

GENERAL RESPONSIBLE LENDING POLICY



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1. INTRODUCTION AND PURPOSES OF THE DOCUMENT

Cassa Depositi e Prestiti S.p.A. (CDP) plays a significant role in the allocation of financial resources in sectors, companies and projects, with a view to creating additionality with respect to other financial market operators, and thus generating a multiplier effect of resources. This is also due to its role as National Promotional Institution, which makes it a privileged contact of the Public Administration for the use of Italian and European funds, and a catalyst for the financial resources of other public and private entities.

The progressive expansion of CDP's role and operations, reflected in the 2021 amendment to the Articles of Association¹, makes it necessary to adopt precise guidelines to steer activities on projects and interventions that can guarantee a greater positive impact on the development of Italy and its partner nations.

An increasing attention to sustainability issues in relation to environmental, social and governance aspects (ESG principles) is becoming more established globally. These principles may be used to qualify the impact of CDP's projects and interventions, promoting a paradigm shift that can give rise to a new phase of development, upholding the well-being of present and future generations.

In this context, the main National Promotional Institutions and major credit institutions at European level have adopted specific rules to guide their financing and investment decisions in order to generate an appreciable impact at an economic, social and environmental level.

In addition, the increased attention by regulators², standard setters³ and raters⁴ (ESG driving forces), and in compliance with its regulatory and statutory rules, has persuaded CDP to direct its strategic and operational stance towards transactions that can contribute to underpinning sustainability objectives consistent with the United Nations Sustainable Development Goals⁵ and Italy's international commitments, in order to generate a benefit for the community as a whole.

In line with its strategic guidelines and with particular reference to sustainability issues and ESG aspects, this general lending policy defines the principles and criteria that CDP is to apply in its financing activities (where aligned with the other sectoral strategic priorities defined in the 2022-2024 Plan). The principles and criteria defined in this policy supplement the provisions of the current legislation on the risks associated with financing activities, and in particular the Risk Policy, the documents associated with it, the Credit Risk Policy and the other relevant company regulations.

As part of its institutional mission to support policies to encourage and foster Italy's economic development, CDP is also called upon to manage, through specific regulatory provisions, third-party funds (e.g. resources of government ministries). The activity relating to this area is carried out in compliance with the regulatory constraints in force, the guidelines of the institutions concerned and in line with this document.

¹ Introduction of the principle of sustainable development: "The company's corporate purpose, in pursuing long-term economic, social and environmental sustainability to the benefit of shareholders and taking account of the interests of other stakeholders relevant to the company, is..."

² In this regard, see, inter alia, the Bank of Italy's 'Expectations for monitoring climate and environmental risks', which contain general indications regarding the integration of climate and environmental risks into company strategies, governance and control systems, risk management frameworks and the disclosures of supervised banking and financial intermediaries.

³ Standard setters include, but are not limited to: UN Global Compact, International Sustainability Standards Board, Integrated Reporting Council, Sustainalytics

⁴ Raters include, but are not limited to: ISS-ESG.

⁵ <https://unric.org/it/agenda-2030/>

This document describes:

- the reference context (paragraph 2);
- the scope of application (paragraph 3);
- the objectives and areas of focus of the financing activities (paragraph 4);
- systematic exclusions (paragraph 5);
- the methodological approach to the assessment of individual transactions (paragraph 6);
- the roles and responsibilities of the parties involved in the assessment process (paragraph 7);
- how transparency and accountability are ensured (paragraph 8).

This document is subject to periodic review, partly (but not exclusively) to reflect regulatory and legislative developments, and changes to the context of reference and consequent revisions of the CDP strategy. In any case, this document is reviewed every 3 years.

This lending policy, where appropriate, should be read in conjunction with other policies, in particular sectoral ones, and relevant company regulatory texts.

2. REFERENCE CONTEXT

2.1 External regulatory and legislative context

With the ratification of the UN 2030 Agenda for Sustainable Development, signed in September 2015 by Italy, together with the governments of 192 other countries, the international community has overtly expressed a clear assessment on the unsustainability of a development model exclusively based on economic objectives, that fails to take account of environmental and social objectives.

The 2030 Agenda and its implementation through the 17 Sustainable Development Goals (SDGs) represents a major challenge for countries which committed to actively contribute to this development path.

In addition, the United Nations has launched the UN Global Compact initiative to encourage corporations around the world to adopt sustainable policies, while respecting corporate social responsibility, and to publicise the results of actions taken to this end.

In this context, the Conferences of the Parties (COPs)⁶ have assumed an increasing role in international debate on combating climate change: starting with the adoption in 2015 of a universal and legally binding climate agreement during COP21 in Paris, renewed in 2021 with the Climate Pact during COP26 in Glasgow.

The European Union is strongly committed to defining and issuing, at Community level, 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, primarily the European Taxonomy that entered into force on January 1, 2022.

Lastly, Italy has also established areas of intervention at a country level aimed at developing and strengthening sectors and spaces considered strategic and in line with objectives of socio-economic, environmental and digital transition defined by

⁶ <https://unfccc.int/process/bodies/supreme-bodies/conference-of-the-parties-cop>

the 2030 Integrated National Energy and Climate Plan (PNIEC), the Circular Economy Package⁷ and the 2026 Digital Italy Plan and more. With the definition of the National Recovery and Resilience Plan (so-called PNRR), moreover, Italy has adopted extraordinary measures, also launched at European level, to fill the structural economic gaps, aggravated by the COVID-19 pandemic.

2.2 Main associated internal regulatory framework

The company regulatory sources, in addition to this document, within which CDP establishes and recognises the ESG principles as fundamental values are:

- Articles of Association;
- Code of Ethics;
- Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001;
- Sustainability Framework;
- Regulation on the Assessment of Sustainability in the sphere of International Cooperation.

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

3. SCOPE OF APPLICATION

3.1 Scope by type of counterparty and operation

The scope of application of this document refers to the operations of CDP, in relation to its own resources, in relation to the structuring of new lending operations, in any form permitted by current provisions, and renewal operations. It does not apply to the assumption and management of risks deriving from the use of equity or other forms of financing other than credit as set out in the general responsible investment policy.

The lending activity can be divided into four types of business lines depending on the nature of the counterparties:

- Public counterparties (State, Regions, Local Authorities, Public Bodies and public-law bodies): the loans are granted mainly in order⁸ to promote investments of public interest, mostly in the form of public works projects or investment programmes.
- Direct private counterparties (companies and other private entities): the loans, granted in any technical form, are aimed at supporting, inter alia, operations of public interest or in sectors of general interest, the construction of works, plants and networks for initiatives of public utility and investments in a large number of industrial sectors. Said initiatives are largely, but not exclusively, aimed at the support of research and development, innovation, energy efficiency, the promotion of sustainable development, the environment and the green economy, as well as, for example, to support exports and internationalisation.

⁷ https://temi.camera.it/leg18/post/OCD15_14155/pubblicati-i-decreti-sull-economia-circolare.html

⁸ CDP also makes cash advances, through Poste Italiane, with the aim of compensating for temporary liquidity shortages to make payments by the Public Entity, pending the generation of ordinary income.

- Indirect private counterparties (companies and other private entities): the loans aim to facilitate access to credit and support the growth of counterparties through the intermediation of financial institutions authorised to operate in Italy or through alternative finance operations (e.g. Basket Bonds), by way of complementing traditional bank credit.
- Companies, Private and Public Financial Institutions⁹ and Sovereign Entities¹⁰ in the context of international cooperation and international agreements on global public goods: the loans are aimed at: (i) interventions defined according to thematic priorities identified in the three-year development cooperation policy programming and guidance document, such as, for example, growth and employment, infrastructure, agriculture, immigration, health, education and mitigation and adaptation to climate change in Developing Countries, in coordination with the other main Italian cooperation actors, such as the Ministry of Foreign Affairs and International Cooperation (MAECI), the Italian Agency for Development Cooperation (AICS) and the Ministry of Economy and Finance (MEF) and (ii) the pursuit of the objectives established under the international agreements on climate and environmental protection, as well as on other global public goods to which Italy has signed up.

In particular, the following activities fall within the scope of this document:

- Granting of Loans to Public Counterparties, in accordance with the principles of accessibility, equality of treatment, pre-determination and non-discrimination in the definition of the general and economic terms and conditions of employment and the nature of the service of general economic interest provided by CDP in this area;
- Granting of Loans to Private Counterparties directly;
- Granting of Loans to Private Counterparties indirectly, for which CDP ensures, where possible, consistency with this document in the context of bilateral agreements with the intermediary financial institution (e.g. liquidity ceiling for companies); for the transactions of financial institutions aimed at multiple investors (e.g. bond issues) CDP undertakes to conduct an analysis of the general and counterparty policies, in line with its own lending policy and to request, where appropriate, adjustments, including through contractual remedies;
- Granting of Loans to Companies, Private and Public Financial Institutions and Sovereign Entities within the framework of International Cooperation projects or with the aim of pursuing the objectives established within the framework of international agreements on global public goods.

The financing activities within the scope of this document are progressively subject to a sustainability assessment (Sustainable Development Assessment – SDA), including a technical/economic analysis for the transactions where this is both possible and relevant, according to the criteria defined in paragraph 6 Methodological approach to the assessment.

As specified in paragraph 5 Systematic exclusions, if legislative acts issued by the European Union legislator (i.e. Regulation, Directive and Decision) or by the national legislator (i.e. Law, Decree Law, Legislative Decree) call for the involvement of CDP, CDP may also evaluate, on the basis of its own internal analytical processes, whether to also intervene in Financing operations in areas excluded from this document. CDP's interventions, including in its capacity as a National Promotional Institution, would be called upon for the public interest addressed by said legislators, and would in all cases follow the authorisation by the Board of Directors.

The Board of Directors may approve, on a case-by-case basis, any exceptions or interventions by way of derogation from this document if it considers that there are grounds of proven relevance to the public interest. This includes assessments carried out by the competent structures.

⁹ European, multilateral and supranational financial institutions, national promotional institutions or multilateral development funds.

¹⁰ States, central banks, governmental public bodies.

3.2 Corporate Scope

The corporate scope of application of this document is that of CDP S.p.A.

CDP undertakes to progressively extend this Lending Policy to Group entities subject to management and coordination¹¹ by CDP, insofar as financing activities carried out in any technical form permitted by law and by the Group entities' Articles of Association with its own funds are applicable, as regulated within this document.

4. OBJECTIVES AND AREAS OF FOCUS OF THE FINANCING ACTIVITIES

CDP, in compliance with the regulatory and statutory reference context, guides its strategic and operational approach by directing the use of resources towards priority areas identified through the definition of the Strategic Plan and the resulting Sectoral Strategic Guidelines that are subject to update following revisions of the Plan or significant events bringing about a change in the reference context.

- **Climate change and ecosystem protection:** support the transition of economies towards a more sustainable business model, aimed at ensuring levels of climate-altering emissions consistent with international commitments and with sustainable curbing of global temperature, as well as effective use of natural resources, thus minimising negative externalities on the environment.
- **Inclusive and sustainable growth:** reducing social and territorial inequalities and promoting employment at the national and international level, with a particular focus on the promotion of gender equality, including through cooperation for development, export and internationalisation activities, thus strengthening Italy's international role.
- **Digitisation and Innovation:** fostering innovation of technologies and business models, supporting institutions and companies along a path of modernisation, digitisation and growth that increases the effectiveness and efficiency of the actions, boosts their efficiency as regards customer service and improves their competitive positioning at national and international level.
- **Rethinking value chains:** supporting the transition towards more resilient models, accompanying the growth of Italian companies with a view to improving their positioning along the value chain of global production systems.

In order to achieve its objectives, CDP focuses its activities on the following areas of intervention of priority and strategic interest for the country:

- **Climate change and ecosystem protection**
 - Support for the energy transition, crucial for the achievement of the targets defined in international agreements and at EU and national level (e.g. Paris Agreement, PNIEC), as well as for the mitigation of risks deriving from climate change. In particular, the evolving regulatory environment of the European Union includes increasingly challenging targets to reduce environmental footprint on a path towards decarbonisation. In order to promote this transformation, CDP intends to focus its financing activities on actions aimed at supporting, inter alia: (i) increasing and integrating generation capacity from renewable sources, efficiency and innovation of networks, as well as security of supply; (ii) electrification of energy consumption, with particular reference to mobility sectors and (iii) greater energy efficiency, in particular in sectors with high recovery potential (e.g. public buildings); (iv) development of new energy carriers (i.e. hydrogen, biofuels); (v) development of innovation and new technologies with a positive impact on the fight against climate change.

¹¹ Pursuant to Articles 2497 et seq. of the Italian Civil Code.

– Support for the circular economy which, through process and product innovations geared towards a radical rethinking of the relationship between production and natural resources, represents an opportunity for a new development model. This should aim at safeguarding the environmental ecosystem, maintaining the value of products, materials and resources for as long as possible and minimises waste production. In order to support this development model, CDP's actions aim to support investments to (i) promote prevention, including through support for research and development activities, (ii) promote the efficient management of waste collection and treatment, (iii) create waste treatment plants that make use of the best available technologies to mitigate environmental and social impact and (iv) promote the development of technologies, reuse models and innovative technological processes, reconversion and recovery of the value of resources and products.

– Preservation of local territories and water resources, relevant for the quality of life and safety of citizens, as well as for the development of strategic sectors, such as tourism and agri-food. The preservation of natural capital and the promotion of biodiversity are fundamental for ensuring food security and health, reducing climate-altering emissions and preserving the planet's genetic heritage. From this perspective, the protection of water resources is key – an essential asset for sustainable development. In Italy, this final area is characterised by a low rate of investment per capita of water operators and inadequate systems and networks; the latter have high rates of loss and poor capacity to recover waste water compared with European peers. In this context, CDP's action aims to support investments for (i) the construction of new network infrastructures, the adaptation of existing ones and the innovation and digitisation thereof; (ii) the adjustment of purification and water treatment plants to European targets; (iii) interventions in support of dams, collection basins and other infrastructures aimed at safeguarding water resources and (iv) the prevention and management of hydrogeological instability.

- **Inclusive and sustainable growth**

– Development of social infrastructures, in order to respond to demographic and socio-economic trends, such as the ageing of the population and the persistence of significant economic and territorial inequalities, and to the social needs of the population, such as female employment. In this context, CDP seeks to support investments in: (i) education infrastructure, in particular through the construction of schools with restructuring/expansion measures geared towards safety, sustainability and innovation; (ii) urban renewal, including through plans to combat housing disruption (social, student, senior housing); (iii) health and welfare structures, through remodelling, upgrading and innovation of the offer.

- **Digitisation and innovation**

– Development of digitisation, in line with the EU 2020-2030 Digital Compass, the Italian 2026 Digital Plan and the Ultra Broadband Strategy is aimed at reducing the infrastructure gap as regards connectivity, services, skills and the cloud. CDP's actions seek to support investments for (i) the construction and interconnection of infrastructure (e.g. smart cities, telemedicine) and (ii) the development and subsequent integration of the digital services of public administrations.

– Promotion of technological innovation, a fundamental factor for the productivity, growth and competitiveness of companies, in particular Italian SMEs which, compared with their European peers, have a lower propensity for investment and the adoption of digital technologies and lower ICT skills. In this context, CDP aims to support: (i) the adoption of technology, i.e. companies that make innovative investments and implement digital training programmes for the adoption of new technologies; (ii) technological development, i.e. the growth of national champions (e.g. innovative start-ups, spin-offs) in strategic areas (e.g. cybersecurity, cloud computing) and (iii) the innovative offer of services by companies (e.g. in the telemedicine sector).

- **Rethinking value chains**

– Support for internationalisation and strategic supply chains, to promote the competitive positioning of Italian companies, including through greater control of supply chains, in segments characterised by growing demand. To this end, CDP's activities aim to support (i) exports of supplies of goods and services by Italian operators and (ii) investments to shorten value chains and reduce dependence on foreign suppliers, in particular in the key sectors for the country system.

– Development of an efficient and integrated transport system and logistics hubs, a key enabling factor to support the competitiveness of Italian companies in international markets. Despite a favourable geographical positioning (Italy boasts 4 out of 9 TEN-T networks and a central location on the Mediterranean Sea), there are weaknesses in the country's transport system as regards the imbalance in favour of road mobility and the limited use of intermodality. To this end, CDP intervenes by promoting (i) the modernisation of services and infrastructure (to make them more sustainable and specialised), with a view to integrating networks and intermodality, encouraging transfer by rail, where possible (ii) smart urban mobility and (iii) the green transformation of land and sea fleets.

– Support for international cooperation initiatives aimed at sustainable growth in developing countries and emerging markets, in line with the objectives set by international agreements in this area. In this context, CDP supports (i) the internationalisation of Italian companies in economies with high growth potential; (ii) projects by private actors in the infrastructure and energy sectors to support the competitive development of local systems and maximise their impact on the social, economic and environmental fabric; (iii) development projects promoted by public or multilateral entities and (iv) initiatives aimed at combating climate change.

In any case, CDP undertakes to support, in line with SDG 8 'Decent Work and Economic Growth' of the UN 2030 Agenda, the growth and development of Italian companies, facilitating their access to credit to support investments and working capital needs, including through alternative forms of financing compared to the traditional banking channel.

5. SYSTEMATIC EXCLUSIONS

CDP, in compliance with the regulatory and statutory framework of reference, guides its strategic and operational approach by defining systematic areas of exclusion.

As part of its financing activities, CDP acts in full compliance with the fundamental rights of the person, in line with its 'Sustainability Framework' and in accordance with the declarations and conventions, standards, principles, guidelines and recommendations generally accepted at international level (hereinafter referred to as the Reference Standards), including:

- Universal Declaration of Human Rights;
- International Covenant on Civil and Political Rights;
- International Covenant on Economic, Social and Cultural Rights;
- International Labour Organization (ILO) Conventions on Basic Human Rights (29, 87, 98, 100, 105, 111, 138 and 182);
- OECD Guidelines for Multinational Enterprises;
- UN Global Compact Principles;
- UN Principles for Responsible Investment (UN PRI);
- International Finance Corporation (IFC) Performance Standards;
- Guidelines on the environment, health and safety at European Union level;
- OECD Arrangement on Officially Supported Export Credits and transposition of its updates into EU law;
- World Bank's Environmental, Health, and Safety (EHS) Guidelines.

In assessing financing opportunities, CDP ascertains that the counterparty does not employ, either in the context of its activities or with reference to the specific projects under analysis, practices explicitly prohibited by the Reference Standards and detrimental to the dignity of the person, including, but not limited to:

- child labour¹²;
- exploitation of workers;
- discrimination on the basis of ethnicity or religion, with particular attention to gender discrimination, etc.;
- human trafficking;
- pornography;
- violation of internationally recognised human rights.

CDP also orients its financing choices in full respect of nature and the ecosystem, by evaluating projects, inter alia, in terms of contributing to the energy and climate transition objectives from both a technical and environmental standpoint, and does not support those that imply a threat to the survival of endangered species, or the significant deterioration of areas particularly deserving of protection, including, but not limited to:

- UNESCO World Heritage Sites;
- wetlands covered by the Ramsar Convention¹³;
- critical natural habitats registered by the International Union for the Conservation of Nature (IUCN) in categories I and II;
- deforestation activities involving rainforests or tropical forests.

For all projects with a significant impact on the environment, CDP calls for appropriate mitigation measures through the use of the best available technologies on the global market.

In addition to the above exclusions, in order to ensure environmental sustainability, social development and respect for the fundamental rights of the stakeholders involved, CDP also excludes initiatives in the following sectors:

- production of electricity from coal or fuel oil, with the exception of initiatives which:
 - include at the same time the capture and storage of carbon dioxide (CO₂), or
 - provide for the reactivation or extension of the useful life of existing installations where compatible with the achievement of appropriate climate change emission containment objectives in the country of location of the investment and justified by stringent energy security objectives;
- road infrastructures that have the effect of slowing down the transition to more environmentally efficient transport systems and do not contribute to improving the safety of citizens and/or traffic decongestion and do not provide for adequate measures to impact mitigation and/or support sustainable mobility;
- defence and armaments materials used to create ‘controversial weapons’¹⁴ and armament systems intended for subjects other than governments or companies authorised by the recipient governments¹⁵;
- cultivation, processing, distribution of tobacco and tobacco products, where not used for medicinal purposes;
- production of or trade in asbestos or its derivatives;
- gambling¹⁶.

In addition to the foregoing and in line with the sectoral strategic guidelines, CDP adopts specific policies for the most important sectors or those deserving of specific attention for the sustainability issues that involve them, by providing a precise

¹² As defined by the ILO Convention.

¹³ Convention on Wetlands of International Importance signed at Ramsar, Iran, on 2 February 1971.

¹⁴ Weapons which have indiscriminate effects and cause undue damage and injury. In particular: nuclear weapons, chemical weapons, biological weapons, depleted uranium weapons, anti-personnel mines, anti-vehicle mines, cluster munitions and submunitions (see “Regulation on Transactions in the Defence and Armaments Sector”).

¹⁵ For more details, see the “Regulation on Transactions in the Defence and Armaments Sector”.

¹⁶ Gambling for the purpose of profit, where winning or losing is mainly random, with skill of negligible importance (e.g. video-lottery, scratch cards, lotto, bingo, betting).

definition of the priority areas of intervention and those subject to exclusion. Some of said sectoral policies will include, but not be limited to, the energy, transport, defence and armaments sectors.

CDP's financing activity is, in any case, subject to the requirements of the EU, national or local legislation in force. In the event that the indications contained in this document or in the company regulatory sources that govern financing in specific sectors are less restrictive than the legislation in force in the country of reference of the transaction, CDP shall align itself with the latter.

6. METHODOLOGICAL APPROACH TO THE ASSESSMENT OF SINGLE LOANS

CDP evaluates, in a structured way, the potential positive and negative impacts at environmental, social, governance and, where relevant, technical/economic level of the initiatives being financed, in order to increase awareness and intentionality about the areas and actions with the greatest expected impact. Such assessments feed into the internal decision-making process, alongside the more traditional assessments of risk profile, compliance and anti-money laundering, financial conditions and legal aspects.

This evaluation process is designed to provide guidance on (i) the alignment of business operations with the strategic objectives identified by CDP, (ii) the additionality that CDP brings to the operations, including in terms of the ability to stimulate the participation of other investors, (iii) the quality of the counterparties benefiting from the loans from an ESG perspective, (iv) the alignment of business operations with sustainable development issues and, where possible and relevant, (v) the technical and economic quality of the projects underpinning the loans.

The analysis takes account of the specific characteristics of each business line, considering the nature of the counterparties, the type of transaction and the areas of operation, without compromising an adequate level of comparability between initiatives.

The evaluation is based on a qualitative/quantitative analysis methodology (Sustainable Development Assessment or SDA) that gives a score that expresses the expected impact of projects and initiatives that can be financed by CDP, with a view to promoting those with the greatest impact.

In particular, the abovementioned assessment process forms an integral part of the credit granting process, in support of the final decision that complements the analyses needed for the transaction to proceed (e.g. legal, credit risk, compliance and anti-money laundering, etc.).

The valuation activity will be carried out on a progressively increasing perimeter of Financing operations, considering the following dimensions:

- Strategic consistency with CDP's strategic objectives, with CDP's priority focus areas, identified through structured consultation with CDP stakeholders, as well as with ESG objectives.
- Additionality, an expression of CDP's additional role in the financial sector, considering the capacity to operate in strategic market sectors, exposed to insolvency or credit restrictions, and to stimulate the financial resources of other public and private entities.
- Quality of the counterparty on the basis of the operational model adopted within the context of its own operations, and of its conduct with regard to ESG aspects.
- Expected impact of the project in terms of macro-level of alignment of the intervention with sustainable development issues and the specific impact obtained on these issues.

In the case of loans granted for the implementation of specific investment projects, depending on their complexity, relevance and strategic nature, where possible the sustainability assessment is complemented by a technical/economic analysis, which also takes account of innovative components, according to the following dimensions:

- Technical quality of the project according to the characteristics of the design, the technical experience of the counterparty and industrial assumptions.
- Expected environmental impact in terms of the level of climate-altering emissions and the intensity of environmental externalities deriving from the project.
- Expected social impact in terms of direct and indirect employment supported and final beneficiaries impacted by the project.
- Expected economic impact in terms of monetary costs and benefits produced for the community.

The methodology underpinning this approach is updated continuously, to account for regulatory developments and in consideration of international best practices. In any case, updates will occur whenever this document is reviewed.

CDP undertakes to report on its work in a transparent manner (for further details see the Transparency and Accountability paragraph) and to produce useful evidence to improve its operations and its business model, guaranteeing monitoring of certain specific initiatives that have been fully realised and for which assessment of compliance with certain parameters relating to the dimensions represented above and the strategic and sustainability objectives is both possible and helpful.

CDP-supported investments have a long-term time frame, not only in terms of financial duration, but also in their ability to generate positive impacts and externalities. For this reason, CDP also conducts an ex-post impact assessment on an annual basis on an aggregated basis, i.e. by project clusters.

For specific initiatives (e.g. initiatives with high additionality), an ad hoc assessment of the impact generated for the country system may be introduced. The analysis of ex-post impact makes it possible to assess the extent to which the social, environmental and economic impacts are in line with expectations and redirect any divergences towards the priorities identified by the Strategic Plan.

7. ROLES AND RESPONSIBILITIES

In the light of the context outlined, the roles and responsibilities of the various parties involved – in compliance with the regulatory and organisational system and with company powers and internal delegations – are defined below:

Board of Directors:

- approves this document, as well as any non-formal revision and the possible repeal thereof, on an exclusive and non-delegable basis;
- assesses whether it is also appropriate to intervene in Financing operations in the sectors excluded from this document (i.e. where there are proven grounds of public interest), approving any exceptions or interventions by way of derogation, as indicated in paragraph 3 “Scope of Application”.

Risk and Sustainability Committee:

- issues an opinion to the Board of Directors on this document and on any revisions;
- issues specific opinions on any intervention in the excluded sectors and on any derogations.

Chief Executive Officer:

- proposes to the Board of Directors the approval of the general responsible lending policies, as well as any changes;
- continuously supervises, receiving information flows for this purpose, the application of the provisions of the Lending policies, thus ensuring an organisational structure appropriate for the objective.

Policy, Assessment and Advisory Department:

- ensures the definition of proposals for updating this document in compliance with the strategic guidelines defined from time to time, while guaranteeing appropriate awareness-raising and training initiatives as well as continuous advisory support on the relevant interpretation;
- guarantees, in conjunction with the competent structures, the implementation of the lending policy in the business operating processes, assessing the consistency of the various CDP areas of intervention with the principles defined therein, contributing to the necessary additions to the contractual framework, as well as informing the Top Management in the event of any discrepancies;
- ensures, together with the relevant Business Units, the preparation and application of a system for evaluating the operations to be financed, in order to assess the consistency of the interventions with the lending policy;
- ensures the SDA assessment¹⁷ and possible relative need of the technical/economic analysis of the project, as described in paragraph 6; in this context, it ascertains that the counterparty is not exploiting, both in the context of its own activities and with reference to the specific project under analysis, ethically controversial practices or practices prohibited by the Reference Standards or, for indirect operations, ensures verification of the consistency of the general and counterparty policies of the parties involved;
- ensures the monitoring of certain specific initiatives, which have been fully implemented and for which it is useful and possible, in order to assess compliance with some parameters relating to the dimensions represented above (paragraph 6) and with the strategic and sustainability objectives.
- ensures, in cooperation with the competent Business Units, that the social, environmental and economic impacts are in line with expectations, by addressing any divergences, partly through the definition of mitigation measures.

Sectoral Strategies and Impact Department:

- ensures the definition and the proposals for updating the Sectoral Strategic Guidelines, needed to address the intervention priorities aimed at bridging the market/socio-economic gaps;
- ensures support in the ex-ante assessment of the strategic coherence of relevant projects;
- ensures, in cooperation with the competent Business Units, the periodic monitoring of the initiatives financed by CDP, collecting the data necessary to carry out the ex-post evaluation.

Business Department:

- ensures the compliance of Financing transactions with the principles contained in this document, while also steering origination activities towards operations consistent with the provisions of the lending policies;
- ensures, where necessary, acquisition from the counterparty of the data and information useful for carrying out the analyses referred to in this document;
- manages, together with the counterparties, any inconsistencies with respect to expectations of social, environmental, and economic impacts, as a result of the ex-post evaluations carried out by the competent structures.

Risk Department:

- ensures second-level monitoring of the risks deriving from critical situations in terms of sustainability for the relevant

¹⁷ Sustainable Development Assessment.

parties, integrating the monitoring of the transaction sustainability assessment process, in compliance with the principles of the Risk Policy, the Group Assessment of Reputational Risk Regulation, the Anti-Money Laundering Policy (AML) intervening, where required by internal regulations, also in the pre-investigation phase of new transactions and during the continuous monitoring phase;

- ensures the assessment of climate and environmental risks, which complements and completes the ex-ante sustainability assessment;
- proposes the timetable to the Risk and Sustainability Committee and contributes to the assessment investigation of this document and any amendments thereto, as part of the role of Committee Secretary.

Internal Audit Department:

- ensures third-level monitoring, based on the Regulations approved by the Board of Directors and according to a risk-based approach, assessing the completeness, adequacy, functionality (in terms of effectiveness and efficiency) and reliability of the internal control system as applicable to business processes;
- promptly reports critical issues identified during audits to the relevant company structures and periodically monitors the correct implementation of the resulting mitigation actions.

Communications, External Relations and Sustainability Department:

- contributes to identifying relevant issues useful for the definition of the strategic priorities described in this document through constant dialogue with the relevant stakeholders;
- ensures the monitoring and reporting of non-financial indicators, including through the publication of the Consolidated Non-Financial Statement (NFS);
- oversees, together with the other competent OUs, the dialogue with ESG rating agencies and with the civil society in order to acquire information and content aimed at contributing to the improvement of this document.

8. TRANSPARENCY AND ACCOUNTABILITY

CDP recognises the value of transparency and continuous dialogue with its customers, investors, rating agencies and civil society organisations in order to understand their legitimate expectations, and undertakes to ensure continuous and transparent reporting.

To this end, CDP publishes an annual non-financial report on its website, including the Consolidated Non-Financial Statement (NFS) pursuant to Legislative Decree 254/2016, drawn up according to recognised standards (e.g. GRI Sustainability Reporting Standards, Integrated Reporting Framework, Sustainability Accounting Standards Board) and illustrating its activities, the impacts generated by its internal operations and the aggregate impact of the lending operations covered by this document.