increase in emissions “does not appear consistent with a pathway to net zero emissions.” In April 2022, Woodside announced that it has received approvals from the Australian and WA governments for the development of the offshore projects on the Scarborough field. Construction at the Pluto Train 2 project began in August 2022 despite an ongoing lawsuit filed by a local NGO against the approvals granted for the project with the region’s Supreme Court. CDP shared with ISS ESG in April 2023 that it engages with Saipem to uphold the company’s ESG culture but has yet to receive specific information regarding the assessment of the climate impact of the project. Nevertheless, it maintains dialogue with Saipem to address any emerging issues related to sustainability. In light of the ongoing concerns, the company has yet to demonstrate that it has adequately assessed and addressed the alleged climate impacts of the project.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Development Banks industry are as follows: Failure to mitigate climate change impacts, Failure to respect indigenous rights, and Failure to respect the right to an adequate standard of living.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

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ANNEX 1: Methodology

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ICS proprietary methodology. For more information, please visit:

<https://www.issgovernance.com/file/publications/SPO-Use-of-Proceeds-Bonds-and-Loans.pdf>

ANNEX 2: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 3: Quality Management Processes

SCOPE

Cassa Depositi e Prestiti commissioned ISS-Corporate to compile a Green Bond, Social Bond, and Sustainability Bond SPO. The Second Party Opinion process includes verifying whether the Green, Social and Sustainability Bond Framework aligns with the Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG) and to assess the sustainability credentials of its Green Bond, Social Bond, and Sustainability Bond, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion:

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 appendix 1)
- Social Bond Principles (SBP), as administered by the International Capital Market Association (ICMA) (as of June 2023)
- Sustainability Bond Guidelines (SBG), as administered by ICMA (as of June 2021)

ISSUER'S RESPONSIBILITY

Cassa Depositi e Prestiti's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management

ICS'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is part, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers. This independent Second Party Opinion of the Green Bond, Social Bond and Sustainability Bond to be issued by Cassa Depositi e Prestiti has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and the Sustainability Bond Guidelines (SBG).

The engagement with Cassa Depositi e Prestiti took place from July to December 2023.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS Corporate Solutions (ISS-Corporate) for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), 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 SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

For more information on SPO services, please contact: SPOsales@iss-corporate.com

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