

Sustainability Framework

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1 Information on this document

1.1 Document layout

Document type	<input type="checkbox"/> Regulation
Repealed internal regulations	<input type="checkbox"/> NA
Main related internal regulations	<input type="checkbox"/> Articles of Association <input type="checkbox"/> Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 <input type="checkbox"/> Code of Ethics <input type="checkbox"/> Risk Regulation <input type="checkbox"/> Credit Regulation <input type="checkbox"/> Company Function Chart <input type="checkbox"/> Regulation on the exercise of direction and coordination <input type="checkbox"/> Group Policy Reputational Risk Assessment of operations <input type="checkbox"/> Group Policy “Whistleblowing Management” <input type="checkbox"/> Group Policy Anti Money Laundering (AML) <input type="checkbox"/> Group Policy Embargo sanctions <input type="checkbox"/> Group Policy Identification of Operational Risks - Risk Self-Assessment and Loss Data Collection <input type="checkbox"/> Purchases Regulation <input type="checkbox"/> Purchases Management Process <input type="checkbox"/> Group Policy Planning and purchases management <input type="checkbox"/> Chief Audit Officer structure Regulation <input type="checkbox"/> Occupational Health and Safety Policy <input type="checkbox"/> Occupational Health and Safety Organisation Chart <input type="checkbox"/> Group Sustainability Reporting Process <input type="checkbox"/> Sustainability Assessment Regulation in the field of International Cooperation <input type="checkbox"/> Group Management Process for occupational health and safety aspects for seconded staff <input type="checkbox"/> CDP Group Policy Group Evaluation Guidelines and Remuneration Policies <input type="checkbox"/> Group Job Posting Policy <input type="checkbox"/> CDP Group Policy for the Group MBO incentive plan <input type="checkbox"/> Group Policy on Executive Appointments <input type="checkbox"/> Group Management Process for occupational health and safety aspects for seconded staff <input type="checkbox"/> Regulations for the Drafting and dissemination of internal regulations <input type="checkbox"/> Regulations for Personnel selection and recruitment <input type="checkbox"/> Regulations for the economic and organisational treatment of personnel abroad <input type="checkbox"/> Human Resources Administration Procedure

	<ul style="list-style-type: none"> <input type="checkbox"/> Management of the security of corporate assets Regulation <input type="checkbox"/> Group Policy Guidelines on personal data processing <input type="checkbox"/> Privacy Policy Management Procedure <input type="checkbox"/> Classification and management of information Regulation <input type="checkbox"/> CDP complaints Regulation <input type="checkbox"/> New Initiatives and New Products Assessment Procedure <input type="checkbox"/> Loans Granting Procedure for Public Entities <input type="checkbox"/> Public Entities Renegotiation Procedure <input type="checkbox"/> Kyoto 3 and 4 Loans Management Procedure <input type="checkbox"/> Aid Loans Procedure <input type="checkbox"/> GO and GS Corporate Finance and Structured Finance Concession Procedure <input type="checkbox"/> Origination Procedure, Management of Contribution Agreements and Reporting of Third-Party Fund Resources for CI <input type="checkbox"/> Procedure for Advisory activity for International Cooperation on Third-Party Funds <input type="checkbox"/> Housing Loans concession and disbursement procedure <input type="checkbox"/> Enterprises Platform Loans concession and disbursement procedure <input type="checkbox"/> Capital Goods Loans concession and disbursement procedure <input type="checkbox"/> Financing Loans from the Enterprises Revolving Fund Procedure
<p>References to external regulations</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, amending Directive 2013/34/EU as regards the communication of non-financial information and information on diversity by certain enterprises and certain large groups; <input type="checkbox"/> Legislative Decree 30 December 2016, No. 254 Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, amending Directive 2013/34/EU as regards the communication of non-financial information and information on diversity by certain enterprises and certain large groups; <input type="checkbox"/> Legislative Decree 8 June 2001, No. 231, “Regulation on administrative responsibility of legal entities, companies and associations, including those not having legal personality” <input type="checkbox"/> United Nations Security Council 2030 Goals <input type="checkbox"/> UNI EN ISO 14001:2015 standards <input type="checkbox"/> GRI Sustainability Reporting Standards (GRI Standards) developed and approved by the Global Sustainability Standards Board (GSSB)
<p>Editors</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Sustainability <input type="checkbox"/> Organisation & Processes
<p>Validation</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Chief External Relations & Sustainability Officer Department <input type="checkbox"/> Chief Risk Officer Department <input type="checkbox"/> Chief People and Organisation Officer Department <input type="checkbox"/> Chief Operating Officer Department <input type="checkbox"/> CDP International Development Cooperation Department

	<input type="checkbox"/> CDP Enterprises Department <input type="checkbox"/> CDP Infrastructure and PA Department <input type="checkbox"/> CDP Investment Officer Department <input type="checkbox"/> Chief Financial Officer Department <input type="checkbox"/> CDP Energy and Digital Department
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1.2 Document history

UPDATES AND REVISIONS			
Version No.	Key changes introduced	Date	Approving Subject
1.0	<input type="checkbox"/> First issue document	24/06/2020	Chief Executive Officer

2 Purpose and scope of this document

Cassa Depositi e Prestiti S.p.A. (hereafter CDP) recognises the value of sustainability as a guide for the definition of its strategic choices and commits to integrating environmental, social and governance principles into its business and operating model to create value for society as a whole and for the social community within which it operates.

CDP's mission and activities have always been related to the promotion of sustainable development, intended as the process seeking to establish a dynamic balance between economic growth, social equity and environmental quality, which can respond to the needs of the present without compromising the ability of future generations to satisfy their own needs.

To this end, CDP aligns its strategic and operational approach with the principles of sustainable development, with the aim of integrating the process of economic value creation with an increasing focus on the impacts generated, aiming to promote a growth model in which profitability coexists with investment, social and territorial inclusion, and environmental protection.

CDP also integrates the principles of sustainability in the lifestyle and operational choices that affect staff and the work environment and, in a complementary way, in its business activities.

As a financial institution with a long-term perspective, CDP has the responsibility to promote initiatives capable of giving impetus to a just transition towards a more inclusive, resilient and sustainable development model. In this context, CDP is committed, also through the promotion of a structured and transparent dialogue with its stakeholders, to identifying a general framework of priorities to be pursued according to economic, environmental and social impact. CDP is also committed to measuring and reporting the impact of its business, including through the integration, in its investment choices, of criteria relating to Environmental, Social and Governance (ESG) matters.

Finally, CDP runs a series of internal programmes and initiatives aimed at encouraging sustainable employee behaviour and, consequently, direct impact, also with the aim of promoting a cultural change that positively influences business choices and people's lifestyles.

In view of the above, these Regulations describe the underlying and methodological principles, and the recognised areas of application and operating methods that CDP has adopted and implemented in the management of sustainability within its organisational system.

3 Context

3.1 External regulatory and legal context

With the ratification of the UN 2030 Agenda for Sustainable Development¹, signed in September 2015 by Italy together with the governments of 193 other countries, the international community expressed, more clearly than in the past, a clear judgement on the unsustainability of the current development model, not only on an environmental level, but also from an economic and social point of view.

The 2030 Agenda and its 17 Sustainable Development Goals (SDGs) are a big challenge for countries around the world that, through their adoption, are committed to actively contributing to this development path.

The ambition is to encourage a paradigm shift that can create a new season of development, where the balance between the economic, social and environmental dimensions is guaranteed while respecting the well-being of present and future generations.

In this context, the Conferences of the Parties ("COP")², in force since 1994, have also taken on a growing role in the international debate on the fight against climate change leading to the adoption, during the 2015 Paris COP, of a universal and legally binding climate agreement.

Also at EU level, there is a strong commitment to defining and issuing a series of directives which aim to contribute to the progressive effort of member countries, and of the various parties called on in various ways, to promote sustainable growth, through a structural change in practices and models.

In particular, the European Parliament issued the EU directive 2014/95/EU³ with the obligation for enterprises with certain characteristics to communicate non-financial information, to also ensure transparency on environmental and social issues, as well as financial issues.

In Italian law, the aforementioned directive 2014/95/EU was implemented by Legislative Decree No. 254 of 30 December 2016, which entered into force on 25 January 2017 and whose provisions apply, with reference to the statements and related reports, to financial years starting from 1 January 2017.

At Italian level, a specific project initiative to measure the equitable and sustainable well-being in Italy (so-called "Bes")⁴ was promoted – by Istat together with social partners and civil society representatives – with the aim of assessing its progress, not only economic but also social and environmental. The purpose of the project is to carry out a detailed analysis of economic activities, whilst also considering their environmental and social dimensions. These dimensions are measured through a series of equitable and sustainable well-being indicators, revised annually to take into account changes that have occurred in the socio-economic context of the country or any changes in methodological terms or data sources.

¹ <https://unric.org/it/agenda-2030/>

² <https://unfccc.int/process/bodies/supreme-bodies/conference-of-the-parties-cop>

³ <https://eur-lex.europa.eu/legal-content/IT/TXT/?uri=CELEX%3A32014L0095>

⁴ The Equitable and sustainable well-being (BES) is a set of indicators developed by Istat and CNEL to assess the progress of a company not only from an economic point of view, such as GDP, for example, but also socially and environmentally.

3.2 Main related internal regulations

The primary internal regulatory sources with which CDP establishes and recognises the principles of sustainability as founding values are as follows:

- Articles of Association;
- Code of Ethics;
- Organisation, Management and Control Model pursuant to Legislative Decree 231/2001.

The regulatory and legal framework of reference is completed by additional internal regulatory sources, which lay down the principles, methodologies and operating methods through which sustainability is pursued within the company organisation.

Company regulations are monitored and updated to ensure they fully comply with the principles of sustainability⁵.

4 CDP sustainability goals

The definition of the sustainability goals and the consequent adoption of the strategic choices necessary for their achievement are the result of two parallel paths.

On one hand, starting with the relevant issues at international and national level identified by the SDGs, CDP identifies, from a top-down perspective, the action areas and methods considered to be a priority. On the other, through the structured engagement of internal and external stakeholders (so-called “materiality analysis”), it guarantees the identification of expectations, interests and priorities, from a bottom-up perspective.

The convergence of the principles of sustainable development and the results of the Materiality Matrix⁶ allows CDP to define priority action areas and its own sustainable development strategy.

This strategic approach is built in compliance with the declarations and conventions, standards, principles, guidelines and recommendations generally accepted internationally, including:

- The Universal Declaration of Human Rights;
- The International Covenant on Civil and Political Rights;
- The International Covenant on Economic, Social and Cultural Rights;
- The International Labour Organisation (ILO) conventions on fundamental human rights (Conventions number 29, 87, 98, 100, 105, 111, 138 and 182);
- the OECD Guidelines for Multinational Enterprises;
- The Principles of the UN Global Compact;
- The UN Principles for Responsible Investment (UN PRI);
- International Finance Corporation (IFC) Performance Standards;
- the guidelines on the environment, health and safety at European Union level;

⁵ Dissemination among the company population is done via the corporate intranet, which guarantees maximum visibility (see Regulations for drafting and dissemination of internal regulations).

⁶ See the Glossary.

- World Bank Group Environmental, Health and Safety (EHS) Guidelines.

4.1 Contribution to the United Nations Sustainable Development Goals

The founding guidelines of CDP's mission and operations are fully consistent with the United Nations Sustainable Development Goals. With the aim of participating in the country's commitment to achieving the SDGs, CDP can certainly contribute substantially in all those areas and sectors that are at the centre of its operations, leveraging both the role of single operator that it has in some contexts, such as for example loans to public entities for the development of the regions, and additionally⁷ with its contribution, thanks to which it is possible to finalise initiatives that otherwise would not been carried out.

The following table summarises CDP's potential, albeit not exhaustive, contribution to the achievement of the SDGs:

SDGs	CDP's potential contribution
SDG1 End poverty	Contribute to reducing extreme poverty in target countries through direct and indirect grants aimed at promoting growth, employment and education, social inclusion in strict respect of human rights. These targets are mainly pursued through International Cooperation operations.
SDG2 Zero hunger	Promote the sustainable agricultural development of rural areas in developing countries, with the aim of improving food self-sufficiency; increase income from agriculture; and increase food production for local, national and international markets while respecting land use and protecting biodiversity. These targets are mainly pursued through International Cooperation operations.
SDG3 Health and well-being	Support for activities relating to the health care sector, which promote compliance with hygiene and health standards that allow for activities to promote the health of the population. Activities that promote basic health care in developing countries, improve reproductive health and prevent infectious diseases and pandemics. On the enterprise front, activities to support research and development programmes in the biotechnology sector. These goals are pursued through the operations of Infrastructure and Energy and Digital (national and international context) and International Cooperation (international context: Developing Countries).
SDG4 Quality education	Promote investment in school construction and educational and cultural innovation in student housing and through financial education initiatives. Initiatives aimed at removing obstacles to achieving education and improving the impact of education in terms of socio-economic impact (e.g. through the promotion of social housing). Activities that promote the transfer of knowledge outside the formal education system (e.g. libraries and cultural activities).

⁷ Additionality means the ability to promote initiatives and/or new economic activities that would not have been carried out (that is, they would have been carried out in smaller entities or with longer timescales) in the absence of the contribution of the promoter or financier. In the case of CDP, additionality is a typical factor in its modus operandi, consistent with the public mission that defines CDP's work in those areas that can have a positive impact on the entire community or that are subject to conditions of sub-optimal investment levels.

<p>SDG5 Gender equality</p>	<p>Through internal company initiatives aimed at achieving greater gender equality and the development of professional opportunities for all genders. Through business initiatives, mainly related to International Cooperation operations with the aim of i) achieving gender equality and empowerment (greater empowerment, self-esteem and awareness) for all women and girls and ii) ending of all forms of discrimination against women and girls, combat violence and exploitation, improve the full and effective participation of women in leadership and decision-making at all levels and improve their financial inclusion.</p>
<p>SDG6 Clean water and sanitary services</p>	<p>Support for initiatives dedicated to the financing or investment in risk capital on the national territory of investments, also in the research and development sector, aimed at improving the efficiency of water infrastructure, sanitation and modern waste management systems which prevent contamination of water resources.</p>
<p>SDG7 Clean, accessible energy</p>	<p>Support for investment, including research and development programmes, dedicated i) to increasing accessibility to energy services (transmission and/or distribution network) or which lead to an increase in efficiency and/or safety, ii) to stimulating the development of renewable energies iii) to increasing energy efficiency in public and private, residential or industrial buildings.</p>
<p>SDG8 Dignified work and economic growth</p>	<p>Support for infrastructure investment (public or private) and enterprises' growth (both nationally and internationally). Activities that stimulate both tangible and intangible private investment. Support for high value-added or labour-intensive supply chains. Activities dedicated to start-ups, venture capital, innovation and research; support tools for SMEs (access to credit, capital strengthening, opening up to international markets). Support for enterprises operating in the social and creative-cultural sectors. Activities that produce significant employment effects and that at the same time do not negatively impact the other SDGs.</p>
<p>SDG9 Enterprises, innovation and infrastructure</p>	<p>Infrastructure activities (both public and private), business financing to enterprises, through the direct and indirect channel, and activities that promote growth in developing countries. Promote infrastructure that supports innovation, transport and industry to achieve sustainable economic and social development. Support tools for SME access to credit and in particular for strengthening their international standing; activities dedicated to promoting the tangible and intangible investments of enterprises, with particular reference to research, development and innovation activities; activities dedicated to restoring the productive fabric following disastrous events.</p>
<p>SDG10 Reducing inequalities</p>	<p>Actions are being carried out that can contribute – indirectly – to the reduction of economic inequality, by supporting economic growth, employment and the promotion of enterprises, research and development, innovation and infrastructure. Activities to promote social inclusion in the territories, through the creation of value for its shareholders and support for disadvantaged categories or disabled workers. Further activities that directly contribute to allowing parties to enter the real estate market who are penalised by the dynamics of traditional real estate markets, through its activity in social housing and ii) to the financial</p>

	inclusion of citizens, through its model based on the collection of vouchers and state guaranteed postal saving books.
SDG11 Sustainable cities and communities	<p>Urban redevelopment activities, local development, school construction, support for vulnerable areas subject to environmental risks and social housing and senior housing initiatives.</p> <p>Through urban and suburban transport sector operations to improve accessibility and sustainability through, for example, financing for local public transport, city plans and vehicles with minimal environmental impact.</p>
SDG12 Responsible consumption and production	<p>Activities in the real estate sector that contribute to significantly reducing the consumption of natural resources and soil in particular, and extending the life of buildings. Initiatives that promote the development of renewable energy, both nationally and internationally, as well as investments that favour a circular economy.</p> <p>CDP also encourages enterprises to adopt sustainable practices, including through dedicated funds and issuing Green Bonds.</p>
SDG13 Fight against climate change	National and international activities that promote the containment of climate-altering gases, in terms of energy, construction, industrial, through, among other things, the establishment and use of dedicated funds such as: the EEEF, <i>Marguerite Fund</i> and, in the field of cooperation, the EGRE Platform, the CDP-MATTM Platform, as well as tools such as the FRI, with specific reference to research and development programmes.
SDG14 Life below water	CDP recognises the importance of the issue by implementing all actions that can guarantee the protection of marine biodiversity. In this area, CDP has signed up to international initiatives dedicated to this specific objective such as the Clean Ocean Initiative promoted by the EIB.
SDG15 Life on land	CDP recognises the importance of this goal by implementing all actions that can guarantee the protection of terrestrial biodiversity also through compensatory actions that counterbalance the negative effects related to soil consumption or carbon dioxide emissions into the atmosphere.
SDG16 Peace, justice and strong institutions	CDP promotes the development of strong institutions to guarantee peace, justice and well-being both nationally and internationally. CDP actively participates in international associations and platforms that promote multi-level partnerships to achieve common goals. Including: the Casse Forum, the International Development Finance Club (IDFC), the European Development Finance Institution (EDFI), the European Long-Term Investors Association (ELTIA).
SDG17 Partnership objectives	<p>by CDP as the Financial Institution for Development Cooperation is active in financing cooperation projects in the poorest countries of the world to help them achieve the SDGs. The role of CDP provides for the management of public and its own resources in cooperation programmes, also with a view to mobilising the private sector in impact projects to produce a significant leverage effect on resources in the system for the promotion of sustainable development in target countries.</p>

4.2 Stakeholder engagement and Materiality Matrix

To create shared value, it is essential for CDP to involve its stakeholders in a structured path of listening, dialogue and discussion, aimed at anticipating and managing their legitimate expectations and changes in the context in which CDP operates.

CDP sees the involvement of its stakeholders – internal and external – as a fundamental factor in developing its strategy and operations from an inclusive and collaborative perspective, consistently with its commitment to issues related to sustainable development.

Therefore, through stakeholder engagement, CDP establishes long-term relationships with its stakeholders to identify and understand their concerns and expectations regarding sustainability, responding to their actions and decisions and, where necessary, implementing specific actions or remedial policies.

Building, managing and maintaining relationships with stakeholders also includes their involvement in:

- activities that involve listening (e.g. face to face, online survey), comparison, information (e.g. dedicated e-mail, internet) and meetings (e.g. Multistakeholder Forum) specifically structured to inform and collect ideas and suggestions useful for identifying CDP's strategic priorities in the field of sustainability;
- identification of the most significant “material” issues for the Group, for the purpose of updating CDP's Materiality Matrix.

The materiality analysis allows the most relevant economic, social, environmental and governance issues to be identified, and consequently the materiality matrix to be prepared.

This tool summarises the views of the company and of external stakeholders, making it possible to identify “material” issues, that is, the most important issues for CDP and of greatest interest to stakeholders.

CDP's action focuses on these priority aspects as part of an effective strategy with a view to sustainable development.

The qualitative and quantitative analysis of issues related to relationships with stakeholders is carried out through a materiality analysis process, through which themes and parties are classified based on the priority/importance in terms of interest in the short or long-term.

5 Sustainability in the operating model

CDP ensures the full integration and implementation of the principles of sustainability in its corporate practices – both staff and business – by stating them appropriately.

5.1 Human Resources

CDP undertakes⁸ to recruit, hire and manage personnel in compliance with the dignity and rights of each individual, because each employee, with his or her own qualities, is a strategic resource to be protected and valued. To comply with this commitment, CDP protects the following rights and is inspired by the following principles.

Diversity and Inclusion

The principles of civil liberties (e.g. religious, political, cultural, trade union and sexual orientation freedom) must always be respected. All forms of discrimination in these areas must be eliminated and replaced by the appreciation of the skills and competences of individuals. These principles must also be promoted through an additional effort to fully integrate and value people who join CDP. Respect and focus for people and their needs, regardless of their hierarchical level, must become a distinctive feature of the actions of our employees in relationships within the company.

CDP firmly believes that the management of diversity (e.g. age, gender, disability, sexual orientation, personal characteristics and experiences or aspects that distinguish an individual during their life, such as personal and corporate culture, place of origin and residence, religion, type of employment contract, professional role and hierarchical position within the organisation), and non-discrimination, contribute to the development of a corporate culture that leverages these differences, making the improvement of the working environment possible and therefore strengthening a sense of belonging and increasing the quality of life in the workplace.

Freedom of association and collective bargaining

CDP undertakes to respect and apply national laws on collective agreements, bargaining and freedom of association.

Respect and freedom of action

Respect means listening and paying attention to people constantly, as well as respecting their values, sensitivities and beliefs without ever resorting to forms of undue pressure and offence. In this sense CDP intends to guarantee a culture open to the freedom to disagree and the ability to question and overcome hierarchical and bureaucratic barriers. Colleagues who do not share dissent must also be able to express their opinions and be heard. If they hold top positions they must do so with equity and respect.

CDP also promotes the development of internal professional skills, promoting mobility processes, the development of cross-cutting skills and the active involvement of people in building their

⁸ Regulations for personnel selection and recruitment

professional path through matching organisational needs with individual expectations, and from this perspective giving CDP colleagues the opportunity to see, and possibly apply for, vacancies within the Group⁹.

Health and safety

CDP's commitment to ensure it offers one of the best workplaces forms the basis of our approach in protecting employee occupational health and safety. Personnel health and safety management requires compliance with the law. This includes adequate risk assessment – i.e. an assessment of the derived risk for each position and the definition and planning of prevention and protection measures to eliminate or minimise risks. CDP also aims to prevent risks related to the external environment that may have consequences for our employees, for example the safety context of the countries to which CDP employees travel for work (e.g. through constant monitoring of country risk).

A BS OHSAS 18001 certified Worker Safety and Health Management System¹⁰ has been adopted for this reason. This Management System defines the policy, the procedures and provides precise indications for appropriate conduct for all employees who work in CDP buildings. This ensures constant monitoring and control of health and safety in all work processes, also through the adoption of specific policies and procedures that regulate all employee conduct. The Worker Safety and Health Management System is also guaranteed through the definition of an organisation chart¹¹ which defines tasks and responsibilities within the organisation.

Work-life balance

CDP's commitment to create an environment that fosters a culture of inclusion is also expressed in the efforts to promote the well-being of our employees and support them in effectively managing personal and professional challenges. CDP supports people and their families at various stages of their lives, offering benefits designed to improve the balance between private and professional life.

⁹ Group Job Posting Policy.

¹⁰ Occupational Health and Safety Policy.

¹¹ Occupational Health and Safety Organisation Chart.

Adequate remuneration

CDP intends to guarantee the competitiveness and effectiveness of its remuneration, as well as transparency and internal equity. This is why the principles of effective and sustainable performance and conduct are key elements of the remuneration policy¹².

No use of forced or child labour

As a financial services provider, CDP's highly skilled workforce is its main asset. Therefore, CDP does not use child or forced labour in its corporate practices and is fully compliant with the International Labour Organization (ILO) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy or, where more stringent, the laws on work currently applicable in each of the countries in which it operates.

5.2 The work environment

CDP recognises the importance of protecting the environment as a primary resource and is committed to promoting and financing projects to reduce CO2 emissions, the fight against climate change, the development of renewable energies and the recovery of network and infrastructure efficiency. On this basis, CDP promotes and supports the efficient management and use of resources within its premises and plants, promoting coherent individual conduct for the creation of value both for CDP and the communities and territories in which it operates, at national as well as international level.

From this perspective, CDP is committed to reducing its ecological footprint in relation to the management activities of its offices and employee conduct by focusing on¹³:

- use of natural resources and gradual elimination of disposable plastic from sites;
- conscious consumption of paper and widespread use of ecological paper;
- reducing waste production and a focus on correct collection and disposal of produced waste;
- sustainable mobility by promoting transport solutions with a lower environmental impact;
- energy efficiency through the use of solutions and technology for improving energy performance and the use of renewable energy sources.

For more information, see the Environmental Management System compliant with UNI EN ISO 14001:2015, a systematic model that contributes to the sustainability environmental pillar.

¹² The issue of remuneration policies is regulated, on the basis of multiple factors, within the following corporate and Group regulations: CDP Group Policy Group Evaluation Guidelines and Remuneration Policies; Regulations for the economic and organisational treatment of personnel abroad; CDP Group Policy for the Group MBO incentive plan; Human Resources Administration Procedure.

¹³ The issue of the working environment and monitoring of associated risks is dealt with in the Group Policy Identification of Operational Risks - Risk Self-Assessment and Loss Data Collection"

5.3 The procurement cycle

CDP recognises the high social and environmental value of supplier relationships, selecting them with an in-depth assessment and in compliance with the principles of economy, effectiveness, fairness, free competition, non-discrimination, transparency, proportionality and advertising.

Registration on the CDP supplier register is done on the purchasing portal, common to all Group companies.

All suppliers must possess the appropriate technical and commercial requisites: in fact, for the purposes of registration within the supplier register, each party must demonstrate that they meet specific legal, economic-financial, technical and organisational requirements of competence and reliability, by uploading appropriate documentation onto the supplier portal.

As part of its purchasing procedures, CDP protects and guarantees access to small and medium-sized Italian enterprises, typical of our economic fabric, setting requirements that do not exclude these businesses.

In relation to assessing suppliers' social and environmental responsibility, specific clauses are included in contracts to ensure absolute compliance with all the rules and regulations regarding placement, protection of minors, contributions, assistance and social security, as well as a clause for compliance with the principles of the Group's Code of Ethics and the Organisation, Management and Control Model (pursuant to Legislative Decree 231/01). Full compliance with regulations on accident prevention at work, hygiene and safety is also required, as well as all obligations relating to accident insurance at work, retirement planning, disability, old age, work related illness and any other provisions for the protection of workers that are in force or may apply during the course of the contract. In addition, for suppliers with contracts above a certain amount threshold, the checks required by anti-mafia legislation are carried out. Furthermore, CDP does not make purchases in countries where the right to freedom of association and collective bargaining is not guaranteed: its main foreign suppliers operate in countries where the main International Labour Organisation (ILO) Conventions have been ratified and where the risk of human rights violation is reduced.

In addition, where possible, an approach is adopted to minimise the environmental and social impact of suppliers by making choices taking into account the market offer and existing technologies.

For more information on relationships with contracted suppliers, established through tender or award procedures, please refer to the Group's Code of Ethics, the Organisation, Management and Control Model (Legislative Decree 231/01) and the internal regulations for purchases and relationships with third parties¹⁴.

¹⁴ Purchases Regulation; Purchases Management Process; Group Policy Planning and management of purchases, Group Policy Identification of Operational Risks – Risk Self-Assessment and Loss Data Collection

6 Sustainability in business

Integrating sustainability into business processes means verifying that the transactions that CDP intends to carry out (e.g. financing) allow for economic, environmental and social results, both in terms of specific and well-identified targets and in terms of overall effects – direct, indirect, and induced – on the sustainability aims of projects. The effects generated by the activities supported by the CDP business must take into account the positive impact, but also any negative impact associated with ESG financing initiatives. To this end, the sustainability analysis is carried out consistently with the guidelines described in the Risk Regulation which assesses and oversees, among other things, the potential effects on CDP in terms of credit, operational and reputational risk, also with specific reference to the launch of new products.

The so-called “Impact assessment” aims to create added value on multiple levels:

- favouring the creation of internal knowledge in CDP transactions and on the effects of the transaction on economic, social and environmental systems;
- helping to improve the ability and intentionality to promote the initiatives with the greatest impact, leveraging on experiences gained and results achieved;
- raising awareness among stakeholders on CDP's role and potential to respond to the needs of territories and local communities, also on a shared path of identification of priorities and activity lines;
- contributing to building a decision-making process capable of guiding shareholders in the selection of systemic priorities for the country;
- promoting a new counterparty approach – both public and private – by strengthening and supporting their path towards the highest standards in terms of focus on sustainability.

The impact assessment follows the entire life cycle of an operation in an integrated way, from the origination phase to the final impact measurement. From this perspective, the assessment process can be divided into an ex-ante analysis phase and an ex-post analysis phase.

The methodology adopted for the impact assessment is the result of continuous updating and refinement work, as well as alignment with the progressive and constant evolution of international benchmarks. From this perspective, CDP participates and contributes to the debate and working groups, at national and international level, on the issues and methodologies related to impact assessment.

6.1 Ex-ante impact assessment

The objective of the **ex-ante phase**:

- assessing expected benefits and potential associated impact (including the negative externalities produced) of potential initiatives for CDP financing, and in this way contribute to a greater strategic direction in the origination phase leading to the final determination of the business choice based on economic-financial and environmental and social sustainability;

- defining the KPIs the financed party must report on periodically;
- monitoring the progress of the initiative during its implementation in order to measure the change in expected benefits and associated risks and negative externalities produced.

The ex-ante assessment of initiatives financed by CDP takes place on the basis of a qualitative/quantitative analysis methodology that awards a score, the so-called “Sustainable Development Assessment (SDA)”, which expresses the expected positive and negative impact on sustainable development dimensions of the potential CDP financed projects and initiatives.

The ex-ante assessment is built to provide indications on the alignment of business operations in relation to the sustainability objectives that CDP has identified and the ability to contribute to achieving them.

The ex-ante assessment analysis takes into account the specific characteristics of each business line, taking into consideration the nature of the counterparties, the type of transaction as well as activity areas, without however compromising an adequate level of comparability between initiatives.

In particular, four homogeneous types of business lines have been identified, defined according to the nature of the counterparties:

- **Public counterparties** (state, regions, local authorities, public entities and bodies governed by public law): to guarantee accessibility, uniformity of treatment, predetermination and non-discrimination of public counterparties, CDP does not carry out merit assessments on the strategic direction of investment choices but is limited exclusively to assessing the financial factors¹⁵. Therefore, for this type of transaction, the definition of the final score to be attributed to each initiative does not provide for an analysis of the counterparty. At the same time, factors relating to the size of the project are particularly relevant, in particular in relation to the intensity and extent of the economic, environmental and social outcomes, as well as the ability of the activity to reach direct and indirect beneficiaries, considering the nature of the activities intended to improve the quality of life and well-being of people.
- **Directly financed private counterparties** (mid-cap and large corporate): the loans, granted in any technical form, are aimed at supporting investment in works, plants and networks intended for public utility initiatives and investments in a large number of industrial sectors aimed at research and development, innovation, energy efficiency, environment and green economy, as well as to support export and internationalisation¹⁶. There is a direct method for collecting information of a non-financial nature, i.e. addressed directly to the counterparty receiving the loan, aimed at assessing all dimensions relating to the SDA scoring system.
- **Indirectly financed private counterparties** (SMEs and mid-caps): the objective of the loans is to facilitate access to credit and support the growth of counterparties through intermediary financial institutions present across the country, as well as through equity

¹⁵ For more information, please refer to the internal regulations (e.g. Finance Granting Procedure for Public Entities, Public Entities Renegotiation Procedure, Kyoto 3 and 4 Financing Management Procedure).

¹⁶ For more information, see the internal regulations (e.g. GO and GS Corporate Finance and Structured Finance Concession Procedure).

activities through funds or funds of funds that favour capitalisation and dimensional growth. In this case, the ex-ante assessment particularly focuses on the subject of the loan (e.g. access to credit, innovation, social housing) and the characteristics of the financial instrument implemented¹⁷. The analysis of the counterparty, where possible, is undertaken by the financial institution or equity vehicle directly involved in the CDP activity. The collection of non-financial information (not all obtainable in an ex-ante phase) is built through an analysis of the financing/investment portfolio of the directly financed counterparties or by the investment vehicles investment guidelines. Specifically for activities with indirect methods from public funds, the principles and methods similar to those for activities with public counterparts are applied.

- **International cooperation:** the loans are aimed at mitigating and adapting to climate change, the spread of renewable energies, support for micro, small and medium-sized enterprises to grow the local productive fabric in developing countries¹⁸. By virtue of this role, CDP: (i) operates as manager of the Revolving Fund for Development Cooperation, and (ii) is authorised to use its own resources deriving from postal savings to support the Italian system of International Development Cooperation. The law defines the structure of multi-level and multi-stakeholder governance of the Italian Cooperation and requires, among other things, the process of assessing the investments promoted by CDP to be subject to the opinion of a specific decision-making body, the Joint Committee, for which an assessment analysis is envisaged which follows the standards defined by the Italian Ministry of Foreign Affairs and International Cooperation (MAECI) and the Italian Agency for Development Cooperation (AICS). At the same time, in relation to blending activities with resources donated from international institutions (e.g. Green Climate Fund, European Commission), CDP must comply with specific standards. This means that, in the context of the initiatives promoted in this area, the impact assessment analysis follows an approach specifically based on these standards¹⁹ (for CDP internal purposes only, the results of this analysis are reproduced as envisaged by the system SDA scoring, in order to ensure comparability with other business initiatives).

The ex-ante impact assessment does not necessarily provide an exhaustive opinion on the project's financeability, to the extent that initiatives consistent with the scope of intervention and with the corporate purpose of CDP, as defined by the rules and the Articles of Association, could theoretically have a low impact in terms of sustainability objectives, but still be approved. In the event of an assessment below sufficiency level, the Sustainability organisational unit, within the Risk Assessment Committee, outlines the critical and weakness factors.

¹⁷ For further information, please refer to the internal regulations (e.g. Housing Loans concession and disbursement procedure, Enterprises Platform Loans concession and disbursement procedure, Capital Goods Loans concession and disbursement procedure, Financing Loans from the Company Revolving Fund procedure).

¹⁸ For more information, please refer to the internal regulations (e.g. Procedure for Advisory activity for International Cooperation on Third-Party Funds, Origination Procedure, Management of Contribution Agreements and Reporting of Third-Party Fund Resources for CI, Aid Loan Procedure).

¹⁹ For further information on the assessment analysis of international cooperation initiatives, please see the Sustainability Evaluation Regulation in the field of International Cooperation.

6.2 Ex-post impact assessment

The objective of the **ex-post phase** is to:

- produce evidence of the impact of activities financed and implemented by the CDP Group, with a view to reporting on the activities with respect to the strategic objectives in the field of sustainable development;
- verify the effectiveness and additionality of CDP Group activities.

CDP undertakes to fully disclose the impact, both positive and negative, to transparently report on its work and produce useful evidence to improve its transactions and its business model, in line with the objectives that, starting from the ex-post analyses, are defined in the Sustainability Plan.

By their nature, investments supported by the CDP Group have a long-term horizon, not only in terms of their financial duration, but also in their ability to generate positive impact and externalities. For this reason, the ex-post assessment is conducted on an annual basis in an aggregate way for all the initiatives financed in the previous year and capable of generating additionality on the country's demand and in detail only on some specific initiatives that have been fully realised and for which it is useful and possible to assess the impact on the system, after a suitable period of time.

The ex-post assessment is carried out starting from the annual reporting of new lending by the CDP Group along the main activity lines.

The aggregation of results is obtained through a three-dimensional sequential process:

- analysis of financial additionality at the microeconomic level of the individual business lines;
- analysis of the channels for activating aggregate demand;
- estimate of the aggregate impact on the economic, social and environmental dimensions of the Group's activities.

6.3 Sustainable funding

CDP is present on financial markets through medium/long-term bond issue programmes and short-term financial bills placed with institutional investors. Bond issue programmes reserved for retail savers residing in Italy are added to these.

In this context, CDP's focus on funding tools dedicated to sustainability issues is growing. The activity is based on the definition of the "Green, Social and Sustainability Bond Framework" (CDP Framework) which defines financing objectives linked to this issue, the allocation and reporting processes, as well as the impact measurement methods and analyses, consistent with international standards.²⁰

²⁰ See in particular, "Green Bond Principles", "Social Bond Principles" and the "Sustainability Bond Guidelines" of the 'International Capital Market Association' (ICMA).

6.4 Impact management

As highlighted in this Regulation, CDP periodically takes into consideration and assesses its environmental impact and human rights risks, taking into account its operations and activities, the external context (e.g. country risk), international changes (e.g. developments in legislation, principles and standards), in addition to the results of stakeholder engagement activities.

In this context, in addition to preventing and limiting the negative effects on CDP in reputational and financial terms, CDP intends to:

- avoid causing or contributing to the generation of adverse impact through its activities and manage this impact when it arises; and
- prevent/mitigate adverse impact directly related to its operations, products and services by virtue of its commercial relationships, even where it has not directly contributed to this impact.

Where CDP becomes aware that it has caused or contributed to the generation of adverse impact, reported by its stakeholders, it will manage these situations to remedy the reported situations and avoid the repetition of conditions that could create dissatisfaction and loss of trust in the Company or economic and/or reputational damages.²¹

CDP also aims to maximise positive impacts, through activities such as the development of specific financial products and services, dissemination of information and awareness on environmental and social impact and how to minimise it and the promotion of philanthropic activities.

CDP also undertakes commitments towards the following principles/rights associated with all categories of Group stakeholders.

- **Privacy and confidentiality:** CDP is aware of the importance of respecting the privacy of our stakeholders (e.g. personal data) and more generally of ensuring adequate processing of the confidential information of employees and customers, including the disclosure of this information to third parties. Its approach to privacy and the protection of data confidentiality is in line with local laws and regulations on the matter and is applied to all types of data, regardless of the stakeholder to which they refer or the channel through which they were received. CDP adopts adequate administrative, technical, physical and security systems to comply with legal requirements and to safeguard personal data against unauthorised loss, theft, access, use or modification.²²
- **Anti-corruption:** CDP is aware that corruption is a primary obstacle to global economic and social development, also with a negative impact on communities. As part of the Organisation, Management and Control Model pursuant to Legislative Decree 231/01 adopted by CDP, the relevant activities have been identified in which the theoretical and abstract risk of committing corruption offences could potentially be agreed between private individuals. This 231 Model describes the Internal Control System set up by CDP, to mitigate the risk of illegal conduct by its top management/employees and/or third parties working with CDP. Furthermore, ethical and/or conduct principles are enshrined in the CDP Code of Ethics as a basis for preventing corruption. If both employees and third parties, in the course of their duties, become aware of illegal conduct, based on precise and

²¹ For more information, see also the “CDP Complaints Regulation”.

²² For more information, see the Group Policy “Guidelines on personal data processing”, the “Privacy Policy Management Procedure” and the “Classification and management of information Regulation”.

concordant facts, they have the duty to report said conduct as described in the Group Policy “Whistleblowing Management”. Finally, breaches of the principles contained in the Code of Ethics and of the provisions of the 231 Model entail the application of the disciplinary system envisaged in the context of the 231/2001 Model adopted by CDP.

- **Sanctions:** as far as high-risk counterparties are concerned, the Group undertakes to comply with all applicable regulations on sanctions, in each jurisdiction in which it operates. In addition, the Group may decide to attribute high-risk levels to certain activities (e.g. if related to certain countries, organisations, people, entities or assets) even where such activities are not prohibited tout court on the basis of the applicable International sanction regulations.
- **Cyber Security:** CDP, as other global operators, recognises cybersecurity risk as one of the most relevant and complex to contain, also given the growing and changing implications that this risk entails and the related evolution of internal safeguards to be adopted. In relation to this, to protect the company's information assets, as a fundamental resource for its business and that of its customers, CDP is constantly committed to guaranteeing adequate levels of protection from possible threats through organisational, technological and process controls of information systems that can compromise the confidentiality, integrity and availability of information processed through IT tools.²³

6.5 Monitoring

CDP is aware of the importance of control systems that ensure that social and environmental performance, together with any possible risk and negative impact, are properly monitored and, if present, managed. Ad hoc monitoring processes are associated with policies, principles and systems mentioned in this document and managed by the competent functions. In particular, the first level control on these issues is carried out by the Sustainability function, in collaboration with the competent business Operational Unit. While the second level control is carried out by the Risk Management and Compliance & Anti-Money Laundering Functions,²⁴ which report to the Chief Risk Officer, who ensure the control of the risks under their remit in compliance with the principles of the Risk Regulation, approved by CDP's Board of Directors, also taking part ex-ante in the preliminary investigation phase of the new transactions.

Environmental and social information is also periodically collected together with continuous screening with an “outside-in” approach from the perspective of the stakeholders. This stakeholder listening and engagement approach aims to improve the Group's ability to prevent, reduce and manage any reputational risks that may occur.

CDP is equipped with mechanisms that allow the collection of feedback and non-compliance reports from stakeholders in relation to its activities, as well as any negative impact it may have caused or contributed to (e.g. procedures and reporting/Whistleblowing channels, management of customer complaints, etc.).

²³ See Management of the security of corporate assets Regulation. The risks related to Cyber Security are covered, among other things, by the Group Policy Identification of Operational Risks – Risk Self-Assessment and Loss Data Collection.

²⁴ See the Reputational Risk Assessment Policy.

CDP undertakes to analyse the information received and transparently communicate any mitigation actions, where necessary. Where appropriate, CDP also contributes to legitimate external processes aimed at managing and solving potential problems.

The CDP Internal Audit function, as a third level control function based on its mission and methodology, among other things, checks the correct functioning, effectiveness and efficiency of the corporate processes regulated by the mentioned policies, as required by its annual audit plan prepared according to a risk-based logic.

The aforementioned policies are regularly updated on the basis of the introduction and/or amendment of internal and external regulatory and legislative sources, as well as in the face of organisational and process changes affecting the company (e.g. entry into force of new international reference frameworks, development of internal improvement actions and others).

7 Disclosure and transparency

The concept of non-financial reporting has evolved over the years, also due to the fact that matters related to financial management are no longer the only ones to be considered relevant for the overall assessment of the value of a company.

There is now a widespread awareness that the environmental, social and governance (ESG) aspects must be considered, alongside the economic ones, as essential assessment criteria for the purpose of creating value for its shareholders and stakeholders.

CDP publishes a non-financial report annually, including the Consolidated Non-Financial Statement (NFS) pursuant to Legislative Decree 254/2016²⁵, drawn up according to recognised standards (for example: GRI Sustainability Reporting Standards; Integrated Reporting Framework)²⁶.

CDP also undertakes to annually:

- disseminate and update information addressed to the public on CDP's commitments to society and environment by describing its activities and related data on the institutional website;
- promote a culture of sustainability with training courses and constant information on the Intranet section for employees dedicated to strategy and commitment on the subject;

In addition, CDP promotes constant dialogue on social and environmental issues with its stakeholders: customers, investors, rating agencies and civil society organisations. This dialogue is maintained to help understand their legitimate expectations and enable a better analysis of global and local challenges and macro trends, as well as their relevance for our Group.

²⁵ The NFS is subject to limited assurance on the basis of the applicable reference standards (ISAE 3000 Revised).

²⁶ For more information on non-financial reporting, see the Group Sustainability Reporting Process.

8 The Sustainability Function

In light of the outlined context and activities described above, the “Sustainability” function constantly monitors the effectiveness of the processes and tools involved in the pursuit of sustainable development, in coordination with the other corporate structures according to their areas of responsibility.

In line with what is stated in the company Function Chart, the Sustainability function:

- proposes sustainability strategies and objectives in full alignment with the Group's strategic plan and develops the long-term sustainability plan with the support of the competent functions, defining annual targets and action plans, as well as the related external disclosure;
- promotes ever greater integration of sustainability in governance and operational processes, also through the integration of these aspects into the contractual framework;
- defines the methods for the Group to adhere to international principles and standards of sustainability and their adoption, together with the competent functions, and represents the Group in external Committees and Associations;
- structures the “Multi-Stakeholder Materiality Matrix”, including through the mapping of the various stakeholders based on their economic dependence and ability to influence, and identifies the most significant issues for them;
- develops the Sustainability Data Centre²⁷ by identifying the key sustainability indicators with the support of the competent functions and maintains it by ensuring its integration into internal ICT systems;
- defines and updates the methodological models used for the impact assessment of individual transactions, ex-ante and ex-post, also in aggregate form, as well as all the technical documentation in the field;
- periodically monitors and reports non-financial performance and results;
- prepares non-financial reporting, defining the supporting communication line, in alignment with the Group's brand identity guidelines;
- supports HR in defining the sustainability indicators to be potentially included in the incentive system;
- promotes a culture oriented towards sustainability within the entire Group, in full alignment with HR;
- supports, in coordination with the other competent corporate structures, the competent Investor Relations unit²⁸, in relationships with investors in the Sustainable Responsible Investments (SRI), with rating agencies, analysts and research companies specialised in the assessment of companies with a view to sustainability;

²⁷ The Sustainability Data Centre is a set of indicators that allow the monitoring over time of sustainability commitments, consistent with the defined approach, and of the long-term plans developed.

²⁸ As described in the Group “Sustainability Reporting” Regulations.

- develops the communication contents on sustainability issues in coordination with the Communications & Engagement function, also through the maintenance of the sustainability section of the CDP website and defines the guidelines for the contents of the sustainability sections of the other Companies, ensuring an adequate positioning of the whole Group on Sustainability issues, also to mitigate reputational risks;
- proposes initiatives and policies relating to activities with possible social and environmental impact (i.e. Human Rights).

9 Sustainability in Companies within the scope of direction and coordination

Consistent with the strategic objectives in the field, with reference to the issue of non-financial reporting and the related external reference framework, CDP interacts with the companies within the scope of direction and coordination so that they converge, while respecting their management autonomy, towards common objectives at Group level.

10 Glossary

- **UN 2030 Agenda:** action programme for people, the planet and prosperity signed in September 2015 by the governments of the 193 UN member countries. It incorporates 17 Sustainable Development Goals, SDGs, into a major action programme for a total of 169 “targets”;
- **Sustainable Development Goals (SDGs):** the 17 goals agreed by the United Nations which aim to achieve a total of 169 targets in relation to economic and social development: poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, urbanisation, the environment and social equality;
- **Global Reporting Initiative:** independent international organisation that helps enterprises, governments and other organisations to understand and communicate their impact on issues such as climate change, human rights, governance and social well-being;
- **GRI Sustainability Reporting Standards (GRI Standards):** global reference standards for reporting the sustainability performance of an organisation/company, developed by the Group of Experts of the Global Sustainability Standards Board (GSSB) and officially launched on 19 October 2016. They therefore are the evolution of the previous guidelines (GRI G4 Guidelines);
- **Materiality Matrix:** matrix to be produced according to the indications and Guidelines of the Global Reporting Initiative, which indicates the economic, social, environmental and governance aspects relevant to the entity that prepares it and, therefore, specifically, for the CDP Group and its stakeholders;
- **Non-Financial Statement:** statement drawn up pursuant to Legislative Decree 254/16 containing, at least, information on environmental, social, personnel, respect for human rights and the fight against active and passive corruption, which is relevant in view of the activity and characteristics of the enterprise;
- **Non-Financial Report:** statement drawn up pursuant to Legislative Decree 254/16, and also consistent with some reference standards (for example GRI, IIRC) and taking into account the specificities and priorities of CDP (so-called “Materiality Matrix”);
- **Environmental, Social and Governance (ESG):** means all activities related to responsible investment (IR) that pursue the typical objectives of financial management, also taking into account environmental, social and governance aspects.