

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Social Bond (the "Bond") considered to be issued by Cassa depositi e prestiti ("CDP", the "Issuer"), according to Vigeo Eiris' Environmental, Social and Governance (ESG) assessment methodology, aligned with the Social Bond Principles voluntary guidelines.

The opinion is based on the review of the two following components:

- Issuer: document-based evaluation of CDP's ESG performance, controversies and capacity to mitigate associated risks.
- Issuance: analysis of the coherence of the Bond framework with CDP's strategy and commitments, and document-based evaluation of the Bond framework, including:
 - ▶ Analysis of the process for categorisation and selection of projects eligible to the use of proceeds, and the process for evaluation of their environmental and social risks and impacts.
 - ▶ Assessment of the reporting systems dedicated to information, monitoring and control related to fund allocation, management and impacts of financed projects.

Vigeo Eiris' sources of information are gathered from our rating database, CDP, press content providers and stakeholders, complemented by interviews with involved managers, held at the CDP's offices in Rome (Italy). Vigeo Eiris has carried out its due diligence from September 15th to October 30th 2017.

We were able to access all appropriate documents and to meet all solicited people. We consider that the provided information enables us to establish our opinions with a reasonable level of assurance on their completeness, precision and reliability.

VIGEO EIRIS' OPINION

Vigeo Eiris confirms that the Bond intended by CDP is a "Social Bond" with positive contribution to sustainable development, aligned with the Social Bond Principles.

Vigeo Eiris reaches a reasonable³ level of assurance on the Bond's contribution to sustainability:

- **Issuer:** CDP displays an overall good ESG performance (see Part I).
 - ▶ CDP achieves an advanced performance for its Social pillar, a good performance in the Governance pillar, while the Environmental domain remains limited.
 - ▶ Vigeo Eiris' assurance that ESG risk factors of CDP are adequately managed is overall reasonable, including reputational, human capital and operational risks.
 - ▶ CDP is not involved in any stakeholder-related ESG controversy⁴ within Vigeo Eiris' analysis scope.
 - ▶ Regarding the 15 controversial activities analysed by Vigeo Eiris⁵, and based on an estimation of the level and type of company involvement, CDP has minor indirect involvements in the Fossil Fuels, Chemicals of concern, Nuclear energy, Alcohol, Military and Genetic engineering industries.

¹ Second Party Opinion – Social Bond Principles: This opinion is to be considered as the "Second Party Opinion" described by the Social Bond Principles (2017 edition in the 'External Review' section). The Social Bond Principles include the Voluntary Process Guidelines for Issuing Social Bonds (see: <https://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-social-and-sustainability-bonds/>).

² The "Social Bond" is to be considered as the potential forthcoming Bond, which issuance is subject to market conditions.

³ Definition of Vigeo Eiris' scales of assessment (as detailed on the last page of this document):

Level of Performance: Advanced, Good, Limited, Weak.

Level of Assurance: Reasonable, Moderate, Weak.

⁴ The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of CDP or its financial obligations.

⁵ The 15 controversial activities analysed by Vigeo Eiris are: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear power, Pornography, Reproductive medicine, and Tobacco. The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

- **Issuance:** The Issuer's Social Bond framework is coherent with CDP's main ESG strategic priorities and is considered to be good (see Part II):
 - ▶ The net proceeds of the Bond will be used to finance and refinance Eligible loans, which contribute to support Italian SMEs located in deprived areas, in line with one United Nations Sustainable Development Goal. Expected benefits associated with the Eligible loans are visible, measurable, relevant and precise.
 - ▶ The processes for categorisation, evaluation and selection of Eligible loans are clearly defined, made publically available on CDP's website⁶, and good in terms of transparency, governance and relevance of defined process and eligibility criteria.
 - ▶ The rules for the management of proceeds are clearly defined by the Issuer and would enable a documented and transparent allocation process, based on good management of proceeds commitments.
 - ▶ The Issuer is committed to report annually, publically and until the net proceeds are fully allocated. The reporting commitments and process are good, covering the fund allocation and social benefits of selected projects, reaching an overall reasonable level of assurance on the Issuer's capacity to report on the Social Bond's use and impacts.

Beyond the Social Bond Principles guidelines, in line with international standards, we have recommended to include in the future conditions regulating the Liquidity Platforms some ESG criteria the SMEs shall fulfil to benefit of CDP's funds.

EXTERNAL REVIEW

CDP's Social Bond issuance is supported by external reviews, provided by:

- Consultant review: the pre-issuance sustainability consultant review, i.e. the hereby Second Party Opinion performed by Vigeo Eiris, on the sustainability credentials of the Social Bond, based on pre-issuance commitments and covering all bond dimensions, i.e. Issuer's sustainability profile and commitments related to the issuance (use of proceeds, evaluation, selection and allocation processes and reporting).
- Consultant review – revisions: on the first anniversary of the Social Bond issuance, Vigeo Eiris, the Second Party Opinion provider will review the compliance of Eligible loans with the Eligibility Criteria as well as the allocation process.

This Opinion is valid as of the date of issuance limited to CDP's 2017 first Social Bond.

Milan, November 2nd 2017



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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has never executed any audit mission nor consultancy activity for CDP until so far and no established relationship (financial or other) exists between Vigeo Eiris and CDP.

This opinion aims to explain for investors why the Social Bond is considered as sustainable and responsible, based on the information which has been made available to Vigeo Eiris and which has been analyzed by Vigeo Eiris. Providing this opinion does not mean that Vigeo Eiris certifies the materiality, the excellence or the irreversibility of the projects financed by the Social Bond. CDP is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris focuses neither on financial performance of the Social Bond, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of CDP or its financial obligations

Restriction on distribution and use of this Opinion: the opinion is provided by Vigeo Eiris to the Issuer and can only be used by the Issuer. The distribution and publication is at the discretion of the Issuer, submitted to Vigeo Eiris approval.

⁶ <https://en.cdp.it/investors>.

DETAILED RESULTS

Part I. ISSUER

CDP's ESG performance level

As of October 2017, CDP's overall approach to manage ESG related issues is good.

Domain	Comments	Opinion
Environment	<p>CDP displays a limited performance in the Environment domain.</p> <p>CDP commits to considering environmental factors in investment strategies and credit risk assessment and reducing its own direct environmental impacts. A process is currently in place for the adoption of corporate environmental standards to be applied to lending and financing processes, aimed at systematizing the current climate-related investments. For specific projects, CDP adopts ad hoc policies.</p> <p>At this regard, CDP set up dedicated financing channels to support the energy transition. In particular, CDP invests in several climate-related investments promoting sustainable and environment-positive development, such as the Sustainable Growth Fund; Kyoto Fund; Low environmental impact vehicles Fund; Ministry of the Environment and Land and Sea Protection (MATTM) Fund; 2020 European Fund for Energy, Climate Change and Infrastructure; the European Energy Efficiency Fund on energy saving initiatives.</p> <p>Regarding its direct impacts, CDP holds an ISO 14001 certification (98% of personnel is covered) and provides training to its employees. Reporting presents room for improvement since there is not yet public disclosure on data.</p>	Advanced
		Good
		Limited
		Weak
Social	<p>CDP obtains an advanced performance in the Community Involvement domain. The Issuer formalised its commitment to promote social and economic development in its Code of Conduct and in its 2016-2020 Business Plan. It allocates resources to support SMEs and the access to basic services, with the amount of assets allocated to economic and social development displaying an increasing trend over the past 5 years.</p> <p>In terms of Business Behaviour, CDP performance is good, having adopted a formalised commitment to responsible relations with customers in its Code of ethics, including non-discrimination and equal treatment of clients and transparency of the processes. A complaint management system is in place.</p> <p>CDP's performance in the Human Resources domain is advanced. Social dialogue is implemented and there is a dedicated structure to deal with employees' representatives. Training is considered as a key element in employees' management (Skills enrichment is part of the 2016-2020 Business Plan), as well as regular performance assessment interviews. Finally, CDP obtained an OHSAS 18001 certification.</p> <p>In the Human Rights domain, the Issuer seems not to have adopted its own policies and measures to assess human rights risks. Regarding its portfolio management, CDP adopts ad hoc policies. With regard to non-discrimination, the Code of Conduct, where the commitment is formalised, is part of a training programme mandatory for all employees.</p>	Advanced
		Good
		Limited
		Weak
Governance	<p>CDP achieves a good performance in terms of business ethics. In conformity with the Italian Legislative Decree 231/2001, CDP Code of ethics and its Principles of the Compliance System, CDP established an Anti-Money Laundering Unit which, along with the Chief Audit Officer, is in charge of compliance with business ethics-related regulation and which can be contacted by employees confidentially. Under the obligation of keeping customer records, CDP activated KYC procedures. Finally, CDP displays a good performance on transparent influence strategies thanks to a formalized commitment and the disclosure of information about its lobbying activities in the EU Register of Interest Representatives.</p> <p>In terms of Corporate Governance, CDP's performance is good even if room for improvement is present in terms of transparency and reporting on CSR-key material issues. The department "Group Identity & Communications & Sustainability" has the ownership of the activities related to CSR.</p> <p>A corporate governance framework is in place, covering most of the relevant features: interaction between shareholders and board (conflict of interests), organization of the Board and its functioning, definition of the company's risk profile (risks mapping and management), executive remuneration policy. The majority of Board members are non-executive directors and the company's internal controls system covers the standard issues related to financial, operational, and legal risks. Regarding variable remuneration and the economic performance of the company, predetermined economic and operational performance indicators are present, but these are not disclosed.</p>	Advanced
		Good
		Limited
		Weak

Stakeholder-related ESG controversies and Involvement in controversial activities

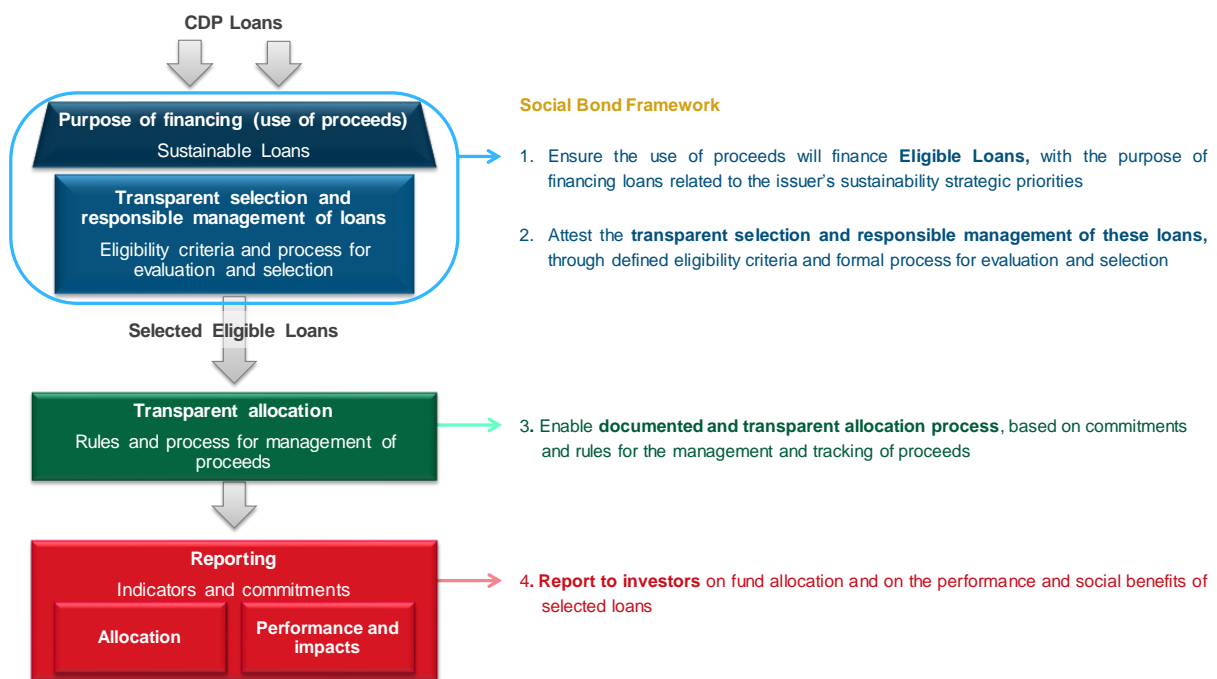
As of October 30th 2017, CDP is not involved in any controversy. Thus, Vigeo Eiris does not express any assessment on CDP's ability to mitigate ESG controversy risk.

Regarding the 15 controversial activities analyzed by Vigeo Eiris, and based on an estimation of the level and type of company involvement, CDP, because of its role as a major shareholder in large Italian enterprises and given that the ownership of these stakes is not instrumental to the core activity of CDP, is indirectly involved in the following:

- Fossil fuels: CDP's level of involvement in Fossil Fuels is minor. Vigeo Eiris estimates that the Issuer derives 0-10% of its turnover from this controversial activity, through its 26% stake in Eni, an energy company operating in the exploration, development and extraction of oil and natural gas.
- Chemicals of concern: CDP's level of involvement in Chemicals of concern is minor. CDP holds 26% of Eni, an energy company operating in the exploration, development and extraction of oil and natural gas. Eni also operates in the chemical industry through Versalis and provides chemicals subject of controversy such as Bisphenol A, phenols or PVC.
- Nuclear energy: CDP's level of involvement in Nuclear energy is minor. Vigeo Eiris estimates that the Issuer derives 0-5% of its turnover from this controversial activity. This turnover is derived from major nuclear parts and services: through its controlled company CDP Equity, CDP holds a 60% stake in Ansaldo Energia, a company operating in the power generation industry, servicing and working in the nuclear energy sector.
- Alcohol: CDP's level of involvement in Alcohol is minor. Vigeo Eiris estimates that the Issuer derives 0-5% of its turnover from this controversial activity, through FSI Investimenti (controlled at 77% by CDP Equity), holding 28% of Inalca Food and Beverages, which sells alcoholic beverages such as wine, beer or liquor.
- Genetic engineering (GMO): CDP's level of involvement in Genetic engineering is minor. Through FSI Investimenti (controlled at 77% by CDP Equity), CDP holds 28% of Inalca Food and Beverages, which sells food products potentially containing GMOs and does not appear to have adopted any policy to avoid or to label products containing GMOs.
- Military: CDP's level of involvement in Military is minor. Through Fintecna, CDP holds 72% of Fincantieri, a shipbuilding company operating in the naval vessels sector.

CDP is not involved in any of the 10 other controversial activities analyzed by Vigeo Eiris, namely: Animal welfare, Civilian firearms, Coal, Tar sands and oil shale, Gambling, High interest rate lending, Pornography, Reproductive medicine, and Tobacco.

Part II. ISSUANCE



Coherence of the issuance

CDP’s Social Bond framework is coherent with the organization’s main ESG strategic priorities, and contributes to the achievement of its commitments and objectives. Vigeo Eiris has a reasonable level of assurance of CDP’s capacity to integrate relevant issues in terms of social responsibility in the selected project management.

CDP is the National Promotional Institution, with the public mandate to support the growth of the Italian economy and invest in the competitiveness of the country.

The CDP’s commitment is highlighted in the company’s By-laws, Code of Ethics and Corporate Governance and Responsible Investment Principles.

- By-laws: “The corporate objective of the Company is: ... Investments in research, development, innovation, protection and leveraging of cultural assets, promotion of tourism, environment and energy efficiency, green economy....”.
- Code of Ethics: “CDP and the coordinated companies act with full awareness of our role at the service of the country. We assess the economic, social and environmental impact of our actions from a long-term perspective ... We recognize the importance of protecting the environment as a primary good and are committed to promoting the rational use of resources in CDP and in the coordinated companies and devoting attention to finding innovative solutions for saving energy.”
- Corporate Governance and Responsible Investment Principles, covering the following topics: i) Shareholders responsibility and rights; ii) Corporate Governance Structure; iii) Remuneration; iv) Reporting, accounts and audit; v) Sustainable Business Practices; vi) Engagement and Communication.

The 2016-2020 Business Plan has further fostered CDP commitment towards sustainable development. The CDP’s Social Bond Framework appears to be one of the tools to fulfill the Business Plan targets.

Use of proceeds

Vigeo Eiris estimates that the definition of the Eligible loans is clear and that the expected social benefits associated with the Eligible loans are visible, measurable, relevant and precise.

Vigeo Eiris considers that the Eligible loans’ contribution to sustainable development is positive, due to described expected social benefits associated with Eligible loans on socioeconomic advancement and access to credit.

The net proceeds of the Social Bond will be used to finance and refinance, in whole or in part, Eligible loans included in one Eligible category:

- SMEs financing for (i) supporting Italian employment, (ii) Italian economic growth through the support of areas and populations in Italy affected by natural disasters and (iii) economically underperforming Italian regions.

Disbursements include past and future disbursements corresponding to on-going and future loans for target SMEs located in Italy.

The definition of the Eligible category, related objectives and expected social benefits have been evaluated in the table below:

Eligible category	CDP’s description		Vigeo Eiris’ comments	
	Definition	Objectives	Sustainability benefits	Analysis
SMEs financing	SMEs financing for (i) supporting Italian employment, (ii) Italian economic growth through the support of areas and populations affected by natural disasters or (iii) economically underperforming Italian regions	<ul style="list-style-type: none"> • Socioeconomic advancement and empowerment • Access to financing and financial services • Employment support including through the potential effect of SME financing and microfinancing 	<p>Socioeconomic advancement GDP per capita</p> <p>---</p> <p>Access to credit New lending to SMEs</p>	The definition is clear and the content is relevant, in line with CDP’s strategy. The objectives are visible, relevant, measurable and precise.

For a more precise description of the Eligible category, we have recommended the adoption of quantitative targets.

Vigeo Eiris considers that the Eligible loans align with one of the 17 United Nations Sustainable Development Goals (UN SDG), namely SDG 8: Decent work and economic growth.



The UN SDG 8 consists in promoting inclusive and sustainable economic growth, employment and decent work for all with targets on the encouragement of formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. By using the Social Bond proceeds to (re)finance defined Eligible loans, the Issuer is contributing to the UN SDG 8, with regards to the above-mentioned target.

Process for loans evaluation and selection

Vigeo Eiris considers that the evaluation and selection process of the Eligible loans is clearly defined.

The process for project evaluation and selection is good, regarding the transparency, governance and relevance of the defined internal process and eligibility criteria, aligned with the Social Bond Principles guidelines.

The Issuer is committed to attest the transparency and efficiency of selection process and the responsible management of the proceeds, through defined eligibility criteria as reported within the existing Social Bond framework, which have been evaluated by Vigeo Eiris using our evaluation methodology based on international and sectors standards, aligned with the Social Bond Principles guidelines.

The evaluation and selection process is clearly defined, formalized and publically available. It is based on relevant internal expertise and internal roles and responsibilities are well-defined:

- CDP has set up an *ad hoc* Social Bond Working Group composed by representatives from several functions across the organization:
 - Finance department
 - Business department
 - Investor Relations department
 - Corporate Social Responsibility department.
- The Social Bond Working Group has defined the evaluation and selection criteria and will oversee the Social Bond framework implementation and evolution in order to consider potential new Eligible categories.

The process relies on relevant selection and exclusion criteria. In particular:

- The loans shall be selected among those issued through the Liquidity Platforms operating under agreements with the Italian Banking Association, which requires that the beneficiaries of the loans shall be SMEs, as defined in the agreements (i.e. autonomous enterprises that employ fewer than 250 persons).
- Furthermore, additional criteria shall be satisfied:
 - The SMEs shall be located in Italian deprived areas which either are:
 - regions with the level of GDP (gross domestic product at market prices per inhabitant) lower than the national average (reference data from Istat statistical data, annual edition) or
 - recognized by the State through a law as an area affected by natural disasters (e.g. heart quakes).
 - SMEs involved in a defined list of controversial business activities (both manufacturing and distribution) are excluded from receiving loans within the existing Social Bond framework. Excluded sectors are: tobacco, mining of non-ferrous metal ores, uranium and enriched thorium, armament, explosives, alcohol, gambling and betting. The selection of Eligible loans will be based on the Italian ATECO Codes adopted by SMEs, equivalent to the European NACE Codes.
 - In addition, loans must be exclusively devoted to working capital and new investments and not used for debt restructuring.

Beyond the Social Bond Principles guidelines, in line with international standards, we have recommended to include in the future agreements with the Italian Banking Association related to the Liquidity Platform some ESG criteria the SMEs shall fulfil to benefit of CDP's funds.

Management of proceeds

Vigeo Eiris considers that the Issuer's rules for management of proceeds are clearly defined and would enable a documented and formalized transparent allocation process.

The net proceeds and unallocated funds of the bond will be managed within CDP liquidity portfolio, in a current account held with the Italian State Treasury. Unallocated funds will be invested in accordance with CDP's risk rules in money market activity such as, for example, marketable securities.

Under the supervision of the Social Bond Working Group, the "Loan Portfolio Management" Area will ensure an accurate allocation of proceeds. It will be in charge of the annual review of SME loans funded through the Liquidity Platforms, identifying loans that meet the eligibility criteria and allocating the bond proceeds from the treasury to these loans.

If there are any early loan repayments, or loans that mature before the maturity of the bond, or beneficiaries fail to respect Eligibility criteria, the proceeds from the Social Bond will be re-allocated towards alternative Eligible loans.

Monitoring & Reporting

The process for data collection, consolidation and reporting has been clearly defined in the Social Bond framework, including relevant people from across CDP.

The reporting commitments of the Issuer align with the Social Bond Principles, covering both fund allocation and social benefits of financed loans.

Vigeo Eiris considers that CDP's overall reporting commitments are good, leading to a reasonable level of assurance on its capacity to regularly report on the Social Bond use of proceeds and environmental benefits.

The Issuer commits to transparently report on the Social Bond, annually and until the full allocation of the proceeds, on:

- Use of proceeds

Reporting indicators at Bond level
<ul style="list-style-type: none"> - Total amount of proceeds allocated - Proceeds allocation by region and sector of activity - The balance of unallocated cash and/or cash equivalent still held by the Issuer

- Social benefits: annual estimates aggregated at category level and per geographic area

Outputs reporting indicators	Impacts reporting indicators
<ul style="list-style-type: none"> - Number of SMEs financed 	<ul style="list-style-type: none"> - Estimation of the number of employees of the financed SMEs

The Issuer has identified reporting indicators and calculation methodologies will be defined and made publically available on the Issuer website for each reporting.

Regarding Use of proceeds reporting, we have recommended reporting on the allocation between financing and refinancing (i.e. share of refinancing). Regarding monitoring and reporting on ESG management (i.e. additional ESG indicators), we have recommended to reinforce the data collection of indicators useful to assess the impacts generated.

For all Eligible loans, the Issuer may integrate additional qualitative or quantitative indicators as considered appropriate to disclose relevant performances or details on project management and benefits. Some case studies will be presented to highlight the qualitative impacts of CDPs' lending on SMEs.

The report will be published within one year from the date of the issuance of Social Bond issuance and annually thereafter, including calculation methodologies, at least until the full allocation of the proceeds. CDP's annual Social Bond reporting will be made available on CDP's website (<https://en.cdp.it/investors>).

On the first anniversary of the Social Bond issuance, Vigeo Eiris, as the Second Party Opinion provider, will review the compliance of Eligible loans with the Eligibility criteria as well as the allocation process. This report will be made public on CDP's website <https://en.cdp.it/investors>.

METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organization, activity or transaction. In this sense, Vigeo Eiris writes an opinion on the Issuer's Corporate Social Responsibility as an organization, and on the objectives, management and reporting of the projects to be (re)financed by this transaction.

Vigeo Eiris' methodology to define and to assess corporate's ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behavior and Corporate Governance. The evaluation framework has been customized regarding material issues, based on the *Specific Purpose Banks & Agencies* assessment framework, projects specificities and emerging issues.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources will be considered as long as they are public, documented and traceable. Vigeo Eiris has reviewed documents and websites of the Issuer (2016-2020 Business Plan, Credit Policy, D.L. 30/09/2003, n. 269, Principles for Corporate Governance and Responsible Investments, CDP-ABI Agreement August 5th 2014 about the Liquidity Platforms), related to the Bond evaluation and interviewed members from several departments of the Issuer.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, internal review by the audit department for second party opinions) complemented by a final review and validation by the Direction of Methods. A right of complaint and recourse is guaranteed to all companies under our review, including three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council. All collaborators are signatories of Vigeo Eiris' Code of Ethics.

Part I. ISSUER

NB : The Issuer performance, i.e., commitments, processes, results of the Issuer, related to ESG issues have been assessed through a complete process of rating and benchmark developed by Vigeo Eiris Rating. Furthermore, this assessment has been completed by Vigeo Eiris Enterprise based on additional public information and stakeholders' views and opinion collected from public documentation.

Level of the Issuer's ESG performance

CDP has been evaluated by Vigeo Eiris on its Corporate Social Responsibility (CSR) performance, based on 16 relevant ESG drivers organized in the 6 sustainability domains. CDP's performance has been assessed by Vigeo Eiris on the basis of its:

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders feedbacks and controversies.
 - Scale for assessment of ESG performance: Advanced, Good, Limited, Weak.

Stakeholder-related ESG controversies and involvement in controversial activities

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation on unproven facts.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Severity: the more a controversy will relate to stakeholders' fundamental interests, will prove actual corporate responsibility in its occurrence, and will have adverse impacts for stakeholders and the company, the highest its severity. Severity assigned at corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non Communicative).
- Frequency: reflects for each ESG challenge the number of controversies faced. At corporate level, this factor reflects on the overall number of controversies faced and scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

In addition, 15 controversial activities have been analysed following 30 parameters to verify if the company is involved in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The precise nature of the controversial products or services provided by the company.

Part II. ISSUANCE

The Social Bond framework has been evaluated by Vigeo Eiris according to the Social Bond Principles and our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The use of proceeds requirements are defined to ensure that the funds raised are used to finance and/or refinance an Eligible Projects and are traceable within the issuing organisation. Each Project endorsed shall comply with at least one of the Eligible Projects category definition in order to be considered as an Eligible Project. Vigeo Eiris evaluates the relevance, visibility, and measurability of the associated environmental and/or social objectives. The sustainability purpose of the Social Bond related Eligible Projects has been precisely defined, with regard to the Issuer's commitments, and assessed based on the described and estimated benefits of Eligible Projects. The contribution of Eligible Projects to sustainable development is evaluated based on the United Nations Sustainable Development Goals.

Process for project evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding its transparency, governance and efficiency. The relevance and exhaustiveness of selection criteria and associated supporting elements integrated in the Social Bond framework, and the coherence of the process are analysed based on material issues considered in Vigeo Eiris' methodology.

Management of proceeds

The rules for the management of proceeds and the allocation process have been evaluated by Vigeo Eiris regarding their transparency, coherence and efficiency.

Reporting

Reporting indicators, processes and methodologies are defined by the Issuer to enable annual reporting on fund allocation, social benefits (output and impact indicators) and on the responsible management of the Eligible Projects financed by the Social Bond proceeds, collected at project level and potentially aggregated at Bond level. Vigeo Eiris has evaluated the relevance of the reporting framework according to three principles: transparency, exhaustiveness and effectiveness.

- Scale of assessment for processes and commitments: Weak, Limited, Good, Advanced.
- Scale of level of assurance on Issuer's capacity: Reasonable, Moderate, Weak.

VIGEO EIRIS' ASSESSMENT SCALES

Performance evaluation	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.

Level of assurance	
Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework



vigeo eiris
Rating

vigeo eiris
Enterprise

Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates. The agency evaluates the level of integration of sustainability factors into organizations' strategy and operations, and undertakes a risk assessment to assist investors and companies' decision-making

Vigeo Eiris offers two types of services through separate business units

- ▶ **Vigeo Eiris rating** offers databases, sector-based analyses, ratings, benchmarks and portfolio screening, to serve all ethical and responsible investment strategies.
- ▶ **Vigeo Eiris enterprise** works with organisations of all sizes, from all sectors, public and private in order to support them in the integration of ESG criteria into their business functions and strategic operations.

Vigeo Eiris methodologies and rating services adhere to the strictest quality standards and have been certified to the independent ARISTA® standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Milan, Montreal, Santiago, Stockholm and Tokyo and has a team of 200. The agency works with partners through its Vigeo Eiris Global Network.

For more information: www.vigeo-eiris.com