

# SUSTAINABILITY FRAMEWORK



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# 1. INTRODUCTION AND PURPOSES OF THE DOCUMENT

The CDP Group (hereinafter, “Group”) recognises sustainability as a value that guides the definition of its own strategies and the direction of its operations and undertakes to ensure that all Companies subject to management and coordination by CDP pursuant to articles 2497 et seq. of the Italian Civil Code, incorporate environmental, social and governance principles into their own business and operating models in order to create long term value for the company as a whole and for the community in which it operates.

To ensure an appropriate approach to the aforementioned issues and in line with the provisions of the “General Principles on Exercise of Management and Coordination Activities”, the Group has adopted this Policy in order to define guiding principles and practices and establish the guidelines and operating methods to be implemented to integrate sustainable development factors (Ed. social, environmental and governance principles) into the internal and business processes across the entire value chain.

Sustainability is the cornerstone of this Policy and is a key value for the Parent Company Cassa Depositi e Prestiti S.p.A. (hereinafter, “CDP” or “Parent Company”) and all Group companies.

On 27 May 2021, the Shareholders’ Meeting introduced the principle of “sustainable development” in CDP’s Articles of Association, whereby, in carrying out its business, CDP shall pursue the objective of promoting long-term economic, social and environmental sustainability, taking into account the interests of shareholders and other key stakeholders, in order to achieve a dynamic balance between economic growth, social equity and environmental quality, and thus meet the needs of the present without compromising the ability of future generations to meet their own needs.

With this in mind, in its capacity as a National Promotional Institution, CDP is firmly committed, in the long-term, to promoting initiatives capable of driving a just transition towards a more inclusive, resilient and sustainable development model so as to generate positive social externalities and minimise environmental impacts, also through structured and transparent dialogue with its stakeholders.

In this context, the CDP Group intends to build on its identity as a “policy-driven” institute and to place a strong focus on the development of policies capable of generating positive impacts so as to create contemporary standards and practices that become a benchmark for the financial system and its institutional and business partners.

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## 2. SCOPE OF APPLICATION

The scope of application of this Policy includes Cassa Depositi e Prestiti S.p.A. in its capacity as Parent Company and the Companies subject to management and coordination by CDP pursuant to Article 2497 et seq. of the Italian Civil Code.

The Group companies subject to management and coordination pursuant to Articles 2497 et seq. of the Italian Civil Code ensure that the operations of the second-tier subsidiaries under their management and coordination are in line with the provisions of this Group Policy, in compliance with the principle of proportionality and take into account the decision-making autonomy of the Group Companies’ Corporate Bodies, and in particular of the Supervised Entities, as well as the specific sectoral legislation applying to the latter.

In implementing this policy and the related regulations, the Group Companies shall apply the provisions of the “Group Process for the Management of Group Regulations”, adapting the Company’s internal regulations, where necessary, to ensure their consistency with the principles and rules contained in this document and any annexes.

The Parent Company shall implement this Policy within the corporate policies in the form of a Regulation. This Group Policy shall be published on the Parent Company’s and the Group Companies’ Intranet, and in any other way deemed appropriate by such companies.

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## 3. REFERENCE CONTEXT

The UN Global Compact Principles have long encouraged companies around the world to adopt sustainable policies that respect human and labour rights, the environment, and that fight corruption.

The UN 2030 Agenda for Sustainable Development, signed in 2015 by Italy and the governments of 192 other countries, has set 17 Sustainable Development Goals (SDGs) to address a range of complex global societal challenges. These goals are an important point of reference for the international community.

Added to the above is the universal and legally binding climate change agreement adopted at the COP 21 in Paris.

At Community level, the EU is also firmly committed to defining and issuing a series of directives that aim to contribute to the progressive effort of countries and the various entities called upon in various capacities to promote sustainable growth through a structural change in practices and models.

These include, in particular:

- European Green Deal (December 2019) in which the European Commission has adopted a set of strategic initiatives aimed at reaching climate-neutrality in the EU by 2050, setting out the necessary investments and the funding instruments available to meet the climate and environmental goals;
- Regulation 2019/2088 on the transparency of sustainable finance disclosures (“Sustainable Finance Disclosure Regulation” or “SFDR”);
- New guidelines on reporting climate-related information (June 2019) - an updated version of the European Commission’s guidelines on how companies should report climate change information to investors, which also incorporates the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD);
- Taxonomy Regulation (hereinafter “TR”), which came into force on 1 January 2022 and to which CDP has contributed, through its representatives, from the start of the work programme. The Regulation introduces a classification of the activities that qualify as sustainable based on their alignment with European Union’s environmental objectives and their compliance with specific social clauses. On 6 July 2021, the European Commission also published Regulation 2021/2178 - to supplement the TR - which sets out the content, timing and manner in which information on taxonomy-aligned activities must be published;
- Corporate Sustainability Reporting Directive (November 2022), through which the European Commission updates - amending the provisions of the 2014 Non Financial Reporting Directive (NFRD) - the criteria and methodologies to be applied by companies when reporting on the alignment of their activities with specific sustainability requirements, also introducing the principle of double materiality<sup>1</sup>.

<sup>1</sup> Companies will be required to provide information that considers both the inside-out perspective (the impact of the company’s activities on sustainable development) and the outside-in perspective (how environmental, social and governance factors impact the development, performance and positioning of the company).

The above regulations aim to address three crucial issues for the development of the sustainable finance market: (i) the use of taxonomy to finance the transition; (ii) the balanced availability and comparability of ESG data; (iii) the importance of greater transparency and efficiency in reporting information about sustainable products.

## 4. STRATEGIC SUSTAINABILITY OBJECTIVES OF THE CDP GROUP

As evidence of CDP's commitment to strengthening its approach to ESG issues and embedding these into its corporate strategies, the Group prepares a Plan at least every three years in order to identify the ESG targets and the underlying initiatives or individual projects to be implemented in specific areas of focus and undertakes to support the companies subject to management and coordination in the definition of their respective Plans.

The definition of sustainability objectives and the consequent adoption of the abovementioned strategies required to meet those objectives follow two parallel paths within the CDP Group.

On one side, the CDP Group identifies the priority areas and the methods of intervention, taking a top-down approach starting from the analysis of the background environment and the key national and international issues identified by the SDGs. On the other side, the Group identifies the expectations, interests and priorities ("materiality analysis"), taking a bottom-up approach and ensuring ongoing and structured dialogue with stakeholders.

This strategic approach is developed in compliance with generally accepted international declarations, conventions, standards, principles, guidelines and recommendations, including but not limited to:

- 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 Organization (ILO) Conventions on Basic Human Rights (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);
- the International Finance Corporation (IFC) Performance Standards;
- the Guidelines on the environment, health and safety at European Union level;
- the World Bank's Environmental, Health, and Safety (EHS) Guidelines.

In this context, the CDP Group leverages the role of sole operator that the parent company plays in certain areas, for example, in providing financing to public entities to develop the local area or through the additionality<sup>2</sup> of its own approach, which enables the completion of initiatives that would otherwise not be implemented, thus effectively contributing to the achievement of the SDGs, as summarised below:

<sup>2</sup> Additionality means the ability to promote initiatives and/or new economic activities that would otherwise not have been implemented (or would have been implemented to a lower degree or with longer time frames) without the contribution of the promoter or lender. In the case of the CDP Group, additionality is a typical aspect of its modus operandi, in line with the public mission that limits its intervention to those areas that can have a positive impact on the community as a whole or areas where the level of investment is sub-optimal.

## SDG

## MAIN INITIATIVES AIMED AT CONTRIBUTING TO THE SDGS


**SDG1**  
**NO POVERTY**

Support to reduce extreme poverty in the target Countries through direct and indirect contributions aimed at promoting growth, employment, education and social inclusion while ensuring strict respect for human rights. These targets are mainly pursued through International Cooperation initiatives.


**SDG2**  
**ZERO HUNGER**

Promote the development of sustainable agriculture in the rural areas of developing countries, with the aim of: improving food self-sufficiency, increasing income from agriculture and increasing food production for local, national and international markets whilst protecting land use and biodiversity. These targets are mainly pursued through International Cooperation initiatives.


**SDG3**  
**GOOD HEALTH AND WELL-BEING**

Support health sector interventions that promote compliance with hygiene and health standards to aid public health campaigns. Interventions that promote basic healthcare in developing countries, the improvement of reproductive health and the prevention of infectious diseases and epidemics. On the business side, interventions that support research and development in the biotech sector.


**SDG4**  
**QUALITY EDUCATION**

Promote investments in education facilities, including the upgrading of buildings to make them safer, environmentally sustainable and innovative in educational and cultural terms, and investments in student housing and financial education initiatives. Initiatives to eliminate barriers to education and improve the socioeconomic impact of education (e.g. by promoting the construction of social infrastructure). Interventions to promote knowledge transfer outside the formal education system (e.g. libraries and cultural activities).


**SDG5**  
**GENDER EQUALITY**

Promote: (i) initiatives within the CDP Group to achieve greater gender equality and develop career progression opportunities; (ii) business initiatives, also linked to activities in the International Cooperation area, to achieve gender equality and empowerment for all women (stronger self-esteem, confidence and awareness), end all forms of discrimination against women and girls, combat violence and exploitation, improve women's full and effective participation for leadership and decision-making at all levels and improve their inclusion in financial matters; (iii) supplier selection initiatives, ensuring that the principle of gender equality is adopted and shared also by partners with whom the CDP Group operates.


**SDG6**  
**CLEAN WATER AND SANITATION**

Support initiatives dedicated to financing or investing in risk capital at national level, including in research and development, with the aim of improving the efficiency of water infrastructure, sanitation facilities and modern waste management systems capable of preventing water contamination. In this area, the CDP Group can play a role, under additionality and complementarity criteria, by helping to fill investment gaps in sectors and territories in which market operators are unable to mobilise adequate resources and by supporting public administrations in the management of authorisation processes, including help to simplify and/or speed up those processes and in the planning and implementation of the related projects.



**SDG7**  
**AFFORDABLE AND  
CLEAN ENERGY**

Support for investments, including research and development programmes, aimed at: (i) improving access to energy services (transmission grids and/or distribution networks) or increasing energy efficiency and/or safety; (ii) increasing and integrating renewable energy generation capacity; (iii) promoting the energy efficiency of public infrastructure and private, residential or industrial buildings; (iv) developing new initiatives and new energy carriers, such as hydrogen.



**SDG8**  
**DECENT WORK  
AND ECONOMIC  
GROWTH**

Support for investments in infrastructure (public and private) and business growth (at both national and international level). Interventions to attract private investment in both tangible and intangible assets. Support for high value added or labour-intensive supply chains. Interventions dedicated to start-ups, venture capital, innovation and research. Tools to support SMEs (access to credit, capital strengthening, access to international markets). Support for businesses active in social and creative-cultural sectors. Interventions that have significant impacts in terms of job creation but do not negatively impact the other SDGs.



**SDG9**  
**INDUSTRY,  
INNOVATION AND  
INFRASTRUCTURE**

Promote: (i) interventions in the field of infrastructure (public and private), loans to enterprises, through direct and indirect channels, and interventions that promote growth in developing countries; (ii) infrastructure that supports innovation, transport and industry so as to enable sustainable economic and social development; (iii) tools to support access to credit for SMEs and, in particular, to increase their international reach; (iv) interventions to promote tangible and intangible investments in enterprises, with particular reference to research, development and innovation activities; (v) interventions to help the productive fabric bounce back from natural disasters.



**SDG10**  
**REDUCED  
INEQUALITIES**

Promote interventions: (i) that contribute - indirectly - to reducing economic inequalities by supporting economic growth, employment and the promotion of businesses, research and development, innovation and infrastructure; (ii) that promote social inclusion in the areas concerned by creating value for shareholders and providing support for vulnerable categories and workers with disabilities; (iii) in the housing sector, with reference to the need to promote social inclusion; (iv) aimed at the financial inclusion of citizens, through a model based on government-backed savings bonds and postal savings accounts.



**SDG11**  
**SUSTAINABLE  
CITIES AND  
COMMUNITIES**

Promote urban redevelopment, local development and school building projects, support for vulnerable areas or areas exposed to environmental risks and social and senior housing projects. Interventions to improve the accessibility and sustainability of urban and suburban transport, including by financing local public transport, city plans and environmentally friendly vehicles.



**SDG12**  
**RESPONSIBLE  
PRODUCTION AND  
CONSUMPTION**

Support for: (i) real estate projects that help to significantly reduce the use of natural resources, land in particular, and prolong the lifespan of buildings; (ii) renewable energy development projects at both national and international level and investments that support the circular economy. Furthermore, the CDP Group encourages businesses to adopt sustainable practices, including through dedicated funds and by issuing sustainability bonds.



**SDG13**  
CLIMATE  
ACTION

Support for national and international actions that aim to reduce emissions of climate-change gases, at energy, construction and industry level, also by creating and using, inter alia, dedicated funds.



**SDG14**  
LIFE BELOW  
WATER

The CDP Group recognises the importance of this goal and implements all appropriate actions to ensure that marine biodiversity is protected. The Group takes part in international initiatives dedicated to this specific goal, such as the Clean Ocean Initiative promoted by the EIB.



**SDG15**  
LIFE ON LAND

The CDP Group recognises the importance of this goal and implements all appropriate actions to ensure that biodiversity is protected, including measures to offset the negative impacts of land use and carbon dioxide emissions.



**SDG16**  
PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS

The CDP Group promotes the development of strong institutions to ensure peace, justice and well-being at national and international level. The CDP Group is actively involved in international associations and platforms that promote multi-level partnerships to pursue common goals. These include: Forum delle Casse, the International Development Finance Club (IDFC), the European Development Finance Institution (EDFI) and the European Long Term Investors Association (ELTIA).



**SDG17**  
PARTNERSHIPS  
FOR THE GOALS

The CDP Group, through the operations of the Parent Company in its capacity as the Financial Institution for International Development Cooperation, actively finances Cooperation projects in developing countries, also with a view to supporting their delivery of the SDGs. CDP's role involves managing public resources and its own investments in Cooperation programmes, also with the aim of involving the private sector in impact projects in order to generate a significant leverage effect on the resources pooled together to promote sustainable development in the target countries.

## 5. STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

To create shared value, the CDP Group believes that it is essential to involve stakeholders in a structured process of dialogue, feedback and sharing of ideas, so as to anticipate and manage their legitimate expectations and any changes in the context in which the CDP Group operates. The involvement of stakeholders, both internal and external, is also essential for the CDP Group to be able to develop strategy and operations in an inclusive and collaborative way, consistent with its own commitment to sustainable development issues.

Through stakeholder engagement, the CDP Group is able to establish long term relationships with its stakeholders - including but not limited to shareholders, counterparties, the financial community (investors and rating agencies), employees, suppliers, the media, ministries and institutions, partners, peers, civil society organisations - and consequently identify and understand their sustainability concerns and expectations, be accountable for its actions and decisions and, where necessary, put in place specific remedial actions or policies.

Relations with stakeholders are established, managed and maintained by involving them in:



- feedback sessions (e.g. closed-door consultations, online surveys), idea sharing, information (e.g. dedicated emails, internet) and meetings (e.g. Multistakeholder Forum), all of which are appropriately structured to gather ideas and suggestions that are useful in identifying the strategic priorities of the CDP Group in the sustainability area. In particular, in order to ensure transparency and accountability in this new policy-driven approach, the Group holds consultations with sustainability experts and representative of civil society with regard to the Policies due to be issued.
- processes to identify the most “material” issues for the Group, for the purpose of updating the Materiality analysis.

In line with the principle of “Double Materiality”, as defined in the relevant international standards and guidelines, the CDP Group considers the most material issues to be those that reflect the impact that the Group’s activities have on sustainable development and, at the same time, the impact that environmental, social and governance factors have on the Group’s development, performance and positioning.

## 6. SUSTAINABILITY WITHIN THE OPERATING MODEL

### 6.1 People

The CDP Group values people as a key asset of its organisation and consequently protects their rights in accordance with the following principles:

- **Diversity and inclusion:** the CDP Group constantly promotes the values of diversity, fairness and inclusion within the organisational system, fostering an inclusive working environment for its employees and respecting the dignity and rights of each individual when selecting, hiring and managing personnel, because each employee, with his or her personal traits, is a strategic resource to be supported and valued. For more details on this specific aspect see the General “Diversity, Fairness and Inclusion Policy” adopted by CDP S.p.A., annexed to this document and forming an integral part thereof. The provisions of the above General Policy, as defined by the Parent Company, will be progressively extended to Group Companies, through the internal adoption of the provisions of this Policy.
- **Freedom of association and collective bargaining:** the CDP Group undertakes to apply and abide by the national legislation governing first level collective bargaining agreements (CCNL - National Collective Bargaining Agreement for employees of the credit, financial and securities sector), second level agreements (Supplementary Corporate Contract) and freedom of association and collective bargaining. The CDP Group ensures that all employees have the right to form a trade union, join a trade union and carry out trade union activities in the workplace without being subjected to any form of discrimination or being treated unfairly.
- **Health and safety:** the CDP Group’s commitment to being recognised as one of the best places to work is at the very basis of what we do to protect the health and safety of our employees in the workplace<sup>3</sup>. The management of employee health and safety requires compliance with the law. This includes an appropriate risk assessment - i.e., the assessment of both internal and external risks for each position and the definition and planning of prevention and protection measures to eliminate or minimise such risks. This ensures that health and safety is constantly monitored and assessed in all work processes, including through the adoption of specific procedures and policies governing employee behaviour.

<sup>3</sup> In compliance with this principle, CDP had adopted an Employee Health and Safety Management System, certified to BS OHSAS 18001 (“Property, Facility Management, Health and Safety and Environment Regulation” of CDP).

- **Work-life balance:** the CDP Group's commitment to creating a working environment that fosters a culture of inclusion is also reflected in the efforts needed to promote the well-being of its employees and to support them in effectively managing any personal and professional challenges they face. The CDP Group supports employees and their families at various stages of their lives, offering benefits designed to improve the work-life balance.
- **Adequate remuneration:** the CDP Group ensures the competitiveness and effectiveness of remuneration, as well as transparency and internal fairness. Consequently, the principles of effective and sustainable performance and conduct are key elements of the company's remuneration policies<sup>4</sup>.
- **Training and development:** the CDP Group considers the following aspects to be fundamental: (i) the active involvement of employees in the design of their career path, taking into account organisational needs and individual expectations<sup>5</sup>; (ii) development of skills also through training courses and projects so as to support the personal growth of employees and strengthen their technical skills; (iii) development of internal skills, thus favouring mobility processes. In addition, in order to create a sustainability culture within the organisation, the CDP Group organises employee training courses and ensures a constant flow of information through the company Intranet section dedicated to the environmental and social values of sustainable development.
- **No forced labour or child labour:** the CDP Group does not use child labour or forced labour in its business practices and is fully compliant with the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labour Organisation (ILO) or, if stricter, the labour laws currently applicable in each of the countries in which it operates.

## 6.2 Environmentally-friendly workplace

Having recognised the importance of protecting the environment as a resource, the CDP Group promotes and supports the management and efficient use of resources within its premises and facilities and encourages individual behaviour that is consistent with the aim of creating value, both internally and in the communities and areas in which it operates at national and international level.

The CDP is therefore committed to reducing its ecological footprint, with reference to both the management of its premises and the behaviour of its employees, focussing on<sup>6</sup>:

- energy efficiency, adopting solutions and technologies to improve energy performance and using renewable energy sources;
- sustainable mobility, promoting the use of environmentally-friendly transport solutions;
- the progressive digitisation of company processes;
- the rational use of paper and increasing the use of recycled paper;
- the use of natural resources and gradually eliminating single-use plastic at its premises;
- reducing waste generation and focus on proper recycling and disposal of the waste generated;
- the development of further initiatives to improve the internal footprint (e.g. reducing the use of toner).

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

<sup>4</sup> Remuneration policies are regulated, on the basis of a multitude of aspects, by the following company and Group regulations: CDP Group evaluation guidelines and remuneration Policy, Regulation on remuneration and organisational aspects for workers abroad, CDP Group MBO Incentive Plan Policy, Human Resources Administration Procedure.

<sup>5</sup> *Group Policy - Job Posting.*

<sup>6</sup> For more details concerning the workplace and the assessment of the associated risks see the Group Policy - Identification of Operational Risks - Risk Self Assessment and Loss Data Collection.

## 6.3 Procurement cycle

The CDP Group recognises the great social and environmental value of its relations with suppliers and selects these through a careful screening process underpinned by the principles of cost-effectiveness, efficiency, fairness, free competition, non-discrimination, transparency, proportionality and publicity. As part of its supplier selection process, the CDP Group also undertakes to verify that suppliers respect the same values that the company applies internally in respect of diversity, fairness and inclusion.

Suppliers of the CDP Group must have adequate technical-commercial experience and, to be included in the supplier list, must demonstrate, by uploading the appropriate documentation to the portal, that they meet the specific requirements of competence and reliability in legal, economic-financial and technical-organisational terms. The CDP Group has designed its procurement process in such a way as to ensure that Italian small and medium enterprises, an important part of the Italian economy, are able to be selected as suppliers, and has set the selection requirements so as not to exclude such businesses. Regarding the social and environmental responsibility of suppliers, the associated contracts include specific clauses drafted to ensure strict observance of the regulations governing employment, protection of minors, social security, insurance and pensions, as well as a clause drafted to ensure compliance with the principles of the Group Code of Ethics and the Organisation, Management and Control Model (pursuant to Italian Legislative Decree No. 231/01). Suppliers are also required to comply in full with occupational health and safety regulations, as well as those concerning accident prevention and hygiene, and fulfil all statutory obligations concerning workers' compensation, social security, invalidity, old age, and occupational diseases and any other provisions applicable during the performance of the contract for the material protection of workers. Moreover, for suppliers that have contracts exceeding certain amounts the checks required by the anti-mafia regulations are carried out. The CDP Group does not make purchases from suppliers in countries where the freedom of association and collective bargaining is not guaranteed: its key foreign suppliers operate in countries where the main Conventions of the International Labour Organization (ILO) have been ratified and where the risk of human rights violations is low. The supplier selection approach is also designed to minimise environmental and social impacts, taking into account the market offering and existing technologies.

For more details on relations with contracted suppliers, selected by means of a tender procedure or by direct award, see the Group Code of Ethics, the Organisation, Management and Control Model (pursuant to Italian Legislative Decree No. 231/01) and the internal rules relating to procurement and relations with third parties<sup>7</sup>.

# 7. SUSTAINABILITY IN BUSINESS

## 7.1 Lending and investment activities

In line with the Strategic Plan, CDP has adopted general lending and investment policies, accompanied by specific sectoral policies that set out operational guidelines, limitations and exclusions in the main sectors of interest. The policies aim to: (i) define principles and assessment criteria able to steer lending/investment transactions in line with ESG principles and goals; (ii) identify systemic limitations and exclusions; (iii) identify the roles and responsibilities of the people involved in the processes; and (iv) place emphasis on the transparency of the approach to foster an ongoing dialogue with counterparties.

<sup>7</sup> Regulation on Procurement; Procurement Management Procedure; Group Policy - Procurement planning and management; Group Policy - Identification of Operational Risks - Risk Self Assessment and Loss Data Collection.

The abovementioned general responsible Investment and Lending Policies are annexed to this document and form an integral part thereof. The Companies subject to management and coordination will implement these in their own internal regulations, in so far as applicable to their business lines. Furthermore, incorporating sustainability into business processes involves verifying that the transactions which the CDP Group intends to carry out will achieve not only financial effects but also environmental and social outcomes, both in terms of specific, well-identified targets and in terms of their overall effects - direct, indirect and induced - on the sustainability dimensions of the projects. The effects generated by the business activities of the CDP Group must take into account the positive dimension of the impact but also any negative impacts arising from the ESG lending/investment transactions. For the above purpose, the sustainability analysis is carried out in accordance with the risk monitoring activities conducted by the competent Department, which assesses and monitors, inter alia, any potential repercussions in terms of credit risk, operational risk and reputational risk, including with specific regard to the launch of new products.

The “impact assessment” aims to create added value in multiple dimensions: (i) it fosters the creation of inside knowledge on the operations of the CDP Group and on the impacts these have on economic, social and environmental systems; (ii) it helps to improve the ability and intentionality to promote initiatives that have a higher impact, leveraging the experience gained and the results achieved; (iii) it raises stakeholders’ awareness of the CDP Group’s role and potential in terms of its ability to respond to the needs of local areas and communities, including through a shared process of identifying priorities and lines of action; (iv) it contributes to building a decision-making process able to guide shareholders in setting priorities for Italy as a whole; (v) it promotes a new approach to counterparties - both public and private - strengthening and supporting their path towards adopting the highest standards in terms of focus on sustainability.

The impact assessment follows the entire lifecycle of a transaction in an integrated manner, from the origination phase to the final measurement of the impacts generated. From this perspective, the assessment process can be separated into two distinct phases: ex-ante impact assessment and ex-post impact assessment.

The impact assessment methodology is subject to ongoing review to update, refine and align it with the progressive and constant changes made to international benchmarks. With this in mind, the CDP Group takes part in and contributes to national and international debates and working groups on the subject of impact assessments and the related methodologies. More specifically:

- the ex-ante assessment is based on a qualitative/quantitative analysis methodology that assigns a score (“Sustainable Development Assessment” - SDA) to the projects and initiatives supported by the CDP Group on the basis of the positive and negative impact they are expected to have on the sustainable development dimensions. The assessment criteria identified by the model are: (i) strategic consistency; (ii) quality of the counterparty; (iii) project technical quality and impact; and (iv) additionality;
- the ex-post assessment aims to provide evidence of the impacts of the Group’s business decisions, not only in terms of the resources deployed but also in relation to the actual ability to generate benefits for citizens, businesses and local areas and verify the achievement of the targets set. The tools used to guide decisions and monitor the outcomes are set out in the Sectoral Strategic Guidelines, which require approval by the Board of Directors.

Group companies undertake to incorporate the sustainability assessment process into their business processes in accordance with the Group’s principles and guidelines, possibly adapting the group assessment methodology to the specificities of their business, in line with the principle of proportionality, and to provide appropriate evidence of the implementation of the aforesaid activities to the relevant offices of the Parent Company, according to the methods defined by each.

The CDP Group uses the findings of the impact assessment to continuously adjust its own policies and thus ensure that its actions are increasingly in line with the ESG principles and goals.

## 7.2 Funding activities

CDP is active in financial markets with issues of medium-long term bonds and short term commercial papers placed with institutional investors. In addition to the above, CDP also issues bonds reserved for retail investors residing in Italy.

In this context, CDP's focus on funding instruments dedicated to sustainability is growing. This activity is described in "Green, Social and Sustainability Bond Framework" (CDP Framework), which defines the financing objectives linked to the issue, the allocation and reporting processes, the methodologies and the impact measurement analyses, in line with international standards<sup>8</sup>.

# 8. MONITORING AND MANAGEMENT PROCESSES

## 8.1 Monitoring

The CDP recognises the importance of having appropriate control systems in place to ensure that environmental and social performance is monitored and that any risks and negative impacts are properly identified and, if present, managed. First, second and third level monitoring processes are associated with the policies, principles and systems mentioned in this document and managed by the functions concerned.

The CDP Group uses qualitative and quantitative indicators to analyse and monitor ESG KPIs (Key Performance Indicators) and therefore provide an overview of the Group's performance in financial, social, environmental and governance terms. This activity forms part of the process of preparing the Group's Integrated Report, which includes the Consolidated Non-Financial Statement (NFS) pursuant to Italian Legislative Decree 254/2016<sup>9</sup>, drawn up according to recognised standards (e.g. GRI Sustainability Reporting Standards, International Integrated Reporting Framework)<sup>10</sup>. The information gathered is also used in management reporting and external communications, and by ESG Rating Agencies to assess CDP's position.

Environmental and social information is also gathered periodically and subject to continual screening together with the contact persons of the CDP Group. This internal process of discussion and collecting feedback is aimed at improving the Group's ability to prevent, reduce and manage possible reputational risks.

The CDP Group has mechanisms in place (e.g. reporting/Whistleblowing and customer complaints management procedures and channels) to enable stakeholders to provide feedback and report any non-compliance regarding the Group's activities, and to report any negative impact which such activities have caused or contributed to. Furthermore, the Group is committed to analysing the information received and transparently disclosing any mitigation actions taken as necessary and - where appropriate - will also provide its contribution to legitimate external processes aimed at managing and resolving potential problems.

<sup>8</sup> See, in particular: "Green Bond Principles", "Social Bond Principles" and the "Sustainability Bond Guidelines" of the International Capital Market Association (ICMA).

<sup>9</sup> The NFS is subject to limited assurance based on the applicable reference standards (ISAE 3000 Revised).

<sup>10</sup> For more information on non-financial reporting see the document "Group Process - Sustainability Reporting".

The abovementioned procedures are regularly updated to reflect the introduction and/or amendment of the relevant internal and external regulatory sources, and in the event of organisational and process changes affecting the company (e.g. entry into force of new internal frameworks, new strategic plans drawn up, development of internal improvement actions, etc.).

## 8.2 Impact management

As stated in this document, the CDP Group considers and periodically assesses its environmental impacts and any risks associated with human rights, taking into account its business activities and operations, the external setting (e.g. country risk), developments at international level (e.g. changes to laws, principles and standards) and the outcome of its stakeholder engagement activities.

In this context, in addition to preventing and limiting any negative repercussion in reputational and financial terms, the CDP Group also aims to:

- avoid causing or contributing to having caused any negative impacts through its activities, and to manage any such impacts as they arise;
- ensure that it is not complicit in human rights violations;
- prevent/mitigate any negative impacts that are directly related to its operations, products and services, by virtue of its business relationships, including where it has not directly contributed to those impacts.

Where the CDP Group realises that it has caused or contributed to having caused negative impacts reported by its stakeholders, it shall manage such situations in order to remedy the reported impacts and avoid the recurrence of situations that may lead to dissatisfaction and loss of trust in the Company, or economic and/or reputational damage<sup>11</sup>. Furthermore, the CDP Group is committed to the following principles and rights associated with all categories of stakeholders of the Group:

- **Privacy and confidentiality** - the CDP Group recognises the importance of respecting the privacy of our stakeholders and, more in general, ensuring the proper handling of confidential information concerning employees and customers, including the disclosure of such information to third parties. The Group's approach to data privacy and confidentiality is in line with the relevant local laws and regulations and applies to all types of data, regardless of the stakeholder to whom the information relates or the channels through which it was received. CDP adopts appropriate administrative, technical, physical and security systems to ensure compliance with the legal requirements and to protect personal data against loss and theft or unauthorised access, use or alteration;
- **Anti-corruption** - aware that corruption is a primary obstacle to economic and social development, the CDP Group has adopted the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001, which describes the Internal Control System in place to mitigate the risk of unlawful conduct on part of its managers/employees and/or third parties with whom CDP operates. Furthermore, CDP's Code of Ethics sets out the ethical principles and/or the rules of conduct to be followed to counter acts of corruption. Where employees or third parties, by virtue of the work they do, become aware of unlawful conduct, based on precise and concordant factual elements, they have the duty to report such conduct in the manner described in the Group Policy "Management of Whistleblowing Reports". Any breach of the principles contained in the Code of Ethics and in the 231 Model will result in the application of the Disciplinary System envisaged in the 231 Model adopted by CDP;
- **Sanctions** - with regard to high-risk counterparties, the Group is committed to ensuring compliance with all applicable regulations governing sanctions, in every jurisdiction in which it operates. Furthermore, the Group may

<sup>11</sup> For more information see also the "CDP Complaints Regulation".

decide to attribute high risk levels to certain activities (e.g. if associated with certain countries, organisations, persons, entities or assets), including where such activities are not prohibited under the applicable laws governing international sanctions;

- **Cyber Security** - like other operators worldwide, the CDP Group recognises cyber security risk as one of the most significant and complex to contain, also in view of the growing and changing implications of this risk and the related changes in internal controls to be adopted. In this regard, in order to protect the CDP Group's information assets – considered a fundamental resource for its own business and that of its customers – the Group is constantly committed to ensuring adequate levels of protection against possible cyber threats that could compromise the confidentiality, integrity and availability of information processed using IT tools by putting in place organisational, technological and process controls<sup>12</sup>.

## 9. SUSTAINABILITY GOVERNANCE: ROLES AND RESPONSIBILITIES

Thanks to a corporate governance model based on the principle of sustainable development, the CDP Group incorporates ESG dimensions into the corporate processes designed to create value for the nation. In the case of CDP S.p.A., the Governance process, as formally outlined below, ensures the collaboration of all impacted business and operating units, each within their area of responsibility:

- **Risk and Sustainability Committee:** on 24 June 2021, the Board of Directors of CDP S.p.A. extended the Committee's responsibilities to include sustainability matters and to provide support to the Board of Directors in the following activities: (i) formulation of proposals concerning the sustainability strategy; (ii) periodically defining the materiality matrix; and (iii) examining the overall structure, completeness and transparency of the Integrated Annual Report.
- **Policy, Evaluation and Advisory Department:** ensures the definition of sector investment and sustainability policies, as well as the development and acceleration of the implementation of national projects and initiatives, with particular reference to infrastructural projects, through the provision of support and economic-financial and technical-specialist advice.
- **Sector Strategy and Impact Department:** in the light of an analysis of the external environment, this Department is responsible for, among other things, helping top management establish strategies capable of strengthening the impact of the CDP Group's actions on the country's economy, the environment, long-term sustainability, regional planning and the quality of life of the population, and for measuring said impact ex post.
- **Communications, External Relations and Sustainability Department:** this Department is responsible for, among other things, ensuring the development, management and promotion of measures designed to strengthen the Group's sustainability credentials, monitoring and reporting on ESG indicators, managing ratings and ESG indices, and managing relations with stakeholders with regard to matters of sustainability.
- **Risk Department:** manages, in coordination with the competent Risk functions at company and Group level, the definition, selection and implementation of models, methodologies and instruments for the assessment of emerging risks, in particular ESG risks.
- **Internal Audit Department:** ensures, as a Level III control function, the proper functioning, effectiveness and efficiency of the corporate processes regulated in the policies mentioned in this document, in accordance with the risk-based annual audit plan.

Companies subject to management and coordination operate in compliance with the Framework, taking into account the principle of proportionality and, where necessary, supported by the Parent Company.

<sup>12</sup> See Regulation on Corporate Asset Security Management. Cyber security risks are also covered in the Group Policy - Identification of Operational Risks - Risk Self Assessment and Loss Data Collection.

## 10. TRANSPARENCY AND ACCOUNTABILITY

The CDP Group is committed to monitoring and transparently reporting its performance in the areas set out in this Policy, through:

- the publication of the ESG plan and the sustainability policies adopted;
- the annual publication of the Group Integrated Report, including the Consolidated Non-Financial Statement (NFS) pursuant to Legislative Decree no. 254/2016<sup>13</sup>, drawn up according to recognised standards (e.g. GRI Sustainability Reporting Standards, International Integrated Reporting Framework)<sup>14</sup>;
- the periodical update of the corporate website, with information on activities and its commitments to society and the environment.

## 11. INFORMATION FLOWS TO THE PARENT COMPANY

In order to allow the Parent Company to exercise its powers of management and coordination and to conduct the appropriate checks with regards to the proper implementation of the instructions provided, the Group Companies shall send appropriate information flows to the competent functions of the Parent Company, according to the methods defined by each, to confirm that they have completed the activities set out in this Group Policy and have exercised their management and coordination powers in respect of their unlisted subsidiaries.

## 12. GLOSSARY

- **Cassa Depositi e Prestiti S.p.A.:** hereinafter also “CDP” or “the Parent Company”;
- **Environmental, Social and Governance (ESG):** the environmental, social and governance factors which qualify a financial activity as sustainable;
- **Gruppo CDP:** Cassa Depositi e Prestiti S.p.A. and Companies subject to management and coordination by CDP S.p.A. pursuant to Articles 2497 et seq. of the Italian Civil Code;
- **GRI Sustainability Reporting Standards (GRI Standards):** global standards of reference for reporting on an organisation/company’s sustainability performance, developed by a group of experts of the Global Sustainability Standards Board (GSSB) and formally launched on 19 October 2016. These standards update and replace the previous guidelines (GRI G4 Guidelines);
- **Materiality Matrix:** matrix to be prepared according to the guidance 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 to the CDP Group and its stakeholders;
- **Non-Financial Statement:** statement drawn up pursuant to Italian Legislative Decree 254/16 containing, at a minimum, information about the environment, social issues, staff, human rights and the fight against active and passive corruption which is relevant to the activity and characteristics of the company;
- **Sustainable Development Goals (SDGs):** 17 goals agreed by the United Nations that aim to achieve a total of 169 targets relating to economic and social development and environmental protection, including poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, urbanisation, the environment and social equality.

<sup>13</sup> The NFS is subject to limited assurance based on the applicable reference standards (ISAE 3000 Revised).

<sup>14</sup> For more information on non-financial reporting see the document Group Process - Sustainability Reporting.



- **UN 2030 Agenda:** plan of action 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) in a major agenda for action with a total of 169 targets;
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## 13. ANNEXES

The following documents are available on CDP's corporate website:

- CDP General Responsible Lending Policy
- CDP General Responsible Investment Policy
- CDP General Diversity, Fairness and Inclusion Policy
- CDP Energy Sector Policy