

# 2019 Sustainability Report

NFS according to  
Legislative Decree  
254/2016



The Cassa Depositi e Prestiti Group, which has been producing an annual sustainability reporting document in line with regulatory requirements since 2017, is publishing its first Sustainability Report (the "Report") this year.

The document, which is also the Group's "Non-Financial Statement" (NFS) and meets the requirements of Legislative Decree 254/2016 as amended, testifies to the Group's commitment to promoting greater transparency and responds to the desire to go beyond legal obligations, highlighting the impact generated in support of the country's sustainable development.

Prepared by the Group's Sustainability Division, the document was approved together with the consolidated financial statements by the Board of Directors of the Parent Company, Cassa Depositi e Prestiti S.p.A., on 2 April 2020 and subjected to specific audit procedures. The independent report on the audit prepared by PricewaterhouseCoopers is contained in the annexes to this document.

The reporting is based on the GRI Sustainability Reporting Standards of the Global Reporting Initiative (2016), applied according to the "core" option. In addition, proprietary methodologies illustrated in section 3.1 ("Support for the economy") were used, in particular for reporting impacts.

The topics covered in the Report have been selected on the basis of the materiality analysis implemented in 2018, taking the main international standards and guidelines on non-financial reporting as reference. The information contained in the Report refers to the topics identified as "material" and related indicators that reflect the significant economic, environmental and social impacts of the organisation, or that could substantially influence the assessments and decisions of the Group's stakeholders. It also contains summary information about those topics which, although not identified as "material", are explicitly mentioned in Legislative Decree 254/2016.

In comparison with the 2018 NFS, published in April 2019, this Report displays a renewed approach with respect to its contents, based on two main factors of progress: first, following the updating of the materiality matrix, the overcoming of the principle of compliance with regulatory provisions as the exclusive criterion for the selection of topics; second, the intention to include in the Report the consideration of the full extent of the impact generated by the Group through its business activities.

In accordance with Legislative Decree 254/16, which requires consistency between the business model, policies, risks connected with significant areas, and the impacts generated on those areas by the companies included in the reporting scope, the Sustainability Report presents the

figures for the Parent Company and companies over which it exercises direction and coordination ("the Group"). Specifically, the Parent Company, on behalf of the Group, exercises direction and coordination over all the companies directly controlled by it and their respective subsidiaries (the "Group Companies").

The companies included in the scope of this Report are CDP Equity S.p.A., CDP Immobiliare S.r.l., CDP Industria S.p.A., CDP Investimenti SGR S.p.A., CDP Reti S.p.A, Fintecna S.p.A. and SACE S.p.A.

On the other hand, companies that, while fully consolidated on a line-by-line basis are not subject to direction and coordination and do not share with the Parent Company the business model, policies, risk management models and tools, or the objectives and results produced in the areas relevant to each of them, are excluded from the scope of this Report. These companies, specifically Terna, Fincantieri, SNAM, Italgas, which are also major Public-Interest Entities in their own right, independently produce their own non-financial reporting documents in line with the requirements established by Legislative Decree no. 254/2016. These documents are published on the websites of the individual companies. For some companies that do not have their own staff, it has been judged that the risks they face and the outcomes and impacts they produce are not material, or non-existent, for the areas identified by Article 3(1) of Legislative Decree 254/16. Accordingly, they have also been excluded from the reporting scope of the Report for 2018.

The Report's period of analysis is the year 2019: all the data refer to the year ended 31 December 2019. At the descriptive level, the significant changes that occurred up to 1 March 2020 have been reported. The figures are compared with those of the two previous years. Any changes to data published in previous reporting documents have been appropriately highlighted in the document. The quantitative indicators have been taken directly from the databases of the Group Companies subject to direction and coordination and aggregated by the Parent Company to provide an overall representation of the economic, social, environmental and governance performance. Data relating to the assessment of the impact of investments have been obtained through a system based on the adoption of econometric models.

The Report illustrates the mapping of the sections to the main SDGs impacted by the Group's initiatives. The contact for information on this document is [sostenibilita@cdp.it](mailto:sostenibilita@cdp.it)

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# Letter to our Stakeholders

Dear Stakeholders, we are proud to present the first Sustainability Report of the Cassa Depositi e Prestiti Group (CDP). This is a significant step along the path undertaken a year ago with the 2019-2021 Business Plan, which testifies to our ambition to make sustainability a fundamental element of our daily actions and reinforces the sense of responsibility that binds us to the communities where we have been operating for 170 years.

Since 1850, millions of households have entrusted their savings to CDP, helping to create value for the country. Maintaining this “social pact” with citizens and communities has always been an essential commitment for CDP. A commitment and responsibility that guide our vocation as a long-term investor, where the financial dimension of our activities is constantly accompanied by an attention to their impacts. As a National Promotional Institution, we use the resources we collect to finance public investments, support Italian companies, promote and catalyse infrastructure development and support international cooperation. We feel privileged to work for the benefit of the national economy, bringing together top national manufacturers and the Public Administration to support employment, innovation, exports and environmental protection in order to foster sustainable progress. CDP’s business model is unique, making it possible to act systemically and think globally, using capital to benefit local authorities and small and large businesses. A model that allows us to have a tangible impact on the competitiveness of our economy and on the well-being and quality of life of our citizens.

Dear Stakeholders, in 2019 we have significantly accelerated the Group’s ability to act in favour of sustainable and inclusive development, and this is attested by several concrete initiatives we have implemented in recent months. We have started advising the Public Administration to support and accelerate the implementation of social infrastructure works (including schools and hospitals) and sustainable mobility projects (with particular attention to local public transport). We have developed “City Plans” following a structural approach, which includes urban regeneration, mobility, energy efficiency and integrated waste management programmes. Construction sites valued at more than 600 million euro have been re-opened in Rome and other cities, and financing has been provided for modernising and improving the safety of one school per day. Over 350,000 m<sup>3</sup> have been upgraded to realise high levels of energy efficiency. Approximately 1,500 new social housing units have been built and approximately 1,600 new beds have been provided in university halls of residence.

CDP has also launched several projects to promote infrastructure and services with leading industrial operators in the fields of energy efficiency and renewable energy. We have therefore introduced new financial products dedicated to the Public Administration and supported SMEs, with particular attention to the south of Italy. The operating results of these activities have been matched by an



CDP Chairman



CDP CEO and General Manager

increasingly widespread presence throughout the country and a reinforced dialogue with our Stakeholders. Thus, the opening of new local offices and information points (“Spazio CDP” desks) in the offices of banking foundations testifies to our commitment: four are already active and more are planned for 2020.

In 2019 events and meetings were held throughout the country, including “Officina Italia”, “Spazio Imprese” and “Spazio PA”. Finally, with its first Multistakeholder Forum, CDP welcomed over 60 Stakeholders to its historical headquarters for the first time, in order to work together to identify and build the best solutions for the country’s needs. Attention to sustainability also requires the ability to guide one’s business more and more effectively. For this reason, CDP has developed an ex-ante evaluation model of its operations, in order to measure not only their economic, but also their social and environmental impacts. Measuring impacts means in fact broadly understanding the potential of one’s work, improving the ability to be at the service of sustainable growth. Looking to the near future, the European Green Deal – the European Commission’s investment plan for the decarbonisation of Europe by 2050 – represents a new opportunity for CDP to become a leading player in the challenges facing the country. It can do so thanks to its proximity to local communities, not to mention its expertise and centrality with respect to public and private stakeholders. It can also do so in light of the experience gained in the Juncker Plan, as the first European National Promotional Institution in terms of new lending and activated tools. CDP is therefore ready to support the country once again and even more extensively by playing a key role in the new “InvestEU” programme. With the 2019-2021 Business Plan, CDP has therefore chosen sustainable development as the backbone of its strategy and has added renewed energy to its operations.

Today, our first Sustainability Report allows us to inform the country about the results we have achieved thus far, strengthening the dialogue with all our Stakeholders and allowing us to look to the future in light of the challenges that the country has been facing in the recent months. Indeed, the recent Covid-19 pandemic has highlighted the high level of vulnerability of our development model to exogenous shocks and extreme events. Never as in recent weeks has the need to think about – and rethink – the sustainability of our collective way of living become so crucial for the future of our society. Never before have we felt such a strong sense of responsibility and commitment to help relaunch the economy, in the interest of the country and the families who entrust their savings to us every day.

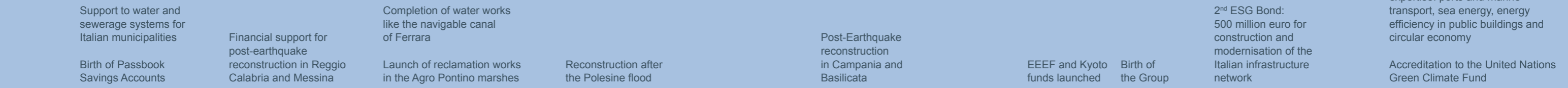
Today, our first Sustainability Report allows us to inform the country about the results we have achieved thus far, strengthening the dialogue with all our Stakeholders and allowing us to look to the future in light of the challenges that the country has been facing in the recent months.

# Creating value

# since 1850



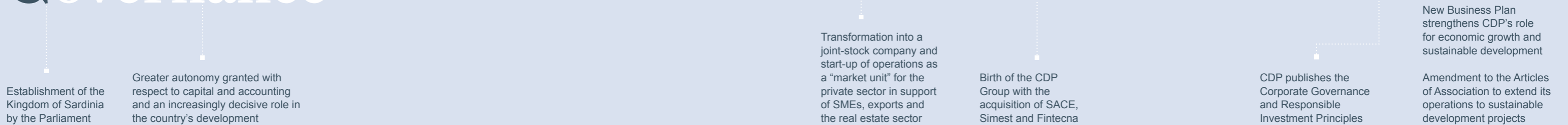
## Environment



## Social



## Governance



# 1. CDP, a lever of sustainable development

- 1.1 A heterogeneous group
- 1.2 A global presence, with strong local roots
- 1.3 Our business model and strategy
- 1.4 Stakeholder priorities
- 1.5 From Italy, for Italy: our impact in 2019

# 1.1 A heterogeneous group

Founded in 1850 to collect deposits from Italian savers to finance the country's infrastructure, CDP's history is deeply intertwined with Italy's economic and social development.

CDP's mission has never changed in these 170 years, although its scope of action has expanded considerably. Today it represents a unique Group in Italy that boasts a network of financial and industrial expertise borrowed from all Group companies. The synergy of this expertise has allowed it to position itself over time as a catalyst for infrastructure and real estate development and as a central player in support of the national economy and business system.

A unique Group with cross-cutting expertise in support of national infrastructure, business and real estate development

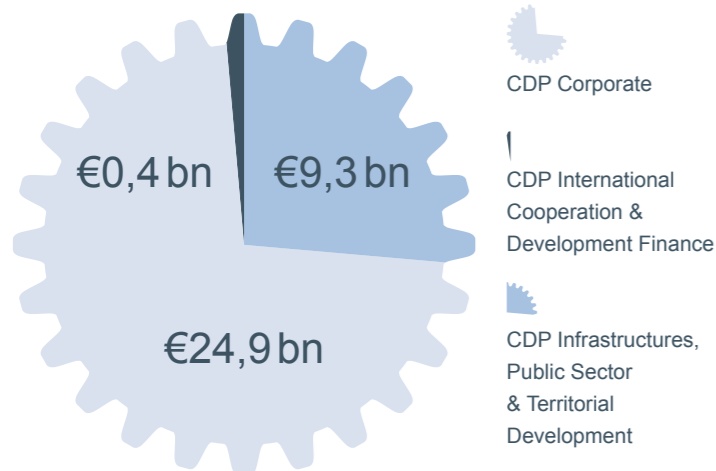
<sup>1</sup> The scope of reference differs from that of the Sustainability Report and is the same as that of the CDP Group's consolidated financial statements.

<sup>2</sup> The figure does not include non-controlling interests.

## 2019 main indicators

CDP Group <sup>1</sup>	CDP S.p.A
------------------------	-----------

€34,6 bn in new lending income



€2,7 bn in net income

€355,7 bn in funding

€23,6 bn<sup>2</sup> in consolidated equity

€448,7 bn in Group assets



CDP investment funds:

- 19 for businesses
- 8 for infrastructure
- 7 for real estate

<sup>3</sup> Participation held through FSIA (of which FSI Investimenti is the 70% shareholder) by 57.42% and further 25.69% held through CDP Equity.

<sup>4</sup> Participation held through IQMIIC, of which FSI Investimenti is the 50% shareholder.

<sup>5</sup> Participation held through FSI Investimenti, CDP Equity as the 77% shareholder.

<sup>6</sup> Participation held through FSI Investimenti, of which CDP Equity is the 77% shareholder; 49.5% pro forma post conversion Convertible Bond Loan.

# 1.2 A global presence, with strong local roots



**31** offices in **13** countries  
**2.196** employees<sup>7</sup>

From 1850 to the present, CDP's local presence has changed in parallel with the expansion of its scope of operations. Today, also by virtue of its role in promoting the international expansion of Italian companies and in the Italian international cooperation system, the Group's network has expanded to cover 13 countries on 4 continents.

The expansion of the Group's territorial network has mostly taken place in Italy, in order to ensure that CDP's services are more widespread and closer to the country's needs and requirements,

allowing a prompt response to the demands of businesses and the Public Administration.

Indeed, following the guidelines of the new Business Plan, starting in 2019 three new offices were opened in Naples, Verona and Genoa, and thanks to an agreement with banking foundations two information desks were opened in Cagliari and Sassari. This is just the beginning of a process aimed at strengthening the Group's network in Italy, in order to benefit from a constructive dialogue to promote the country's growth.

<sup>7</sup> In compliance with GRI standards, the Group's headcount is calculated using a different logic from what is set out in the 2019 Annual Financial Report. For more details on the different calculation methods, please refer to the annex.



**18** offices (+3 in 2019) in **10** regions  
**2.177** employees

# 1.3 Our business model and strategy

CDP's mission is to promote the development of Italy by investing in competitiveness and innovation. By their very nature, CDP's operations have always been linked to the promotion of sustainable development, and this commitment is reinforced by the 2019-2021 Plan in line with the Sustainable Development Goals (SDGs) of the 2030 Agenda. This is a significant acceleration that starts from an awareness of the historical link between CDP and the promotion of citizens' well-being, with a view to greater inclusion and sustainability in favour of initiatives and investments in line with the challenges of the country and the international context.

With the Plan, by 2021 the Group intends to invest over 110 billion euros of its own funding, raising over 90 billion euros of additional funds from private investors and other local, national

and supranational institutions through its 4 lines of action:

1. **Corporate**, which supports the Italian entrepreneurial fabric in its growth, research of innovative business models and international expansion;
2. **Infrastructures, Public Sector & Territorial Development**, dedicated to the financing of public works carried out by local administrations and investments in infrastructure;
3. **International Cooperation & Development Finance**, which plays an essential role in the construction of sustainable scenarios on a global scale, establishing solid relationships with developing countries;
4. **Large Strategic Equity Investments**, to leverage the value of the Group's strategic equity investments.

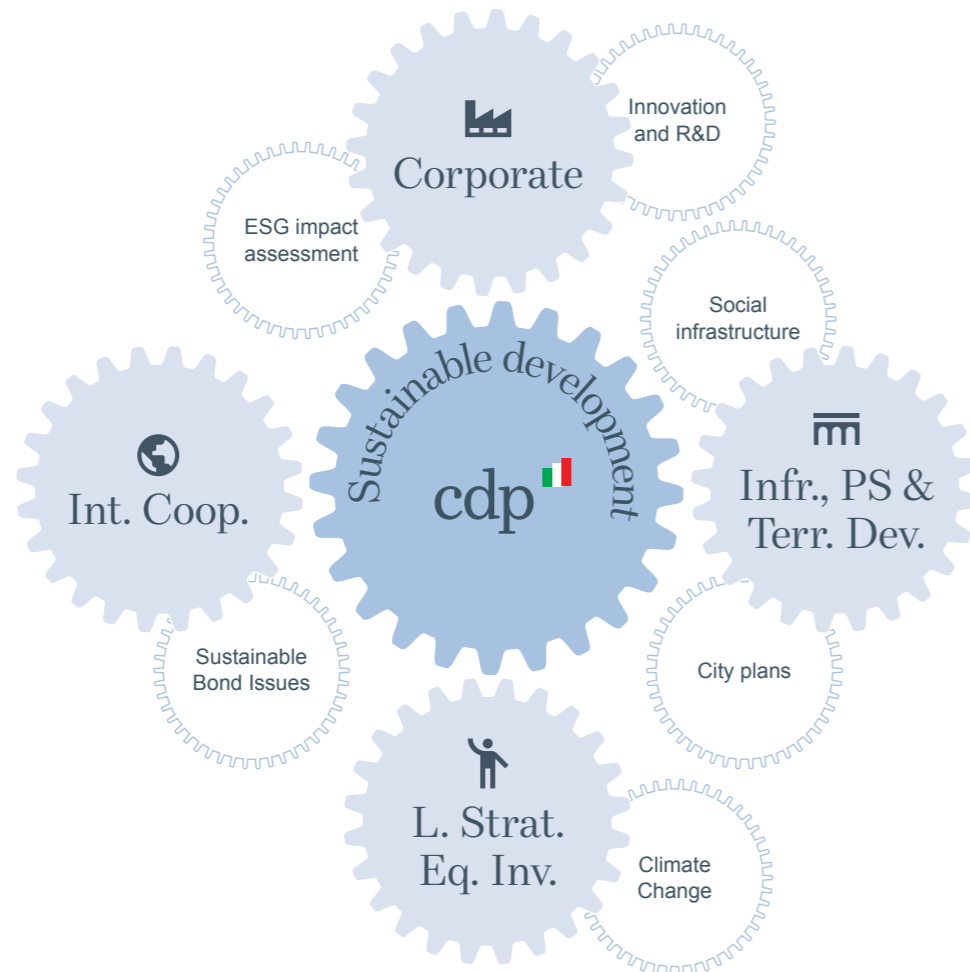
## Plan Objectives 2019–2021

**83 billion euros** to support – also via an enhanced physical channel and a digital channel – more than 60,000 enterprises with an integrated offer, geared to their needs and focusing on innovation, growth and exports

**25 billion euros** with a proactive role in the promotion, realisation and financing of infrastructure, restarting a new partnership with the Public Administration focused on local communities

**3 billion euros** to become a financing partner in developing countries

Strengthening of sectorial and industrial expertise, to manage the portfolio of equity investments also with an industrial approach over the long term



# 1.4 Stakeholder priorities

## 1.4.1 Our approach to stakeholder engagement

Contributing to the economic and social development of the country is a mission that the Group can only pursue in collaboration with its stakeholders. With this awareness, CDP is committed to playing an active role within its network, promoting the values that distinguish its work, involving its stakeholders in the definition of strategic priorities and working to build solid, lasting relationships aimed as far as possible at pursuing its objectives in terms of generating shared value.

### Stakeholder mapping



### Stakeholder engagement tools

■ External ■ Internal stakeholders/Companies subject to direction and coordination

**Information:** Websites; Event participation/organisation; Initiatives for sharing information about the business; Company newsletter; Intranet; Video programming schedules for all monitors at the premises.

**Dialogue:** Discussion meetings; Roadshows; Presence on social media; Focus groups; Union meetings.

**Consultation:** Consultation for system initiatives; Interviews for analysis of current/future international presence.

**Collaboration:** Membership of associations/foundations/ national and international initiatives; Participation in technical committees; Sponsorships; Cooperation in business support operations.

**Partnerships:** Accords; Memorandums of Understanding; Co-investment Agreements; Investment platforms; Innovative and/or Sustainable Development Projects; Joint Committee for Development Cooperation; Sustainability promotion initiatives.

## 1.4.2 Definition of material topics

Engaging with and listening to institutional, internal and external stakeholders represented the central point of the process aimed at identifying economic, governance, environmental and social topics relevant to the Group's business (so-called material topics).

The engagement process followed a materiality criterion that took into account the relationships between CDP and its institutional stakeholders and, on the one hand, the level of the stakeholder's dependence on the organisation and, on the other, its ability to influence its strategic and operational processes and generate an impact on its reputation.

### 1 Identification of material topics

#### Identification of material topics

- Desk analysis, using different types of document sources: internal documentation, external sources and financial sector benchmarks
- Identification of 7 principles and 30 potentially material topics<sup>9</sup>

### 3 "Multistakeholder Forum"

#### "Multistakeholder Forum"

- Involvement of 95% of external stakeholders, including institutional stakeholders, to consolidate the results of phase 2
- Gathering of ideas and proposals for the future

### 2 Stakeholder engagement

#### Stakeholder engagement

- 11 interviews with the management teams of the main companies of the CDP Group and online surveys to validate material topics
- 60 one-to-one interviews with stakeholders from 12 categories<sup>9</sup> to assess and prioritise material topics
- Online stakeholder survey with 60% redemption

### 4 Formalisation of matrix results

#### Formalisation of matrix results

- Validation by top management
- Presentation to the Board of Directors

<sup>8</sup> In light of the business model and the 2019-2021 Business Plan.

<sup>9</sup> Agencies, trade associations, local authorities, public administrations, foundations, international multi-lateral organisations, non-governmental organisations, ministries and institutions, CDP investee companies, private companies, publicly-owned companies and networks of interest.



## First Multistakeholder Forum

The first CDP Multistakeholder Forum was organised in 2019 with the aim of strengthening our ability to listen to and engage with stakeholders and work with them to identify the best solutions to meet the real needs of the country.

The event opened with a welcome from the Director General of the Treasury Alessandro Rivera (Ministry of the Economy and Finance), the Chairman of ACRI Francesco Profumo, representing CDP's shareholders, and a speech by the CEO Fabrizio Palermo focusing on CDP's commitment to promoting sustainable development in Italy.

With their presence, the Shareholders wanted to underline the strategic importance of the event and the strong convergence of views with CDP, recalling how its model, which gathers resources locally to reinvest them for the benefit of the local communities which generate them, is the successful implementation of a public-private partnership where the maximisation of value for shareholders coincides with the maximisation of value for the community, with a long-term perspective.

### Forum ID

 CDP Office in via Goito

 ~60 representatives of key stakeholders

 5 roundtables

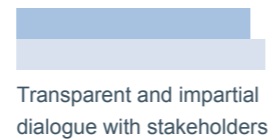
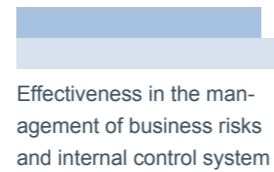
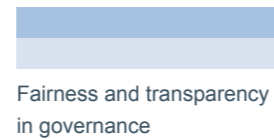
 Focus on innovation, smart urban redevelopment and social infrastructure development

The results of the discussion between the participants was reported back to CDP's management and top management with the aim of offering a constructive key to help maximise the impact of the company's actions on the growth of the country and its communities.

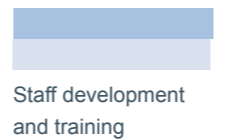
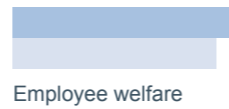
## CDP material topics



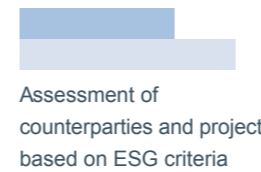
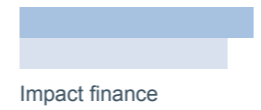
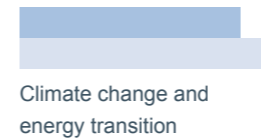
**Integrity, ethics and institutional responsibility**



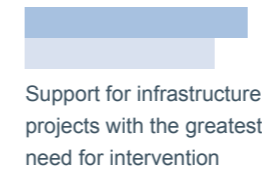
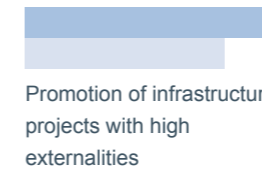
**Caring for people**



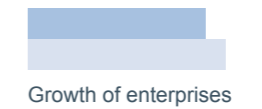
**Responsible approach**



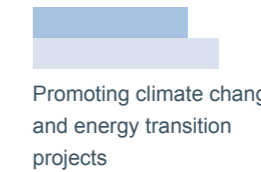
**Service to the country**



**Promoting sustainable growth in Italy**



**Fostering progress in Target Countries**

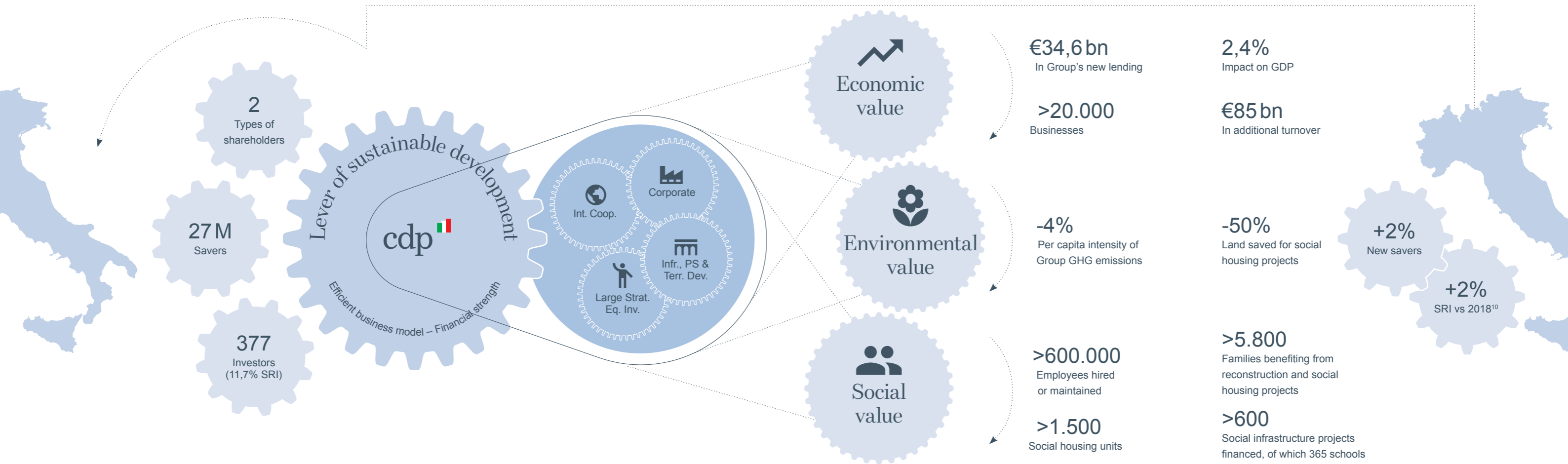


**Proximity and integration of solutions**



 Internal materiality  Stakeholder materiality

# 1.5 From Italy, for Italy: our impact in 2019



Since 1850, CDP's business model has been strongly influenced by a circular approach whereby funding raised from local communities is returned back to them in the form of economic, social and environmental benefits. These benefits trigger a virtuous mechanism of stakeholder confidence in the Italian economy, a key element that allows CDP to continue to work for the country's development. CDP raises funds primarily through postal savings, as the issuer of postal savings bonds and passbook savings accounts guaranteed by the Italian government and distributed by Poste Italiane through its more than 12,000 offices throughout Italy, as well as through issues of securities to institutional and socially responsible investors.

As a National Promotional Institution, CDP's mission is to promote Italy's development, responsibly using the country's savings to promote growth and employment, finance public investment, support international cooperation, act as a catalyst for infrastructure development as well as to support Italian businesses, fostering their innovation, growth, exports and international expansion. Based on this business model and its systemic outlook on the Italian economy, CDP uses its tangible and intangible capital to offer support to local authorities, SMEs, companies that want to grow and expand internationally and infrastructure projects dedicated both to transport (roads, railways, ports, energy and telecommunications networks) and to social wel-

fare (schools, hospitals, social housing), with a clear ability to improve the quality of life of citizens.

CDP contributes to the development of the country along three dimensions:

1. the economic and financial dimension, through the use of resources in favour of the economy that fuel investment and business and have an impact on GDP;
2. the environmental dimension, thanks, for example, to the redevelopment of local areas and public real estate;
3. the social dimension, directly enabling citizens to benefit from the goods and services provided through the projects funded and the jobs created and maintained.

Such tangible development fosters and supports the confidence of savers, shareholders and investors through CDP's ability to leverage savings and investments. This in turn generates greater confidence in the Italian economy and enables a virtuous system that fuels itself in a circular manner. For savers, an important ethical value is therefore added to the economic value of an investment guaranteed by the State. In fact, with their savings, savers participate in the growth of their country: the funding thus raised returns to the local communities which generated it, under the form of works and services capable of improving the quality of life of citizens.

<sup>10</sup> Increase in responsible investors out of total investors of outstanding public issues at 31/12/2019.

# 2. A solid structure



- 2.1 Shared values
- 2.2 Transparent governance
- 2.3 Risks and compliance in support of resilience
- 2.4 Competent, coordinated and motivated colleagues
- 2.5 A low environmental impact workplace
- 2.6 ESG assessment model

# 2.1 Shared values

In its efforts to promote the country's sustainable development, the Group is responsible for maintaining a delicate balance between protecting and leveraging the resources entrusted to it through postal savings. In this perspective, the growing attention to sustainability gives the work and operations of the entire organisation a single common objective: managing the Group's operations and business in such a way as to generate progress for local communities, business competitiveness and wellbeing for individuals.

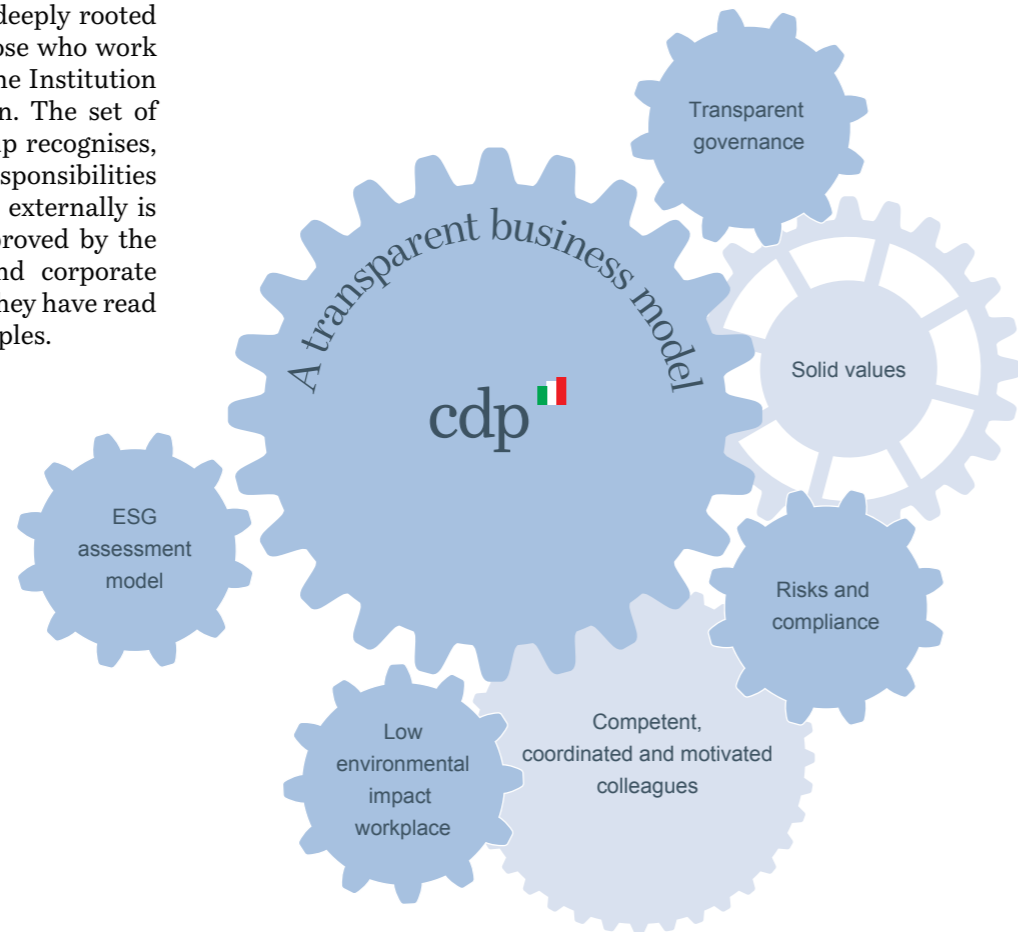
In line with its mandate, every day the Group acts according to a well-defined universe of values which leads, among other things, to transparent governance closely integrated with sustainability governance, effective risk and compliance management and – finally – attention to the development of its people and the working environment as a whole.

Not just CDP, but also all companies subject to direction and coordination rely on a deeply rooted system of values, from which all those who work on behalf and/or in the interest of the Institution are called upon to draw inspiration. The set of principles and values that the Group recognises, accepts and shares and the set of responsibilities that it assumes both internally and externally is defined in the Code of Ethics<sup>1</sup>, approved by the Board of Directors. Employees and corporate bodies sign a statement saying that they have read it and commit to following its principles.

For the Group, sustainability is first and foremost an ethical and cultural approach that permeates the entire organisation and lays the foundations for sustainable business operations, producing economic, environmental and social value for all its stakeholders and strengthening the relationship of trust every day.

<sup>1</sup> Available on CDP's corporate website at [www.cdp.it](http://www.cdp.it).

<sup>2</sup> Based on age, gender, sexual orientation, health status, marital status, race, political opinions and religious beliefs.



## Staff empowerment and satisfaction and personal integrity

- Physical, moral and cultural integrity
- Teamwork
- Promotion of new skills
- Rewarding of individual contributions
- Listening and trust
- Workplace health and safety



## Lawfulness

- Compliance with the law
- Fair and just application of all company procedures
- Conduct in accordance with the Code of Ethics



## Confidentiality

- Confidentiality of information and personal data
- Protection of information acquired in the course of work



## Honesty

- Proper, cooperative, loyal and respectful relationships
- Prohibition of the pursuit of interests unrelated to the missions of Group Companies



## Responsibility

- Awareness of the role in serving the country
- Assessment of the economic, social, and environmental impact from a long-term perspective



## Skills

- Leveraging of the wealth of knowledge and experience as a distinctive factor



## Collaboration

- Teamwork
- Ability to listen
- Power of discussion
- A partner to stakeholders



## Courage, transparency and accuracy of information

- Determination in one's choices
- Responsible work for the community
- Clear and complete information on economic and operating performance for all stakeholders



## Quality

- Attention to changing market needs
- Improvement of product and service quality



## Fairness

- Prohibition against conduct aimed at taking advantage of contractual gaps or unexpected situations



## Impartiality towards stakeholders

- Prohibition of any form of discrimination<sup>2</sup>
- Application of the principle of equal opportunities



## Care for the environment

- Protection of the environment
- Commitment to a rational use of resources
- Attention to the search for innovative energy saving solutions
- Reduction of impacts on the environment, both in everyday life and with respect to customer and supplier activities

## 2.2 Transparent governance

Cassa Depositi e Prestiti's corporate governance system<sup>3</sup> plays a central role in the conduct of its operations, contributing significantly to the creation of long-term sustainable value both for shareholders and for the country as a whole.

### 2.2.1 Board of Directors

The Board of Directors is the central body of the corporate governance system and its responsibilities include, among other things, defining, applying and updating the corporate governance rules, in compliance with current regulations, as well as determining the strategic operational and executive management of the Company and the Group.

Given the particular nature of CDP's operations, the composition of the Board of Directors varies depending on the type of funds used for the transactions the Board is called upon to pass resolutions on. In the case of transactions using capital or banking market funds<sup>4</sup>, which are not guaranteed by the government, the Board of Directors is composed of 9 directors elected by the Shareholders' Meeting, 3 of whom are appointed as representatives of non-controlling shareholders. If, on the other hand, the Board is called upon to resolve on transactions that use resources mainly from postal savings<sup>5</sup>, which may be guaranteed by the government, the Board of Directors is supplemented by 5 additional directors.<sup>6</sup>

The Board of Directors is supported in its decisions by five Committees with advisory and proposal-making functions. Governance is completed by the Board of Statutory Auditors, which also acts as the Supervisory Body, the Parliamentary Supervisory Committee and the Support Committee for Non-Controlling Shareholders, which among other things examines the Company's main operations and encourages cooperation between the Company and its non-controlling shareholders, also with a view to enhancing CDP's dialogue with local communities. A judge of the Court of Auditors attends the meetings of the Board of Directors and the Board of Statutory Auditors.

The appointment mechanism for the members of the Board of Directors is governed by the Articles of Association. The Directors (excluding members by right) are appointed by the Shareholders' Meeting on the basis of the slate

The Parent Company's management and control model is oriented towards the principles of integrity and transparency and ensures that sustainability is a priority for the entire company.

voting system and remain in office for the period indicated at the time of appointment – for no more than three financial years – but they can be re-elected. To be elected, Directors must meet the requirements of integrity and professional fitness established by the applicable regulations and the Articles of Association.

With regard to the management of conflicts of interest, CDP has adopted internal rules governing the process to be followed in the case of directors' interests – on their own behalf or on behalf of third parties – in the matters to be dealt with by the Board of Directors. This process complies with the regulations applicable to CDP.

### 2.2.2 Remuneration of the Board of Directors

CDP encourages investee companies to define remuneration policies that are in line with recognised international best practices and suitable for attracting, retaining and encouraging management to pursue long-term value creation, avoiding excessive risk taking. CDP calls for the implementation of remuneration policies that adequately reflect the company's economic situation and performance.

The policies related to directors' remuneration are an area of interest for shareholders, as demonstrated by the establishment of the Remuneration Committee. The remuneration of directors must be in line with their responsibilities and participation in committees, also taking into account the practices of the sector/country of operations. All information on remuneration packages must be disclosed to shareholders in a clear, complete and comprehensible form, in order to provide sufficient information to evaluate the link between remuneration and the performance of the company.

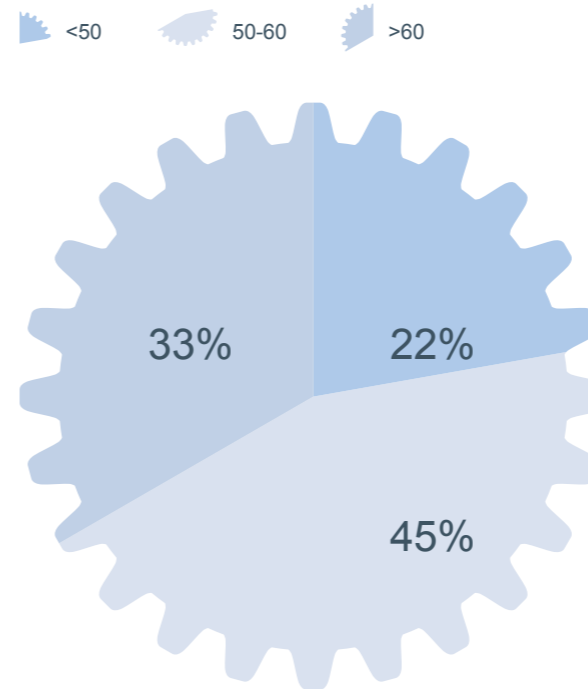
<sup>3</sup> For details visit [www.cdp.it/sitointernet/it/governance.page](http://www.cdp.it/sitointernet/it/governance.page).

<sup>4</sup> So-called "Ordinary Account".

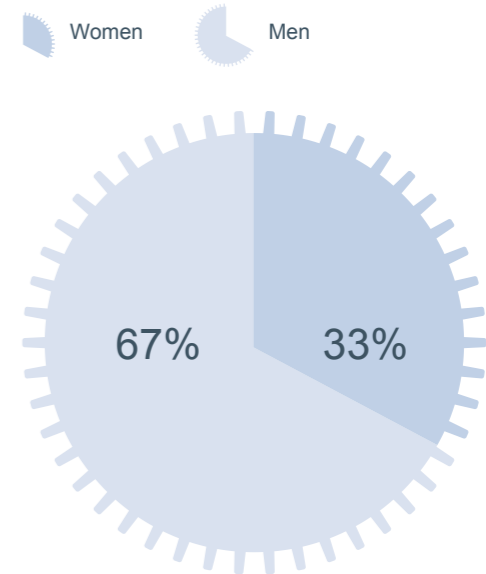
<sup>5</sup> So-called "Separate Account".

<sup>6</sup> So-called "Members by right".

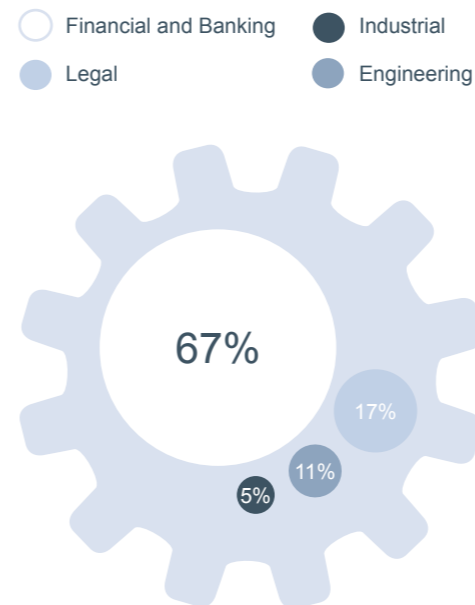
Breakdown of the Board of Directors by age



Breakdown of the Board of Directors by gender



Breakdown of the Board of Directors by expertise



Percentage of participation in 2019 Board meetings

Calculated over 21 Board meetings 84%



### 2.2.3 Chairman

Appointed by the Shareholders' Meeting, the Chairman is responsible for signing documents on behalf of the Company and legally representing the latter, and supervising and coordinating the internal auditing performed by the Board of Directors.

Moreover, jointly with the Chief Executive Officer, the Chairman also follows institutional and communication relations and activities, international activities and study and research. The Chairman convenes the Board of Directors and sets the agenda.

### 2.2.4 CEO

The Board of Directors appoints a Chief Executive Officer from among its members other than the Chairman. The CEO may not serve as a director on more than two additional joint-stock company boards, while the other directors may not serve on more than five additional joint-stock company boards. The positions of director held in companies in which CDP holds an interest, even indirectly, are not considered in the calculation of the above limits.

The Chief Executive Officer, who currently also holds the position of General Manager, is vested with all powers of ordinary and extraordinary management, without prejudice to the matters reserved by law and the Articles of Association to the Company's Shareholders' Meeting, the Chairman and the Board of Directors.

The Chief Executive Officer ensures that the organisational, administrative and accounting structure is appropriate to the nature and size of the company and reports to the Board of Directors and the Board of Statutory Auditors at least quarterly on the general operating performance and business outlook, as well as on the most significant transactions in terms of size or characteristics carried out by the Company and its subsidiaries.

### 2.2.5 Executive Committee

The Executive Committee defines and implements the operational plans, using the information inputs from the day-to-day implementation of the projects and long-term visions. In particular, among other things, the Committee discusses:

- strategic priorities and shares relevant information on management at a company level;
- performance;
- commercial and business strategies;
- important issues having an impact on capital, risks and/or liquidity;
- monitoring of the implementation of the business plan, other strategic initiatives and cross-function projects.

The Executive Committee is composed by the Chief Executive Officer and the General Manager (Chairman), the Deputy General Manager and Chief Legal Officer and all Heads of CDP's Top Management structure. The Executive Committee normally meets monthly, without prejudice to the possibility of convening on the Chairman's initiative, should specific needs arise.

### 2.2.6 Sustainability governance

For the first time the 2019-2021 Business Plan has a strategic and operational approach oriented towards the principles of sustainability, stressing CDP's ambition to become a lever for the country's sustainable development. This new approach made it necessary in 2019 to establish a special division within the Parent Company's organisational structure, in order to work in full synergy with all Group functions by:

- proposing sustainability strategies and objectives;
- promoting an increased level of integration with operational processes and governance;
- overseeing the choice of sustainability guidelines, methodologies and tools;
- carrying out an ESG assessment of business initiatives;
- assessing the ex-post sustainable impact generated by the resources invested by CDP;
- periodically monitoring and reporting on performance and non-financial results;
- promoting a culture of sustainability throughout the Group.

The newly created "Sustainability" Organisational Unit, reporting directly to the Chief External Relations & Sustainability Officer – who reports to the Chief Executive Officer – has the cross-cutting function of making this approach an integral

part of the Group's business and represents an effective support for Management to monitor and implement sustainability initiatives that allow the Group to contribute to the country's socio-economic growth.



# Local presence of private shareholders

Banking foundations [...] play an important subsidiary role in promoting social, economic, environmental, cultural and artistic development.

CDP's shareholding structure<sup>7</sup> is a model of public-private partnership where the maximisation of value for shareholders coincides with the maximisation of value for the community.

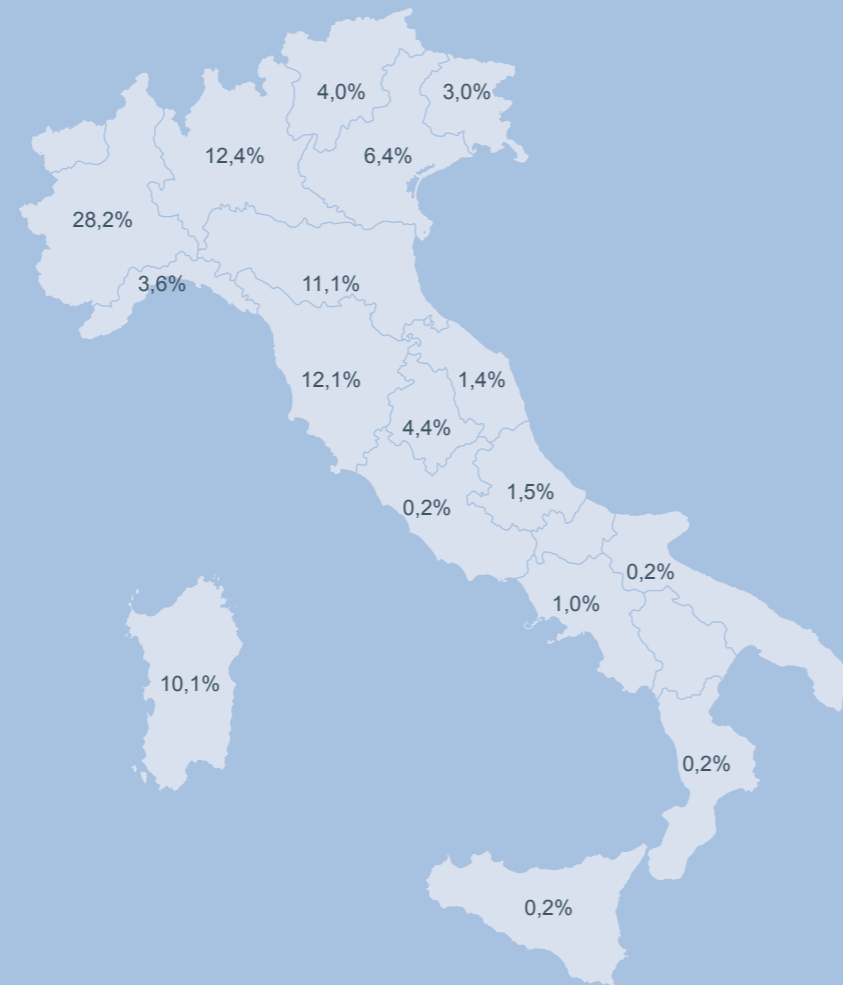
The effectiveness of this partnership is also made possible and strengthened by CDP's deep roots in local communities due not only to its presence throughout the country, but also to its close relationships with the shareholders' communities and the shareholders themselves.

In fact, by their very nature banking foundations, through the extension of their networks, play an important subsidiary role in promoting the social, economic, environmental, cultural and artistic development of local areas. This enables the work of the Foundations to be complementary to the guidance and direction of the country's economic and financial policy as laid out by the Ministry of the Economy and Finance.

Moreover, in order to strengthen its ability to listen to and engage with local communities, CDP has opened its own information desks in the offices of some banking foundations. As of 31 December 2019, two information desks were opened at Fondazione di Sardegna in the cities of Cagliari and Sassari. As of 31 March there were four information desks, with the addition of those opened in Trento and Rovereto at Fondazione CARITRO.

Thus, thanks to the strong roots of its shareholders in local communities, CDP is able to promote truly sustainable and inclusive growth and development.

Geographical distribution of 15.9% of banking foundations



<sup>7</sup> MEF  
82,77%

Banking Foundations  
15,93%

Treasury shares  
1,30%

# 2.3 Risks and compliance in support of resilience

The CDP Group has adopted an internal control system consisting of a set of controls, rules, procedures, and organisational structures designed to identify, assess, monitor and mitigate the risks found in the various customer segments and to disclose them to management in accordance with a specific framework, as well as to ensure full regulatory compliance, observance of corporate strategies and the achievement of targets set by company management.

The Group is committed to monitoring and governing the risks identified in all its activities, as a fundamental condition for maintaining the relationship of trust with its stakeholders and ensuring the sustainability of the enterprise over time.



<sup>8</sup> Approved by the Board of Directors and contained in the Risk Policy.

## 2.3.1 Risk governance model

The model consists of three levels:

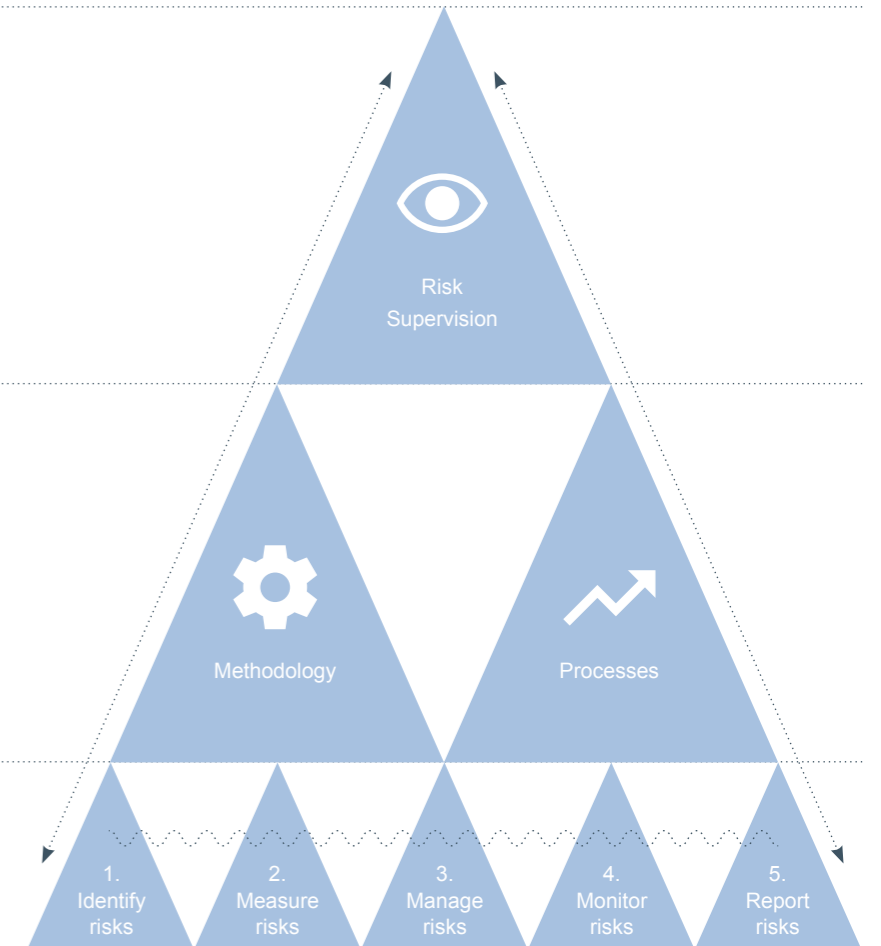
**Level III:** CDP **Internal Audit** reports to the Board of Directors (through its Chairman). It is a permanent, independent and objective function that pursues the continuous improvement of the effectiveness and efficiency of the Company's governance, risk management and control processes, by means of professional and systematic supervision. It provides an independent and objective assessment of the completeness, adequacy, functionality and reliability of the CDP Group's organisational structure and overall internal control system.

**Level II:** the **CRO Department** ensures overall Company and Group risk control by defining the Risk Appetite Framework<sup>8</sup> through:

- definition of measurement methods;
- monitoring of risk exposure;
- monitoring of the risk of non-compliance with standards and reputational assessment of transactions.

Furthermore, the **Manager in charge with preparing the company's financial reports** ensures the monitoring of risks with regard to financial reporting by verifying the adequacy and effective operation of administrative and accounting procedures.

**Level I:** through an accurate management process, the **operating structures** ensure that business operations are in line with the assigned risk objectives.



The second and third level control structures cooperate with each other with the aim of reporting the overall level of risk that is as detailed as possible to the Corporate Bodies, coordinating annual activity plans and exchanging information on critical issues, inefficiencies, weaknesses or irregularities identified in their respective control activities. In any case, Internal Audit regularly assesses the adequacy and effectiveness of the second level control structures through specific audits.

The control structures periodically provide evidence of the activities carried out and the related results to the top management, after examination by the Risk Committee, to the Board of Directors and to the Board of Statutory Auditors. However, critical issues identified during examinations are immediately reported to the relevant company structures so that they can implement mitigating actions.

The different types of risks are defined within the Group Risk Policy, approved by the Board of Directors, which is updated periodically and is set out in the Risk Management Rules and the related annexes, each of which focuses on a specific risk category. The Risk Policy describes the Group's Risk Appetite Framework (hereinafter also "RAF"), i.e. the key tool used by the Board of Directors to define the risk appetite of CDP, the tolerance thresholds, risk limits, risk management policies, and the framework of the corresponding organisational processes.

The RAF, the Risk Policy and therefore the set of internal policies on risk management include aspects related to the monitoring of social, environmental and economic risks. This includes, for example, the Group Policy on assessing the reputational risk of transactions.

The Group adopts a prudent approach in the management of its risks aimed at assessing and limiting the financing of projects with negative environmental and social impacts considered significant, measured on the basis of data or objective assessments of the reputational risk underlying the transactions. As part of the reputational risk assessment, sponsorship activities and the selection of suppliers are also assessed.<sup>9</sup>

The risk monitoring and control framework and the internal control system described above are applied in the various Group companies, taking into account their specific operations.

## 2.3.2 Risks and risk control

With respect to the "material topics", the Group has identified the main risks associated with its activities and designed organisational measures, controls and dedicated tools with the aim of reducing them, minimising any impacts.

The main risks associated with the material topics can be broken down into:

### Compliance risk

Risk of incurring legal or administrative penalties, significant financial losses or reputational damage as a result of violations of external provisions (laws or regulations) or self-governance rules (e.g. articles of association, codes of conduct, corporate governance rules).

### Reputational risk

Current or prospective risk of a fall in profits, loss of economic value or damage to the institutional role, resulting from a negative perception of the image of CDP or the Group by customers, counterparties, shareholders, investors, regulators or other stakeholders.

### Operational risk

Risk of incurring losses resulting from inadequate or malfunctioning internal procedures, people and systems or from external events<sup>10</sup> (including environmental and social events).

### Business risk

Risk of the CDP Group's business initiatives not being aligned with the Plan's sustainability guidelines.

<sup>9</sup> For more information, see section 2.6.2 "Selection of suppliers".

<sup>10</sup> Fraud, lawsuits, judgements or non-applicable contracts.



Solar panels of Magaldi Power, a Campania-based company supported by the CDP Group in its growth plans in Italy and abroad.



Principles	Material topics	Risk categories	Main impacts	Mitigation measures adopted	SDGs
Integrity, ethics and institutional responsibility	Fairness and transparency in governance	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Reputational</li> </ul>	<ul style="list-style-type: none"> <li>• Economic losses resulting from possible sanctions</li> <li>• Reputational damage</li> <li>• Significant reduction in the positive effects of operations</li> </ul>	<ul style="list-style-type: none"> <li>• Company regulations and internal control systems</li> <li>• Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01</li> <li>• Whistleblowing system</li> <li>• Specialised training</li> <li>• “Code of Ethics”</li> </ul>	16
	Effectiveness in the management of business risks and internal control system	<ul style="list-style-type: none"> <li>• Reputational</li> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to detect events that are potentially damaging for the Group</li> <li>• Failure to comply with regulations</li> <li>• Interruption of the Group’s operations</li> <li>• Reputational damage</li> <li>• Possibility of being involved in litigation and administrative proceedings</li> <li>• Economic losses resulting from possible sanctions</li> </ul>	<ul style="list-style-type: none"> <li>• Company regulations and internal control systems</li> <li>• Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01</li> <li>• Whistleblowing system</li> <li>• Specialised training</li> <li>• Reputational assessment</li> <li>• “Code of Ethics”</li> </ul>	16
	Transparent and impartial dialogue with stakeholders	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Reputational</li> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• Involvement in illegal/controversial activities and practices from an ethical, environmental or social point of view</li> <li>• Damage to the Group’s reputation and ability to operate as a system player</li> <li>• Potential conflicts of interest</li> <li>• Possibility of being involved in litigation and administrative proceedings</li> <li>• Economic losses resulting from possible sanctions</li> </ul>	<ul style="list-style-type: none"> <li>• Company regulations and internal control systems</li> <li>• Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01</li> <li>• Whistleblowing system</li> <li>• Specialised training</li> <li>• Reputational assessment</li> <li>• Tools for communicating with stakeholders</li> <li>• “Code of Ethics”</li> </ul>	16, 17
Promoting sustainable growth in Italy	Growth of enterprises	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Reputational</li> <li>• Business</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to comply with regulations (with particular reference to anti-money laundering, international sanctions &amp; embargoes, antitrust regulations)</li> </ul>	<ul style="list-style-type: none"> <li>• Company regulations and internal control systems</li> <li>• Reputational assessment</li> <li>• Sustainability assessment</li> </ul>	8, 9
	Innovation and research	<ul style="list-style-type: none"> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• Financing, with separate account funds, of counterparties intending to relocate production abroad. Incorrect identification of a customer’s risk profile, also due to an insufficient or inadequate preliminary investigation in order to understand customer needs in terms of content and products offered</li> </ul>	<ul style="list-style-type: none"> <li>• AML KYC processes and Sanctions</li> <li>• Specialised training</li> <li>• “Code of Ethics”</li> </ul>	9
	Promotion of international expansion and Italian production		<ul style="list-style-type: none"> <li>• Incorrect identification of a customer’s risk profile, also due to an insufficient or inadequate preliminary investigation in order to understand customer needs in terms of content and products offered</li> </ul>	<ul style="list-style-type: none"> <li>• Specialised training</li> <li>• “Code of Ethics”</li> </ul>	8, 9
	Support for start-ups and enterprises with high growth potential		<ul style="list-style-type: none"> <li>• Deficiencies in the products and/or services offered</li> <li>• Omissions/inaccuracies in the information provided to the customer</li> </ul>		9
	Protection of strategic sectors		<ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Loss of recognition of the Group as an institution supporting the growth of the sustainable real economy</li> <li>• Possibility of being involved in litigation and administrative proceedings</li> <li>• Economic losses resulting from possible sanctions</li> </ul>		8

Principles	Material topics	Risk categories	Main impacts	Mitigation measures adopted	SDGs
Service to the country	Promotion of infrastructure projects with high externalities	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Reputational</li> <li>• Business</li> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• Incorrect identification of a customer’s risk profile, also due to an insufficient or inadequate preliminary investigation</li> <li>• Possibility that the sponsored projects do not meet the objectives initially shared</li> <li>• Inability to understand customer needs in terms of content and products offered</li> <li>• Deficiencies in the products and/or services offered</li> <li>• Omissions/inaccuracies in the information provided to the customer</li> </ul>	<ul style="list-style-type: none"> <li>• Company regulations and internal control systems</li> <li>• Reputational assessment</li> <li>• Sustainability assessment</li> <li>• AML KYC processes and Sanctions</li> <li>• Specialised training</li> <li>• Ex-post controls, including periodic controls on the progress of activities</li> <li>• “Code of Ethics”</li> </ul>	7, 9, 11
	Redevelopment of urban centres and development of social infrastructure		<ul style="list-style-type: none"> <li>• Failure to comply with regulations (with particular reference to anti-money laundering, international sanctions &amp; embargoes, antitrust regulations)</li> <li>• Lack of traceability of environmental and sustainability management activities</li> <li>• Reputational damage</li> <li>• Loss of recognition of the Group as an institution supporting the growth of the sustainable real economy</li> </ul>		4,10, 11, 12
	Support for infrastructure projects with the greatest need for intervention		<ul style="list-style-type: none"> <li>• Failure to comply with regulations (with particular reference to anti-money laundering, international sanctions &amp; embargoes, antitrust regulations)</li> <li>• Possibility of being involved in litigation and administrative proceedings</li> <li>• Economic losses resulting from possible sanctions</li> </ul>		6, 7, 9, 11
	Support for the enhancement and efficiency improvement of Public Administration services and processes		<ul style="list-style-type: none"> <li>• Possibility of being involved in litigation and administrative proceedings</li> <li>• Economic losses resulting from possible sanctions</li> </ul>		11, 16
Fostering progress in Target Countries	Promoting climate change and energy transition projects in Italian Cooperation Target Countries	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Reputational</li> <li>• Operational</li> </ul>	(referring mainly to financing transactions that do not take place through a multilateral institution that offers extensive guarantees of proper management of ESG aspects) <ul style="list-style-type: none"> <li>• Incorrect identification of the customer’s risk profile, also due to an insufficient or inadequate preliminary investigation (with particular reference to financing transactions for the private sector)</li> <li>• Sponsored projects do not meet the objectives initially shared</li> <li>• Failure to comply with regulations (with particular reference to anti-money laundering, international sanctions &amp; embargoes, antitrust regulations)</li> </ul>	<ul style="list-style-type: none"> <li>• Company regulations and internal control systems</li> <li>• Reputational assessment</li> <li>• Sustainability assessment</li> <li>• AML KYC processes and Sanctions</li> <li>• Specialised training</li> <li>• Ex-post controls, including periodic controls on the progress of activities</li> <li>• “Code of Ethics”</li> </ul>	7, 13, 17
	Support for entrepreneurship in the “Target Countries”		<ul style="list-style-type: none"> <li>• Failure to comply with regulations (with particular reference to anti-money laundering, international sanctions &amp; embargoes, antitrust regulations)</li> </ul>		1, 9, 17
Proximity and integration of solutions	Support to local areas	<ul style="list-style-type: none"> <li>• Reputational</li> <li>• Business Risk</li> <li>• Operational</li> <li>• Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to comply with regulations (with particular reference to anti-money laundering, international sanctions &amp; embargoes, antitrust regulations)</li> <li>• Incorrect identification of a customer’s risk profile, also due to an insufficient or inadequate preliminary investigation</li> <li>• Inability to understand customer needs in terms of content and products offered</li> <li>• Deficiencies in the products and/or services offered</li> <li>• Omissions/inaccuracies in the information provided to the customer</li> </ul>	<ul style="list-style-type: none"> <li>• Company regulations and internal control systems</li> <li>• Specialised training</li> <li>• Definition of internal company regulations on the management of reclamations and special projects</li> <li>• “Code of Ethics”</li> </ul>	8, 9, 11



Principles	Material topics	Risk categories	Main impacts	Mitigation measures adopted	SDGs
Caring for people	Employee welfare	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Reputational</li> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• Incorrect application of labour law and incorrect management of resources</li> <li>• Failure to comply with regulations on health and safety in the workplace and at operating sites (in particular for Fintecna and CDP Immobiliare for the management of construction activities)</li> <li>• Work-related stress situations</li> <li>• Reputational damage</li> <li>• Inability to attract and retain qualified and motivated talent within the Group</li> <li>• Possibility of being involved in litigation and administrative proceedings</li> <li>• Economic losses resulting from possible sanctions</li> </ul>	<ul style="list-style-type: none"> <li>• Company regulations and internal control systems</li> <li>• Whistleblowing system</li> <li>• Certified health and safety management system (OHSAS 18001)</li> <li>• Fire prevention and inspection of electrical systems</li> <li>• Strict control of workstation layout</li> <li>• Specialised training</li> <li>• "Code of Ethics"</li> </ul>	5, 8
	Inclusion and protection of diversity	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Reputational</li> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• Incorrect application of labour law and incorrect management of resources</li> <li>• Possible acts of discrimination against employees</li> <li>• Failure to promote diversity</li> <li>• Reputational damage</li> <li>• Inability to attract and retain qualified and motivated talent within the Group</li> <li>• Possibility of being involved in litigation and administrative proceedings</li> <li>• Economic losses resulting from possible sanctions</li> </ul>	<ul style="list-style-type: none"> <li>• Company regulations and internal control systems</li> <li>• Whistleblowing system</li> <li>• Formalisation of human resources management processes based on impartiality and meritocracy</li> <li>• Reputational assessment</li> <li>• Specialised training</li> <li>• "Code of Ethics"</li> </ul>	5, 10
	Personnel development and training	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Reputational</li> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• Incorrect application of labour law and incorrect management of employees' professional development</li> <li>• Termination of professional relationships with key or highly specialised professionals</li> <li>• Lack of technical and managerial skills in the workforce</li> <li>• Inadequate management of the support process for the development of talent</li> <li>• Loss of ability to attract talent from the market</li> <li>• Loss of motivation among Group employees</li> <li>• Lack of an adequate succession planning system</li> <li>• Reputational damage</li> <li>• Possibility of being involved in litigation and administrative proceedings</li> <li>• Economic losses resulting from possible sanctions</li> </ul>	<ul style="list-style-type: none"> <li>• Company regulations and internal control systems</li> <li>• Job Posting Group Policy</li> <li>• HR processes based on impartiality and meritocracy</li> <li>• Specialised training</li> <li>• "Code of Ethics"</li> </ul>	5, 8

Principles	Material topics	Risk categories	Main impacts	Mitigation measures adopted	SDGs
Responsible approach	Assessment of counterparties (including suppliers) and projects based on ESG criteria	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Reputational</li> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• Suppliers that do not incorporate sustainability in their production processes and in the management of their organisations</li> <li>• Presence in their portfolio of transactions with a high level of risk related to ESG issues and/or of customer companies operating in sectors with a high environmental and/or social impact or in any case exposed to corruption</li> <li>• Incorrect identification and assessment of the risk profile of the customer/supplier/project, also due to an insufficient or inadequate preliminary investigation</li> <li>• Reputational damage</li> <li>• Economic losses</li> </ul>	<ul style="list-style-type: none"> <li>• Company regulations and internal control systems</li> <li>• Reputational assessment</li> <li>• Sustainability assessment</li> <li>• Specialised training</li> <li>• "Code of Ethics"</li> </ul>	9, 12
	Climate change and energy transition	<ul style="list-style-type: none"> <li>• Reputational</li> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• Presence of significant equity and credit exposures to activities related to the energy sector and in particular to Oil&amp;Gas and coal-fired energy (SACE)</li> <li>• Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>• Company regulations and internal control systems</li> <li>• Reputational assessment</li> <li>• Sustainability assessment</li> <li>• Specialised training</li> <li>• "Code of Ethics"</li> </ul>	7, 9, 13
	Impact finance	<ul style="list-style-type: none"> <li>• Reputational</li> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to assess/partial assessment of ESG impacts generated by the Group's operations.</li> <li>• Reputational damage</li> <li>• Economic losses</li> </ul>	<ul style="list-style-type: none"> <li>• Company regulations and internal control systems</li> <li>• Reputational assessment</li> <li>• Sustainability assessment</li> <li>• Specialised training</li> <li>• "Code of Ethics"</li> </ul>	9, 12, 17



# Environmental and social risks

## Climate change

Consistent with its commitment to support the transition to a low-carbon economy and society, the Group includes risks arising from climate change in its risk management.

These are distinguished considering:

- physical risk, linked to the physical impact of extreme weather events like floods;
- transition risk, arising from the process of shifting towards a low-carbon economy and linked to changes in public policies, technology and consumer choices.

With regard to physical risk, the possible direct impacts of adverse events related to climate change are mitigated by the business continuity and disaster recovery measures set up by CDP.

With regard to transition risk, the risk profiles that may be significant for CDP are essentially of an indirect nature, i.e. risks that may affect the value of equity investments, loans and investments.

From a financial point of view, a significant risk factor is the presence of equity and credit exposures to activities related to the energy sector and in particular to Oil&Gas. To date, the timing and financial impact of the risk of the energy transition cannot be reliably estimated, and the same is true for the probability of occurrence of any indirect adverse events and the possible magnitude of the corresponding impact. It should also be considered that CDP's major energy-related investee companies have actively identified strategies for managing and mitigating climate change.

With regard to the monitoring of risks related to climate change, it certainly notes the commitment of SACE that, as early as 2017, has managed its operations in the coal-fired energy sector in line with the OECD Coal Sector Understanding (CSU), which requires that every transaction related to new or existing coal-fired power plants respect technological and dimensional constraints aimed at reducing the support of Export Credit Agencies in the sector, orienting it to a lesser extent and only to lower carbon technologies.

## International activities

With regard to operations abroad, both in the field of international expansion and export support and in the field of International Cooperation (with CDP funds), the Group relies on specific expertise within SACE to assess environmental and social risks in line with international standards.

In accordance with the OECD 2016 Recommendation<sup>11</sup> and its internal policies and procedures, SACE conducts the assessment of the potential environmental and social impacts of its operations. The environmental<sup>12</sup> and social<sup>13</sup> assessment is a process that runs in parallel with other types of analysis (e.g. economic, financial, legal) carried out by SACE on each transaction, with the aim of identifying and assessing the potential environmental and social impacts related to the implementation of the work subject to insurance cover.

### Four-stage assessment process:



#### Questionnaire

Questionnaire highlighting:

1. nature of the project;
2. industrial sector;
3. geographical location;
4. likelihood of impact on human rights.



#### Classification

Assessment of transactions based on the significance of the environmental and social impacts potentially generated in three categories:

- A. significant; B. moderate;
- C. negligible.

In line with emerging trends in both the national and international context, SACE is also considering a strategy to abandon coal and promote measures to facilitate the transition to a low-carbon economy.

<sup>11</sup> Common

Approaches on Officially Supported Export Credits and Environmental and Social Due Diligence

<sup>12</sup> The environmental impacts include, for example, atmospheric emissions, including greenhouse gas emissions, water discharges, waste, including hazardous waste, noise and vibration, use of natural resources, and impacts on endangered animal and plant species.

<sup>13</sup> Social impacts include, for example, working conditions, health and safety of impacted communities and workers, land acquisition, forced displacement of residents, impacts on indigenous peoples, cultural heritage, human rights impacts directly related to projects, such as forced or child labour, or life-threatening workplace health and safety situations.

<sup>14</sup> Environmental Social Impact Assessment.

<sup>15</sup> Environmental & Social Review Questionnaire.

## 2.3.3 Compliance culture

The CDP Group attaches specific importance to the monitoring of compliance risks, in the belief that compliance with applicable laws and regulations is a fundamental element in carrying out its activities.

The CDP Group has thus outlined a Rule Map for the Parent Company and each of the companies subject to its direction and coordination. This Rule Map is updated and monitored by the Compliance function of the companies and identifies the main compliance risks that the companies are exposed to in pursuing their business, or that may arise in connection with their products/services or business dealings.

### Main risks and regulations

- Financial and commercial sanctions;
- Conflicts of interest;
- Market abuse;
- Antitrust;
- Anti-money laundering & anti-terrorism;
- Safety at work (with specific reference to CDP Immobiliare and the Fintecna Group);
- Works and service contracts (with specific reference to CDP Immobiliare);
- Environmental regulations (with specific reference to CDP Immobiliare and the Fintecna Group);
- Sector regulatory provisions and supervisory regulations (with specific reference to CDPI SGR);
- Pre-litigation and litigation (with specific reference to the Fintecna Group)
- Italian Legislative Decree no. 231/01.

With the aim of ensuring fairness and transparency in the conduct of business and company activities, in order to protect its position and image and the expectations of its stakeholders, CDP and the companies subject to management and coordination have adopted their own Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01 (so-called 231 Model), commensurate with its specific characteristics, where the business areas and activities most exposed to the risk of offences under Legislative Decree 231 being committed have

been identified, as well as describing the principles, rules and provisions of the Internal Control System adopted to mitigate the risk of unlawful conduct. In addition, CDP and the companies subject to management and coordination have appointed their own Supervisory Body to monitor the implementation of the 231 Model and its effective application.

The structure of the 231 Model of each CDP Group company consists of:



#### General Section

which recalls the principles of Italian Legislative Decree 231 and illustrates the essential components of the Model;



#### Special Section

which identifies the relevant activities during whose performance there is a theoretically potential risk of the commission of crimes, and the relevant safeguards and principles of the Internal Control System aimed at preventing the commission of offences.

For CDP and some CDP Group companies, the functions of the Supervisory Body have been assigned to the Board of Statutory Auditors. The Supervisory Body (SB) is tasked with overseeing the functioning and observance of the Model and with updating its content and assisting the competent corporate bodies in correctly and effectively implementing the Model. The functioning of the SB is established in the specific Regulation that the Body adopts.

CDP and the Group companies have disseminated their 231 Model through their respective websites and on the corporate intranet (where available) and, in order to raise awareness and understanding of the company's provisions aimed at preventing the risk of the offences set out in the Decree, they have organised training sessions on the administrative liability of entities for employees and corporate bodies, specifically focusing on those business areas/activities that are most exposed to a theoretical risk of corruption offences being committed, including among private citizens, and analysing the related safeguards of the internal control system.

# 763

## hours of anti-corruption training provided

In 2020, each CDP Group company will carry out a review of its Model in order to incorporate: (i) recent organisational and process changes in the company; (ii) the latest regulations governing the administrative liability of entities; (iii) the results of the follow-up of the previous action plan. The risks of committing offences under Legislative Decree 231 (including corruption, even among private individuals), in relation to the relevant activities defined in the Model, are identified and assessed by the Supervisory Body Support structure as part of the risk assessment for the updating of the 231 Model. This also supports Internal Audit for the assessment of risks under Legislative Decree 231 as part of the annual risk assessment carried out for the purpose of preparing the Audit Plan and in performing audits to verify the control principles identified in the 231 Model.

As confirmation of the Group's good level of control over this issue, it should be noted that in 2019 no measures were taken to impose financial penalties or disqualifications (e.g. disqualification from conducting business) on CDP and the companies subject to management and coordination or to convict their employees.

### 2.3.4 Protection of legality, integrity and prevention of corruption

Corruption offences, including among private individuals, fall within the types of offence referred to in Italian Legislative Decree no. 231/01, pursuant to art. 25 "Offences against the Public Administration" and 25 for "Corporate Offences" in the aforementioned Decree.

Within the scope of the Organisation, Management and Control Models pursuant to Italian Legislative Decree no. 231/01 adopted by CDP and the Group companies, the significant activities having a potential risk of corruption, including among private citizens, have been identified. These significant activities account for more than 50% of the total significant activities identified in

the 231 Models of CDP and the Group companies.

These models describe the internal control system put in place to mitigate the risk of unlawful conduct. A disciplinary system is also defined to punish any unlawful conduct and/or non-compliance with the 231 Model.

The main corporate regulatory instruments setting out rules for the prevention of the risk of corruption include: (i) the Code of Ethics, (ii) the 231 Model and (iii) the "Management of Whistleblowing Reports" Group Policy.

The Whistleblowing Group Policy, implemented in CDP and in the Group companies in compliance with the regulatory requirements of Italian Law no. 179/2017, was updated in 2019 and the updated version of the IT platform for the management of reports was made operational, in particular, in order to implement the new regulations set out in Directive (EU) no. 2019/1937 on the protection of persons who report breaches of Union law and to introduce the possibility of also submitting anonymous reports.

Additional reporting channels also remain available, such as the encrypted e-mail address (for CDP and each Group company) and ordinary mail (to be addressed to the Supervisory Body set up at CDP and each CDP Group company).

### Whistleblowing

Reports, including anonymous reports, submitted by CDP Group personnel and Third Parties regarding violations of:

- the Code of Ethics and internal rules, both of the company and the Group (e.g. Policies, regulations, procedures, etc.);
- the 231 Model adopted;
- external anti-money laundering legislation (Italian Legislative Decree 90/2017 - Anti-Money Laundering Decree) and internal anti-money laundering rules, both for the company and the Group, as well as the Consolidated Law on Finance and the Market Abuse Regulation ("MAR"), where applicable;
- Reports regarding privacy, consumer protection and financial services.




The recipient of the reports is the Supervisory Body, which uses the Internal Audit structure to perform the appropriate checks. The Board of Directors and the Board of Statutory Auditors receive information every six months on the reports received as part of the half-yearly report on the activities carried out by the Body.

With regard to 2019, two anonymous reports were received by ordinary mail (CDP) and one anonymous report by e-mail (SACE), with no critical issues found after analysis.

### 2.3.5 Strengthening 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.

To this end, the Parent Company has identified a multi-year strategic action plan aimed at holistically increasing the level of maturity of IT security controls in line with the Group's Business Plan and in compliance with current regulations. The following main initiatives were implemented in 2019:

-  Technological and procedural assessments aimed at identifying potential areas for improvement and technological safeguards to be reinforced;
-  Adoption of a Security Operation Centre (SOC) to ensure continuous monitoring of logical security events and identification of potential vulnerabilities;
-  Delivery of an Awareness course for all personnel with the aim of increasing awareness of the value of the company's assets and sensitivity in recognising cyber threats (e.g. phishing).

For 2020, technological, procedural and regulatory safeguards will be further strengthened and adequate operational tools will be provided to further increase the level of security of the company's systems and information assets.

## 2.4 Competent, coordinated and motivated colleagues

“We are a team and we are able to appreciate the importance of each and every person to achieve the ultimate goal”<sup>16</sup>

Respect for people and their professional development are at the heart of the CDP Group’s values. The relational, technical and organisational skills of each employee represent a fundamental strategic resource for the achievement of corporate objectives and for the creation of long-term value for all stakeholders.

The Group’s more than 2,300 people are a strategic asset that the Group constantly invests in so that they have the necessary skills and capabilities to meet daily challenges.

### Workforce breakdown

**2,196** employees (+3,5% vs 2018);

**50** collaborators (-2% vs 2018);

**68** interns (+58% vs 2018).

### Breakdown by type of contract

**2,108** permanent, of which 2,089 in Italy, 3 in Europe, 16 in the world (+3% vs 2018);

**88** fixed-term, all in Italy (+26% vs 2018).

### Breakdown by educational qualification

University: **1.691** (+9% vs 2018);

High school: **460** (-7% vs 2018);

Middle school: **45** (-25% vs 2018).

### Overall turnover rate

**9,9%** (vs 5,5 % del 2018);

**~280** people hired in 2019.

The hiring rate is up 17.8% compared to 2018, in line with the transformation process currently under way, which requires the acquisition of new skills and professional abilities. On the other hand, 218 people left: 126 men and 92 women, with an increase of 86% compared to 117 people who left the previous year. 64% are older than 50 and about 18% of the outgoing personnel are between the ages of 30 and 50.

During the year, initiatives dedicated to development, training and engagement were carried out for the benefit of Group employees. These initiatives were all accompanied by transparent and meritocratic personnel management to protect an inclusive working environment that takes into account the needs of every employee.

### Constant investments

Talent, training and development engagement;

Welfare;

Diversity, inclusion and engagement.

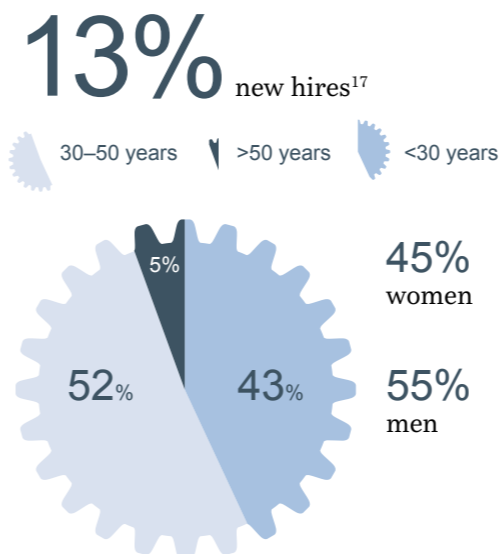
<sup>16</sup> M. Di Fonzo, Head of HR at CDP S.p.A.

### 2.4.1 Talent, training and development

The Group considers the attraction of talent as a fundamental value to ensure the inclusion of new skills and to promote the achievement of corporate objectives. Therefore, it invests both in attentive selection and in the subsequent development of this capital in order to enhance its potential. The procedures for recruiting and hiring personnel are governed by specific Regulations that the Group companies update periodically. Each phase of the process is supported by documentary evidence and traced, in order to ensure transparent procedures in its implementation and reduce

the risks associated with the management of the process.

The channels used for the publication of the job advertisements are the individual websites of the Group Companies and their dedicated LinkedIn pages.



In order to identify and attract the most suitable and talented young people, during 2019 partnerships with universities have been reinforced.

In particular, a selection and hiring programme for young talent was launched: 15 people were selected from among 1,800 applicants who had opportunities within the companies and large companies the Group has a stake in.

For the Group, the skills of its people at all levels are fundamental to ensure the excellence of its business model and the ability to provide a concrete response and tangible results to the challenges posed by the Strategic Plan. In 2019, the Group therefore set itself the objective of offering a broad, high-quality training programme with the right mix of cross-cutting and role-based training.

**55.263** hours of training (+8% vs 2018);

**25** hours per capita on average;

**€631.606** invested by CDP (+57% vs 2018);

**€1.571.818,7** invested by the Group (+21% vs 2018).

In particular, a new induction programme was introduced for all new recruits, with exploration activities (testimonials and mini internships) added to the formal training.

With reference to training, priority was given to initiatives dedicated to specific topics considered to have a high impact given day-to-day operations:

- 24,031** hours on cross-cutting skills;
- 13,147** hours of technical training;
- 10,564** hours on health and safety;
- 763** hours on anti-corruption;
- 72** hours on environmental topics.

Considering the daily challenges of the Group and the possibilities offered by the Strategic Plan, in order to make it easier for employees to recognise opportunities of their interest and allow the acquisition of new and interconnected knowledge and skills, the internal selection system (job posting) has been further developed. The system offers an important opportunity to create a meeting point between organisational needs and the aspirations of the people working in the Group.

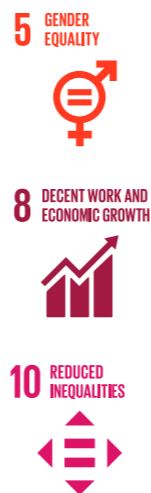
The initiative has increased:

- internal mobility;
- the development of cross-cutting skills;
- integration of cultures and professional expertise in the various Group companies;
- resilience;
- flexibility;
- cooperation and trust between people.

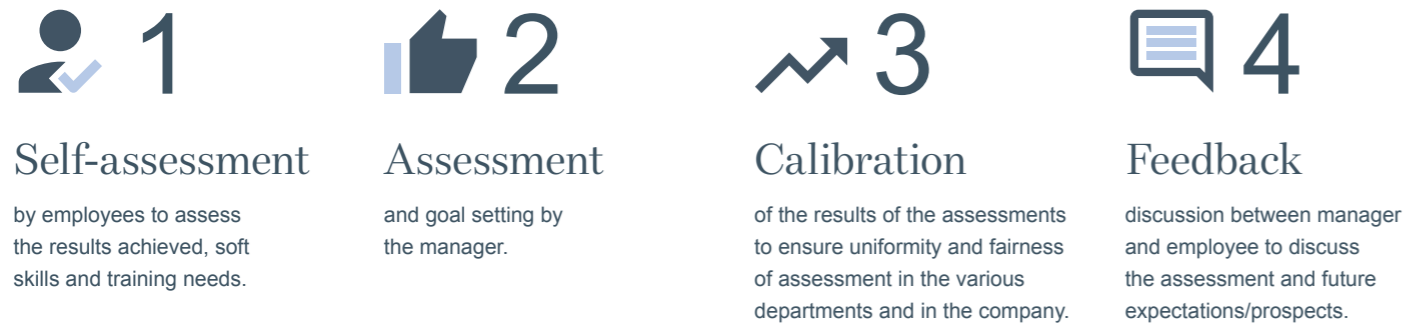
**119** job postings, of which 66 published by CDP, 50 by Sace, 1 by CDP Equity and 2 by Investimenti Sgr.

Furthermore, an individual and Group Coaching programme was launched, involving 22 top managers, to support organisational change and the development of effective, consistent leadership.

<sup>17</sup> People hired in 2019 out of personnel as at 31/12/2019.



Stages of the assessment process



Finally, to allow everyone to receive feedback on the progress made during the year, an annual performance assessment process is in place. In order to ensure that people are adequately valued, the assessment of employees is conducted with processes, systems and methods that support their motivation but also attract and retain resources considered strategic to achieve the Group's objectives.<sup>18</sup>

The CDP Group's remuneration policy is inspired by the criteria of moderation and transparency in the knowledge that the right compensation framework, including variable components of remuneration, is fundamental to pursuing internal fairness and market competitiveness, as well as for attracting and motivating its resources, ensuring that their interests are aligned with those of stakeholders. Remuneration is determined on the basis of the relevant national collective bargaining agreement (which covers 100% of the employees), taking into account their skills, experience and the responsibilities assigned to them, as well as market best practices.

Senior managers' remuneration is divided into fixed and variable components linked to the achievement of annual objectives. The variable component is calibrated according to the achievement of qualitative and quantitative targets set at an individual, company and Group level and also linked to sustainability issues, fully consistent with the Business Plan. In order to pursue internal and external fairness, Group companies sometimes refer to the support of independent external consultants to determine the remuneration of managerial roles in order to weigh organisational positions and draw up remuneration benchmarks. In any case, the definition of remuneration levels is the exclusive responsibility of the CDP Group, which makes its decisions in full autonomy.

<sup>18</sup> 100% of employees receive regular performance and professional development assessments.

<sup>19</sup> Accessible to all employees regardless of contract type.



For the 2nd consecutive year CDP obtained the "Top Employers Italy" certification, confirming its excellence as an employer.

2.4.2 Welfare

The Group promotes a modern and comprehensive system of company welfare designed to improve the individual and professional wellbeing of its people with the ultimate aim of fostering a sense of corporate belonging, cooperation and respect for private life.

Welfare programmes<sup>19</sup> are also fundamental tools for pursuing diversity objectives, with particular reference to employees with family needs. The initiatives have helped to increase the number of women in the company. In fact, the hiring of women in 2019 increased by 5 percentage points compared to 2018 and reached 45% of total personnel (compared to 40% in 2018).

Attentive to raising the awareness of its employees for the adoption of virtuous behaviours and practices having a low environmental impact, the Group also gives its employees an annual contribution to encourage the use of sustainable mobility.

The Group considers the health and safety of its people to be fundamental and is committed to creating and maintaining a working environment that protects the integrity and moral dignity of its employees. To this end, constant monitoring is carried out on the health and safety conditions of the workplace, taking the appropriate technical and organisational actions necessary to guarantee the best working conditions.

The Group's attention to the management of health and safety goes far beyond mere compliance. For this reason, most of the Group companies have identified the creation and development of their own Management System as the most appropriate means of maintaining their commitments and effectively pursuing their objectives. The approach adopted is based on the "Plan-Do-Check-Act" method, i.e. definition of objectives (Plan), implementation of processes (Do), control and measurement (Check) and implementation of improvement actions (Act). This approach ensures continuous monitoring and control of health and safety in all work processes.

Each Company has therefore taken steps to manage all aspects related to occupational health and safety through a specific functional structure consisting of the:

- Employer and his/her designated employees
- Health and Safety Officer;
- Company Doctor;
- Workers' Safety Representatives;
- Emergency and First Aid Specialists.

Welfare programmes

Family

- Contributions**
- Purchase, renovation and extension of the first house;
  - Contribution for school expenses;
  - Annual contributions for employees with dependent children having severe disabilities.

- Study grants and support**
- Study grants for employees' children;
  - Parenting support programmes.

Parental leave

Health and wellbeing

- Healthcare and pensions**
- Health insurance for employees and their direct families, covering medical costs incurred for illnesses and injuries and periodic health check-ups;
  - Supplementary pension schemes with a contribution to be paid by Group companies.

- Insurance cover**
- Death and total permanent disability insurance, covering workplace/non-occupational injuries and permanent disability from illness.

Meal vouchers

Work life balance

- Working hours and holidays**
- Flexible and/or shift-based start times;
  - Holidays for specific family/personal issues;
  - Smart working.

- Leave**
- Paid leave for particular personal reasons;
  - Leave for medical treatments/personal needs/exams.

- Pay and contracts**
- Unpaid leave for study, personal needs, volunteering;
  - Commitment to accept requests for part-time work.

Flexible benefits

- Possibility to convert part of the company bonus into welfare credit.



With regard to the Via Goito office, the Board of Directors resolved to launch the “Renovation, seismic improvement and fireproofing project” and, pending its completion, the current fire prevention and electrical system inspections were reinforced.

Among the Group companies, CDP Immobiliare, by virtue of its business and in order to ensure the implementation of preventive and protective measures, has adopted specific procedures designed to standardise the monitoring and inspection of its buildings in the pre- and post-construction phases.

**Injuries by type and frequency**

**29** injuries, none serious (-28% vs 2018);  
**8,5%** injury frequency (-24% vs 2018).



**Safety initiatives in 2019**

**Health and Safety at work: let's play as a team!**

Awareness and dissemination initiative on safety measures and behaviour during emergencies (involving ~80% of CDP S.p.A.'s personnel).

**Medicorner**

Nurse's office in Via Goito, CDP S.p.A.'s headquarters, free of charge and available to all employees, which also provides medical services at reduced rates.

**Lifesaving defibrillators**

Defibrillators with training of 42 first aid specialists.

**Medical check-ups for personnel travelling or working abroad**

Initiatives to monitor the health of employees travelling to foreign countries.

**Vaccine Campaign**

Flu vaccine campaign. 485 check-ups and 115 vaccines administered to CDP S.p.A.'s employees.

**Help point**

Internal desk managed by a psychologist whom employees can turn to for support in overcoming difficulties

**Blood donations**

3 days dedicated to Group blood donations, organised in partnership with SACE-SIMEST. More than 270 employees participated and about 180 bags of blood were donated.

**2.4.3 Diversity, inclusion and engagement**

The CDP Group considers multiple perspectives to be a resource and a source of enrichment that makes the company stronger and better able to face daily challenges.

Consequently, transparent and meritocratic management is ensured which fosters an inclusive working environment where the diversity of each person is respected and valued without

discrimination based on gender, sexual orientation, age, religious belief, race and political and/or trade union membership.

The CDP Group's corporate culture is geared towards ensuring gender parity, and in both the selection process and their professional development resources are assessed solely on the basis of their professional skills and abilities.

**Presence of women**

**1.030** women in the Group (+4% vs 2018);

**44** female manager (2% vs 7% uomini manager);

**33%** women on the Boards of Directors.

People diversity in terms of age is another distinguishing factor of the Group. In order to draw on the experience and knowledge of senior employees and at the same time ensure that young people have adequate development and growth plans, during the last year initiatives were launched to promote an intergenerational exchange, like the Mentoring initiative, where experienced managers support the careers of young people.

**Employees by age group**

**10%** under 30 (+46% vs 2018, of which 43% women);

**55%** 30-50 (+7% vs 2018, of which 47% women);

**35%** over 50 (-11% vs 2018, of which 47% women);

Moreover, the Group guarantees the right to work of people with disabilities, whose number within the Group at the end of 2019 was 108 (5% of the total), of which 58% were women. The Group invests daily in the full engagement of people in order to intensify their relationship with the company and to have a team that is aware and focused on cooperation.

The Group endeavours to maintain an active dialogue with its people at all times, providing exhaustive information on the initiatives organised, by sending a weekly newsletter and constantly

updating the company intranet, but also acquiring and examining every request from its employees and providing clear, transparent feedback.

During the year, in order to ensure engagement in this regard, CDP kept employees updated on the progress of its strategy and the results achieved:

**over 200** news items published on the intranet;

**50** newsletters sent to employees - with special issues dedicated to special events like the launch of the new Brand Identity and the Group Convention;

**1** bi-weekly video for the internal monitors at all CDP premises.

People's engagement also takes place through the broader framework of industrial relations. These are based on discussions and the development of positive and proper relations with trade union representatives to ensure the negotiation and definition of agreements and the prevention of any tensions.

**Trade union agreements**

The various agreements within the individual Group companies include the following:

- Agreement for the payment of company bonuses;
- Agreement aimed at consolidating teleworking;
- Agreements aimed at providing access to co-funding as part of company training plans;
- Agreements on the implementation of the video surveillance system;
- Agreement on the 2020 healthcare coverage plan for office workers' and middle managers' families;
- Agreement on the use of extraordinary benefits provided by the “Fondo di Solidarietà del Credito” (Solidarity Fund for the Credit Sector).

# The Group Convention to build the future together

A day dedicated to the CDP Group and its people. A moment to share results and objectives, but also to team up and work better together.

The 2019 Convention was a key moment to show appreciation for the people who work every day to contribute to the growth of the country and to share projects and objectives for the future.

A unique opportunity to strengthen team spirit, pride and cooperation among all the people of the Group.

## Convention ID

<b>2,100</b> employees attending	<b>3</b> contests
<b>300</b> employees involved	<b>100</b> ideas collected and under assessment

The event was held on 19 December in the setting of the former Istituto Poligrafico e Zecca dello Stato, where CDP is carrying out a redevelopment project.

A full day that started with the celebration of employees' skills and work, with moments dedicated to new hires, employees nearing retirement and new managers.

The Convention continued with the awarding of the best business projects of 2019, as voted by the participants of the Multistakeholder Forum.

An important space was also dedicated to presenting the challenges and objectives for the new year and CDP's vision for the future, where sustainability plays an increasingly strategic role. A symbol of this commitment was the presentation of the "CDP Group Sustainability Manifesto"

A day of emotions also put into music. From Bach's "Prelude" to "Tarantella" and ending with "Fly Me to the Moon", the performances of the talented youth of the Juniorchestra of the Accademia di Santa Cecilia offered exciting moments during the event. Thanks to its partnership with the Academy, CDP supports the excellence of Italy's artistic and cultural heritage and the growth and training of young talent.

The 2019 Convention was a key moment to show appreciation for the people who work every day to contribute to the growth of the country and to share projects and objectives for the future. An opportunity to present and share the sustainability manifesto signed by the CEOs of all Group companies.



## 2.5 A low environmental impact workplace

2019 was a year of great turmoil worldwide with regard to environmental issues, marking an important increase in the awareness of individual citizens and the organisations they work in. With this in mind, the Group companies have supported the importance of environmental protection, orienting their conduct towards a more rational use of resources and the search for innovative solutions to guarantee energy savings.

### 2.5.1 Our commitment

The commitments and principles of environmental protection are evident throughout the CDP Group, starting with initiatives relating to each company's business through the selection of sources of financing dedicated to sustainable development, as well as the careful selection of suppliers of products and services.

In compliance with the ISO 14001 standard, CDP S.p.A., CDPI SGR and the SACE Group have identified the creation and development of their own Management System as the most appropriate means of structuring the companies' management of environmental protection.

In line with this standard, they have adopted an Environmental Policy reflecting not only the basic principles of management of activities related to environmental aspects, but also specific objectives in this area. These certifications, whose scope of application is limited to activities carried out at the sites of the main offices, define policies and procedures that are valid for all those who work on the premises of Group companies. Although not certified, CDP Immobiliare also has a Management System based on the principles of

ISO 14001. As part of the management of operational aspects, CDP S.p.A. renews its commitment to increase the efficiency of the buildings that house its offices through the installation of solar panels, LED lights and BMS.

The SACE Group aims to promote the sustainable mobility of its employees, investing in the renewal of its car fleet with models having a low environmental impact and facilitating travel in urban areas by equipping them with bicycles.

With regard to their business, CDP Immobiliare and Fintecna's objective is to monitor the environmental situation of their assets or properties in order to plan the design and implementation of reclamation projects, supporting external professionals and monitoring the operational activities carried out on construction sites.

### 2.5.2 Our consumption

During 2019, the Group's commitment focused on the consumption of resources deriving from utilities, the use of consumables, with particular reference to paper and disposable plastic, and travel due to personnel using the company fleet or other means like trains and planes.

#### Consumption compared to 2018

- ↗ +3% electricity;
- 💧 -7% water<sup>20</sup>;
- 📄 -26% paper;
- ⚙️ -18% toner.

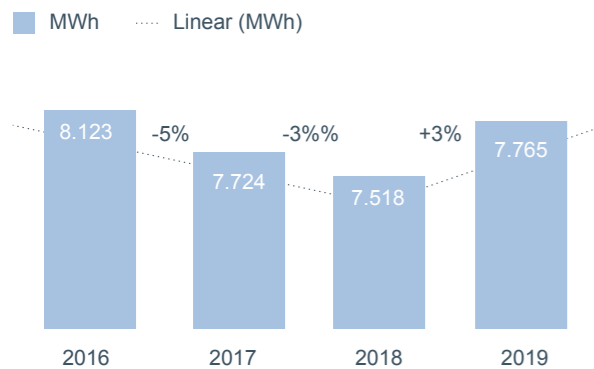
The form of energy most consumed by the Group is electricity, currently supplied exclusively from the grid and derived from renewable sources to the extent envisaged by the national energy mix. The increase in the workforce in 2019 resulted in a slight increase in electricity consumption.

<sup>20</sup> Given that the premises of the Group Companies only have non-industrial discharges, the value of water drawn is considered sufficient to represent the amount of water used by the Organisation.



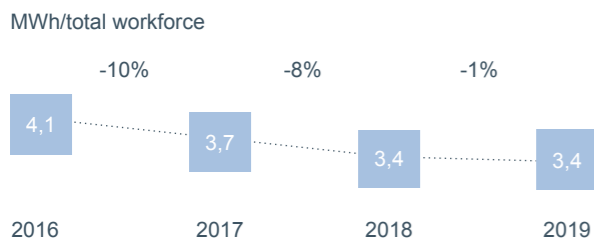


### Electricity purchased from the grid



Looking at the Group’s per capita energy intensity ratio, there was a slight reduction (-1.1%) in 2019. This change was even more significant in the Parent Company thanks to employees’ reduced consumption, confirming a downward trend (-10% vs 2017 and -4% vs 2018). These actions have already begun to be extended to other Group companies and will be further strengthened in the coming months.

### Per capita energy intensity ratio



This result is positive with a view to consolidating the strategy aimed at making workspaces more sustainable, especially considering the significant increase in the number of employees. With regard to fuel consumption, there were slight increases in the use of diesel (+6.3%), petrol (+22%) and natural gas (+8.9%), a result of the increase in personnel in 2019 of over 100 employees.

Objectives related to sustainable mobility in terms of car fleet and facilitation of travel in urban areas, including through the use of bicycles, are already being analysed and set. In addition, an agreement has been implemented to promote car sharing and a pilot project on teleworking has been launched.

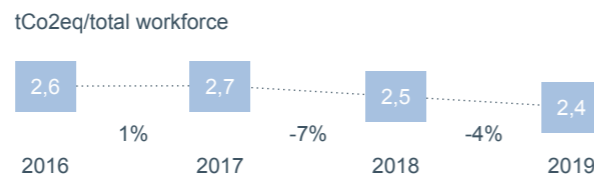
With regard to greenhouse gases (GHG), the trend in direct and indirect emissions of die-

sel, petrol, natural gas (Scope 1) and electricity (Scope 2) shows an increase of 8.3% and 3.3% respectively compared to 2018.

Other indirect emissions (Scope 3) decreased by 5.7%. The absolute figure for the CDP Group’s total greenhouse gas emissions for 2019 is in line with last year (+0.6%).

It is also important to analyse the per capita contribution of the CDP Group, defined as the ratio of total greenhouse gas emissions to personnel (“emission intensity”). The GHG emission intensity values were around 2.4 tCo2, a reduction of 3.6% compared to the previous year.

### Per capita greenhouse gas emission intensity



## 2.5.3 Together with our people

The Group’s strategy aimed at protecting the environment has become the driver to encourage the involvement of staff members in initiatives aimed at promoting virtuous and responsible behaviour, helping to satisfy the urgent need to contribute collectively to combating climate change. The result has been a tangible improvement in the impact of everyone’s working life on the environment. This gave rise to many activities aimed at starting an important path to make the office increasingly “sustainable” over time: small gestures, but widespread and coordinated by targeted campaigns at a Group level, to achieve significant results in terms of reducing the total environmental impact.

The most significant initiatives were “Zero Plastic” to reduce disposable plastic, and “Paperless” to reduce paper consumption.

## Operation Zero Plastic

- 1.4 mln million disposable plastic products;
- 12 ton of plastic;
- +94 mln/l drinking water donated;
- 15 families in Senegal and 1,000 children from the Merereni school in Kenya with access to drinking water.

Project resulting from the desire to remove disposable plastic products from the Group’s premises.

- **Water:** complete elimination of plastic bottles and dispensers.
- **Coffee:** adoption of compostable pods and environmentally friendly cups and stirrers.
- **Water bottle:** for all employees.
- **Dispensers:** increased in offices with filtered water from the Rome mains network.

The project also had important social implications: by purchasing water bottles through the certified B Corp brand WAMI, CDP contributed to the realisation of two projects in Africa aimed at the construction of two sanitary water networks.

## Operation paperless

- 53% of printouts in CDP;
- 1 ton of printed paper;
- 15 ton of paper eliminated from offices;
- 110 trees for the CDP Forest (75 in Kenya and 35 in Sicily).

The operation was designed to involve all employees in significantly reducing the use of paper on the premises of the CDP Group. For Environment Day, “Green Page” was launched to raise awareness on a more sensible use of IT tools thanks to the monitoring of volumes of printed paper, and during the year several events dedicated to the collection and disposal of paper were organised, with a view to promoting the circular economy (Paper recycling days and Fridays 4 recycling).

At the same time, to offset the CO2 produced in 2018 due to the use of paper and toner in the company, the CDP Forest was planted. The trees will naturally absorb CO2, protect biodiversity and generate social benefits in Kenya and Sicily.

## 2.6 ESG assessment model

Integrating sustainability into business processes means that the Group is committed to ensuring that all transactions are assessed taking into account not only their financial but also their social and environmental impacts.

An impact assessment model was developed that follows the entire investment chain in an integrated manner, from the origination phase to the final measurement of ex-post impacts.

The ex-ante phase aims to assess the expected benefits and risks associated with the negative externalities produced by initiatives eligible for financing, and in this way contribute to a more strategic approach in the origination phase. The ex-post phase aims to produce evidence of the impacts generated by the initiatives that were actually financed and implemented, reporting on the activities with respect to the strategic objectives in terms of sustainable development, verifying their effectiveness and additionality.

In detail, the ex-ante assessment phase envisages a first level of screening focused on verifying the consistency of the initiative under evaluation with the priority areas identified by the Group in terms of promoting sustainable development (i.e. with respect to the two dimensions represented by the material topics and the Sustainable Development Goals). The second level of analysis considers the profile of the counterparty with respect to sustainability issues, the specific outcomes and the additionality generated by the transaction.

The ex-ante assessment takes into account the specific characteristics of each business line, considering the nature of the counterparties, the financial instruments and the areas of operation, however without compromising an adequate level of comparability between initiatives.

In detail, with regard to public counterparties, the ex-ante assessment is slightly different from that related to initiatives aimed at private

counterparties, insofar as the strategic approach of investment decisions is the responsibility of the decision-making public body and cannot be the subject of a substantive assessment (except in the financial component) by CDP.

In 2019 this assessment model was progressively calibrated on a number of pilot projects, with the aim of becoming an integral part of the decision-making process in 2020.

### Impact assessment of international cooperation transactions

As the Italian Financial Institution for International Cooperation, CDP is required by law to submit investments made in this area to an assessment process involving a specific decision-making body<sup>21</sup>, which follows the standards defined by the Ministry of Foreign Affairs (MAECI) and the Italian Agency for Development Cooperation (AICS) in its assessments.

Similarly, with reference to blending activities with grants from international institutions (i.e. Green Climate Fund, European Commission), CDP must comply with the provisions of the IFC Performance Standards (PS) and the Environmental, Health and Safety (EHS) Guidelines. These are consequently used in the impact assessment analysis with reference to the transactions promoted by the International Cooperation & Development Finance Directorate.

**100%** of transactions are subject to ex-ante assessment on environmental, social and human rights parameters.

### 2.6.1 Selection of suppliers

The responsible action by the Group is reflected throughout the entire value chain, and particularly in the selection of its suppliers.

A Group Policy describes the principles and guidelines applicable to CDP and Group companies with regard to procurement planning and management in order to encourage the definition of synergistic and efficient processes, exploit potential economies of scale, standardise the type and quality of procurement and apply preventive measures to verify suppliers before establishing business relationships.

The CDP Group selects its suppliers in accordance with applicable legislation, protecting its reputation to ensure compliance with the principles contained in the Group's Code of Ethics.

The procurement of goods, works and services is carried out in accordance with the following principles:

-  cost effectiveness;
-  non-discrimin.;
-  efficiency;
-  transparency;
-  fairness;
-  proportionality;
-  free competition;
-  publicity.

Those who intend to provide works, goods and services to the CDP Group and therefore qualify for selection must meet the necessary requirements and have means, including financial resources, organisational structures, systems and resources appropriate to the needs of CDP S.p.A. and the companies subject to direction and coordination.

The Group has developed a Portal of qualified economic operators<sup>22</sup> used in the cases and under the conditions prescribed by current regulations to carry out simplified procurement procedures aimed at awarding supply and service contracts to satisfy the organisational, operating and procurement needs of Group companies. If the portal does not contain suitable suppliers for a competitive procurement procedure, the individual Group companies use specific market searches. For procurement managed by invitation-only procedures, CDP guarantees a “rotation” criterion.

**100%** new suppliers screened for corruption and unlawfulness<sup>23</sup>;

<sup>21</sup> So-called “Joint Committee”.

<sup>22</sup> “Supplier portal”.

**100%** new suppliers screened on social parameters;

**43%** new suppliers screened using environmental criteria.

With regard to bribery and corruption and lawfulness, the screening is carried out by requesting suppliers to produce the relevant statutory documentation and verifying with the competent authorities the truthfulness of the declarations made in relation to the amount ordered, as required by the applicable regulations. Moreover, for suppliers that have contracts exceeding certain amounts, the checks required by the anti-mafia regulations are carried out.

### Supplier relationships

The relationship with contracted suppliers, established by means of a tender procedure or direct award, as the case may be, follows the regulations on procurement (with specific reference to the companies subject to the Procurement Code under Italian Legislative Decree 50/2016), the Group's Code of Ethics, the Organisation and Management Model for the prevention of offences pursuant to Italian Legislative Decree 231/01, the “Procurement planning and management” Group policy and internal rules relating to procurement and relations with third parties (such as the “Procurement Rules” of CDP S.p.A., which carries out activities on its own account and on behalf of CDP Equity and CDP Reti, and Fintecna's internal Procurement procedure).

The supplier agreements contain clauses drafted to ensure full compliance with regulations on employment, protection of minors, social security, insurance and pensions. 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. The CDP Group reserves the right to check performance of the supply agreement for goods and services.

The principle of environmental protection is being applied through the increasing use of economic operators with environmental, quality and safety certifications issued by external bodies. It should be noted that when purchasing hardware, furniture and stationery the Group requires that products comply with the relevant environmental regulations.

After their selection and registration, the performance of the suppliers is continuously monitored during the execution of the services. There are no particular critical issues and risks associated with supply chain management.

<sup>23</sup> At the international level, foreign suppliers are screened on the basis of the declarations provided, while Italian suppliers are subject to controls by means of checks in the databases of the relevant Italian authorities.



# 3. The CDP Group in 2019

- 3.1 For the future of the country
- 3.2 For the creation of a resilient economic fabric
- 3.3 Present in everyday life
- 3.4 Economic value generated and distributed

Santa Marta hall of residence at Ca' Foscari University, Venice. Financed by Cassa Depositi e Prestiti, starting from academic year 2019-2020 the facility will provide students with a total of 650 beds.

# 3.1 For the future of the country

**€9.3 bn**  
in new lending for Infrastructures, Public Sector & Territorial Development

**>1,220**  
municipalities supported (26% <2,000 inhabitants)  
4 agreements with municipalities for "City Plans"

**363**  
beneficiaries of Cash Advances  
**77,000**  
invoices settled

**5**  
major energy partnership projects







## Supporting the country's development is one of the founding principles of CDP's mission.

The economic and social development of the country necessarily requires investments that make the system more efficient and capable of dealing with the challenges of international competition. In this perspective, the public sector plays a fundamental role in providing cities and communities with the infrastructure needed to both increase the well-being of citizens and improve the competitiveness and productivity of businesses.

However, in a context of public finance constraints, financing strategic infrastructure also requires the increasing involvement of the private sector. In this framework, CDP acts as a bridge between the policy options of the public sector, and in particular of local authorities, and the business choices of the private sector. Since its transformation into a joint-stock company, CDP has continued to support local authorities in their investment programmes for the construction of infrastructure, particularly of a social nature, while also implementing a new approach oriented towards market trends by financing major works, including project finance or PPP instruments. CDP's attention to the country's development has not only focused on the infrastructure sector, but has also extended to the support and protection of sectors of strategic importance for the country's economy.

### 3.1.1 Partner to the Public Administration

In 2019, CDP's operations in support of local authorities focused mainly on:

-  school building;
-  improvement of local road networks;
-  construction and renewal of social infrastructure;
-  development and conservation of public buildings.

In 2019 support was provided to: **>1,220** municipalities of which **~26% <2,000** inhabitants.

<sup>1</sup> Public Private Partnership

In these municipalities, among other things, the average amount of funding per capita was significantly higher than for larger local authorities, confirming a constant attention also to the local communities most in need.

Municipalities broken down by no. of inhabitants	% distribution	Average amount per capita (euro/inhab.)
0-1,999	26%	255
2,000-9,999	43%	95
10,000-59,999	27%	60
60,000-249,000	4%	53
>250,000	1%	103

With the 2019-2021 Business Plan, CDP's strategic choice was not only to confirm its commitment to local authorities, but also to adapt this commitment to the changing conditions of the context and the resulting additional need for support expressed by the authorities themselves.

In this perspective, a new advisory initiative has been launched for local authorities to support the Public Administration in the planning, design, development and financing of works.

This activity aims to provide both strategic and financial support, especially in the design and structuring phase of new investment initiatives. The ambition is to fill the gaps currently experienced by local authorities that limit their ability to carry out the works necessary to overcome infrastructure shortcomings.

For each work subject to assistance, the aim was to identify the most efficient forms of financing, speed up construction and increase the quality level of the design (including through the application of methodologies and construction standards for innovative and sustainable solutions).

**11** SUSTAINABLE CITIES AND COMMUNITIES



**16** PEACE, JUSTICE AND STRONG INSTITUTIONS



Thanks to these operations, in 2019 CDP launched eight support initiatives with interested regions, provinces and municipalities, mainly in the school building, healthcare and transport segments (carried out both through traditional contracts and project finance).

In 2019, two memorandums of understanding were also signed to support energy efficiency measures for public real estate and local development.

### Safety of the electrical system in Sicily (CDP-Terna-Sicily Region)

The aim is to optimise synergies between the parties involved in order to implement environmental and local sustainability projects in the energy sector, including in close collaboration with local administrations in defining the actions and projects needed in the various targeted communities and with the involvement of the population.

The areas of operation include: new works to develop and renew the regional electricity grid, development of smart islands, line safety with the green corridors project, development of water basins and multiple use of resources, use of energy produced from renewable sources and redevelopment of disused areas, technologically innovative surveillance and monitoring of the areas and the power grid.

### Energy efficiency for public buildings

CDP signed an agreement with Snam for energy efficiency projects involving public real estate. Here again, the synergistic combination of Snam's industrial expertise with CDP's economic and financial expertise and management of relations with public administrations is fundamental in order to encourage improvement in the process of valuing public buildings.

<sup>2</sup> Compared with the time recorded in the same period of the previous year. CDP calculations on data provided by the State General Accounting Department – Trade receivables platform.

CDP's support to the Public Administration has evolved also thanks to the launch of a new product called "Liquidity Advances" aimed at supporting local authorities in transactional services, supplementing its traditional medium-long term financing with short-term initiatives. This new operation allows granting local authorities liquidity advances to offset temporary imbalances between cash inflows and outflows, as part of the broader treasury service managed by Poste Italiane.

**363** local authorities benefited from the initiative;

**77,000** invoices settled;

**21** days (-35% in the weighted average time taken to pay invoices received in the first half of 2019<sup>2</sup>).

In addition, during 2019 CDP supported actions aimed at the re-targeting of the expenditure of local authorities (energy efficiency and digitisation) in order to allow them to free up additional financial resources in their budgets, and to allow them to return to respond in a timely manner to the needs of citizens and local communities.

In this perspective, for example, projects for improving the energy efficiency of public buildings or the upgrading of real estate assets have been undertaken.

Finally, with respect to the digitisation of public services, CDP promoted projects that may encourage further progress over time in terms of efficiency and higher quality of services offered by the Public Administration

### CDP's accord with PagoPA S.p.A.

Aimed at spreading awareness of the services offered by PagoPA and promoting them to priority customers through the Group's local network and communication channels.

## 3.1.2 Infrastructure support

Support for infrastructure development has always been part of CDP's mission because of its impact on the country's economic growth: CDP has traditionally played this role by channelling Italian postal savings into financing to local authorities for investment and works of public utility.

In recent years, CDP has gradually expanded its range of products and types of counterparties in order to increase investments in infrastructure projects, making a wide range of instruments available to market operators and stakeholders. In addition to granting loans to public and private counterparties, it has supported access to the capital market for infrastructure operators through the signing and subscription of loans, bonds and equity investments and has developed various initiatives aimed at feeding the pipeline of projects that can be financed.

CDP's objective is therefore to support the re-launch of infrastructure by offering not only finance, but also support throughout the entire project value chain, with a focus on supporting local areas and social and inclusive growth.

In particular, CDP's growing focus on environmental sustainability is reflected in new support for the renewable energy sector through financing with a dual objective: to encourage on the one hand the construction of new production capacity, and on the other the consolidation of operators to support the process of achieving grid parity (i.e. the economic and financial sustainability of renewable energy plants even in the absence of government incentives), in line with the objectives of the National Energy Strategy (SEN).

A central role in this area is played by the commitment to the development of water networks<sup>3</sup>, both in terms of funding for local operators to carry out targeted projects and in terms of consolidation of the operators themselves, encouraging greater operational efficiency.

The ultimate goal is to help bridge the large investment gap needed for the network and the entire integrated water system in general.

<sup>3</sup> For more details see the Focus on CDP's Hydro Sustainability Bond.

### Iren Green Bond

CDP has subscribed a portion of Iren S.p.A.'s (Iren) Green Bond issue worth 500 million euros. The funding raised will have a direct impact on the areas where the Iren Group operates through projects involving:

#### ⚡ Energy efficiency

Projects for waste-to-energy plants for heat production, installation of LEDs, efficiency of public lighting, replacement of gas distribution networks.

#### 🌀 Increased efficiency in waste cycle management and recycling

Projects for the development of separate waste collection, the upgrading and modernisation of hydroelectric power plants, purification systems and sewerage treatment plants.

#### 💧 Increased efficiency of water systems

Smart meter projects involving the replacement of old meters with next generation electronic meters.

A further aspect of CDP's areas of operation consists in facilitating the development of the infrastructure needed to support the ongoing digitalisation process.

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



### Open Fiber

Open Fiber S.p.A. is a company owned by CDP Equity (50%) and Enel (50%) and its purpose is the construction, installation, supply and operation of high speed FTTH<sup>4</sup> fibre optic electronic communications networks throughout the country. Open Fiber plans to reach about 20 million building units with FTTH connections both with private investments in the 271 biggest Italian cities, and in about 7000 municipalities in rural and less densely populated areas that have been included in the broad National Plan for Ultra Wide Bandwidth, for which a PPP<sup>5</sup> was launched to create a public TLC network.





~€6,5 bn

total investments in support of the Open Fiber Business Plan to date.

During 2019 Open Fiber operated in all the regions of Italy to eliminate the technological differences thanks to the most advanced TLC infrastructure available. At the end of 2019 there were 8 million building units reached by Open Fiber fibre optic connections, compared to 5.1 million at the end of 2018. The aim is to make services like HD streaming, teleworking, home automation, gaming and digital public administration solutions available to all citizens, without distinction, from the metropolis to the most peripheral municipalities.

A piece of the mosaic that Open Fiber is producing across Italy is represented by Montalto delle Marche, which at the end of 2019 became the first municipality of the region included in the Infratel call for tenders to travel at a connection speed of 1 Gigabit per second, where just under a thousand building units identified by the Infratel call for tenders have been reached. Open Fiber is replicating the success achieved in Montalto in thousands of small municipalities.

The commitment envisaged in the 2019-2021 Business Plan to promote economic and social development, also on the basis of the specific needs and requirements of the various local communities, the real backbone of the country, has led to the definition of City Plans for:

-  the redevelopment of infrastructure and urban areas;
-  the development of public buildings;
-  the implementation of social housing projects;
-  the promotion of local tourism, art and culture.

<sup>4</sup> Fiber-to-the-home

<sup>5</sup> Public Private Partnership

The City Plans stipulated by CDP, its investee companies and the concerned municipalities and regions are initiatives capable of looking to the future to redesign Italian cities in increasingly modern and sustainable terms.

Examples include the agreements already signed with the municipalities of Genoa, Naples, Perugia and Turin, as part of an overall plan that envisages new agreements in the next two years.

### City plans: the example of Naples

The CDP Group and its investee companies Fincantieri, Italgas, Snam and Terna have signed a memorandum of understanding with the municipality of Naples and the Central Tyrrhenian Sea Port Authority that "provides for integrated organic action for the development of the city and the metropolitan area".

The Memorandum defined the support for the redevelopment of structures both in the city and inside the port, like the former tobacco factory, the former hospice for the poor and the spa park complex of Agnano. Inside the port, the structure to be redeveloped is that of the former sea warehouse, which will house the sea museum and a university hub.

Again with a view to supporting infrastructure projects having a greater impact on sustainability, in 2019 several memorandums of understanding were signed with other industrial partners for the promotion of initiatives aimed at implementing infrastructure projects in the areas of energy transition, circular economy and sustainability.

## Major energy partnership projects

### Renewable plant project (CDP-Eni)

For the development of mainly greenfield renewable energy plants in disused or underused areas, using the innovative technologies currently available on the market. The initiative has the ambition to support the country in the energy transition to a decarbonised production system, contributing to the achievement of the ambitious RES (Renewable Energy Sources) plant development goals defined by the Integrated National Energy and Climate Plan (+40 GWp by 2030).

### Waste-to-fuel plant project (CDP-Eni Rewind-Eni Group)

For the development of plants for the production of bio-fuels starting from the treatment of the organic fraction of municipal waste, with the use of Eni patents. The initiative seeks to support the country in achieving the EU Circular Economy targets for reducing the amount of municipal waste that can be landfilled to a maximum of 10% by 2035.

### MarEnergy plant project (CDP-Eni-Fincantieri-Terna)

To promote the development of wave power generation systems and plants using Inertial Sea Wave Energy Converter (ISWEC) technology to support decarbonisation, particularly for smaller islands not connected to the national transmission grid and reliant on highly polluting and expensive diesel generation.

### Energia sostenibile e applicazioni digitali (CDP-SNAM-Ansaldo)

To implement innovation projects in the energy field, with particular reference to the digitisation of networks and plants, research and development for the use of hydrogen as an energy source and improved energy efficiency.

### Sviluppo GNL nelle aree portuali (CDP-SNAM-FINCANTIERI)

To develop, together with Fincantieri and Snam, strategic projects for innovation and modernisation of port facilities in Italy, in order to contribute to the reduction of energy costs and environmental sustainability in the maritime sector driven by the Integrated National Energy and Climate Plan.<sup>6</sup>

## 3.1.3 Support for the economy

The CDP Group's long-standing mission is to support the development and competitiveness of the economic system, a role also certified by the Italian Parliament's formal designation of CDP as the Italian National Promotional Institution (NPI) in 2015. With the 2019-2020 Business Plan, the Group's growing commitment to support the country's growth is also demonstrated by the expansion of the instruments and financial resources made available to the system, amounting to over 200 billion euros over the course of the Plan's duration.

In a challenging economic environment, CDP has a key role to play, also thanks to the attraction of private capital, in financing and supporting infrastructure projects and investments which have been significantly downsized during the current period.

In this context, CDP's ability to measure the aggregate impacts of its activities is fundamental in order to quantify the effectiveness of its work and to describe more accurately the contribution it has made to the country's growth.

The estimate of the Group's activities was carried out starting from an analysis of the individual financial instruments made available to the economic system, with the dual objective of understanding how the actions are conveyed to the real economy<sup>7</sup> and assessing the presence of elements of additionality.<sup>8</sup>

The scope of the analysis covered all the Business Units and Group companies (within the scope of consolidation) that invested resources in 2019. Moreover, the impact assessment only considered financial resources that have supported aggregate national demand<sup>9</sup> through new investments, exports and consumption, and that at the same time offer elements of additionality.

For each CDP instrument put in place by the various business lines and companies of the Group, specific estimates or assumptions were developed to identify the additional demand components generated.<sup>10</sup>

The resources<sup>11</sup> made available by CDP to the economic system have had a direct impact on the stimulation of aggregate demand, particularly investments and exports. Sectoral multipliers derived from a national input/output matrix were used to quantify these impacts, considering the following effects:

- **direct:** impact on the beneficiaries of the CDP Group's action<sup>13</sup>;
- **indirect**<sup>14</sup>: impact on the beneficiaries' subcontracting chains;
- **induced:** impact on consumption via employment created or maintained within the economic system.

The results of the estimates made in 2019<sup>15</sup> indicate overall:

**>€85 bn** in turnover: for every euro of resources invested directly in favour of the companies benefiting from the Group's initiatives, a total of 2.5 are created in the system;

**€38 bn** in added value (GDP);

support for **600,000** employees (hired or maintained): for each CDP employee there are 262 along the chain. The number of employees hired or maintained includes about 130,000 young people (15-34 years old).

### Impact of the CDP Group on the economic system in 2019:



<sup>6</sup> Initiatives aimed at the construction of infrastructure for the supply, transformation and use of liquefied gas and alternative energy sources, research and development of new maritime transport plants based on new technologies.

<sup>7</sup> Some of the CDP Group's actions do not have a direct impact on aggregate demand. Examples of this are the buying and selling of real estate between private parties (the amount of which is not included in the calculation of GDP in national accounting statistics) or factoring transactions.

<sup>8</sup> The instruments have elements of additionality if they act in response to market failures or sub-optimal investment situations and stimulate behaviour (e.g. investments) that would not have occurred in the same amount and/or in the same time frame.

<sup>9</sup> The scope of the analysis does not include those activities that have invested resources but do not have a direct impact on aggregate national demand (e.g. international cooperation, purchase of real estate, factoring, etc.).

<sup>10</sup> For operations through Financial Institutions (guarantees, maximum credit limit funding, Juncker platforms and the Sace-Simest Hub), specific counterfactual analyses were conducted with estimates of propensity score matching on the portfolio of financed companies (for the methodology see M. Caliendo and S. Kopeinig, 2008, "Some practical guidance for the implementation of propensity score matching", Journal of Economic Surveys, 22(1), p. 31-72. For equity investments (including through funds) the counterfactual method of reference is the one developed by Bronzini, R., G. Caramellino and S. Magri (2017), "Venture capitalists at work: what are the effects on the firm they finance?", Bank of Italy Working Papers, no. 1131. For all other transactions, specific analyses and assumptions were made based on the characteristics of the instrument and CDP's penetration of the target market (considering in some cases the market share in the various segments).

<sup>11</sup> The value of the resources considered for 2019 is ~29.6 billion euros.

<sup>12</sup> The approach is based on the estimate of the Input/Output Matrices (originally developed by Leontieff) increased by the social and environmental dimensions in the so-called "Social Accounting Matrix-SAM" representation. The database is built from the system of I/O tables published by ISTAT which include the breakdown of added value by components (employment income, etc.). The latest version of the tables (issued in 2014) is appropriately updated to allow estimates of the values of the main economic variables in 2019. The matrices used were also linked with labour market information from ISTAT's Continuous Labour Force Survey (RCFL) and from the environmental variables in the NAMEA and ISPRA tables. The SAM matrices designed in this way are divided into 63 branches of economic activity.

<sup>13</sup> In terms of direct impacts, the contribution of the CDP Group to the national GDP (in terms of added value created through its intermediation activities) is implicitly included by the method in the beneficiaries' value generation chain.

<sup>14</sup> Indirect impacts generated by the CDP Group through its subcontracting chain are excluded because they are considered marginal.

<sup>15</sup> The estimate does not directly take into account the effects produced by the resources invested in previous years (exclusion of carry-over effects) on the economic system in 2019. At the same time, by construction the estimate fully attributes to 2019 all impacts generated by the resources invested during the year which by nature and structure could actually exert their effects over a longer period of time. All other things being equal, the first assumption leads to an underestimation of the Group's impact on the main economic variables in 2019, while the second leads to an overestimation.

<sup>16</sup> For the classification of capital goods, the ISTAT classification was followed with marginal changes to make the representation consistent with the sectors used in the analysis. The sectors included are: metal products; computer, electronic and optical products; machinery and mechanical equipment not elsewhere classified; motor vehicles, trailers and semi-trailers; other transport equipment; repair and installation of machinery and equipment.

# 3.2 For the creation of a resilient economic fabric



3.1 3.2 3.3 3.4

Next chapter →

**20,000**  
companies supported

**600,000**  
employees hired or maintained

**€85 bn**  
in additional turnover

**7.5%**  
contribution to capital goods exports

**€0.4 bn**  
invested in International Cooperation

**1st**  
Green ClimateFund Italian financial institution



Throughout its history, the CDP Group has broadened its scope of action with the aim of responding to changes and developments in the national and international arena.

In addition to the traditional financing of public works carried out by local governments and the protection of strategic sectors for the Italian economy, CDP's operations and scope of action have also extended to the financing of businesses, a key element in a resilient economic fabric and for a transition to a sustainable and inclusive development model.

With this in mind, the CDP Group has adapted its range of products and services to support the economy and businesses in line with the changing context and the needs of the markets.

Today, by offering a multi-channel and integrated offer, the Group ensures financial support to the national and international productive and entrepreneurial fabric for the development, innovation and growth of enterprises, supporting them in all phases of their value creation process.



**Main historical milestones**

**2003**

CDP exits from the public sector and is transformed into a joint-stock company, starting to operate as a market unit also for infrastructure projects promoted by the private sector.

**2009–2010**

During the economic and financial crisis, CDP – faced with the first signs of a credit crunch – makes abundant liquidity available to the banking system at low rates to facilitate access to credit, particularly for SMEs and to facilitate the reconstruction of areas hit by earthquakes and other natural disasters.

**2011**

In order to support the growth and international expansion of the production system, new regulations allow CDP to acquire direct equity investments in medium-large companies operating in sectors of major national interest. With the establishment of the Fondo Strategico Italiano (FSI), which is later transformed into other more advanced forms of intervention, CDP begins to acquire equity investments in strategic sectors for the country.

**2012**

Following the acquisition of Sace and Simest and the subsequent creation of the Italian Centre for Export and International Expansion, the Group expands its operations to support the international growth of companies.

**2017**

During the years of the ECB's expansionary monetary policy, CDP develops risk sharing instruments created to facilitate access to credit for SMEs during a period of tightening regulatory capital requirements for banks. With the launch of the Investment Plan for Europe ("Juncker Plan"), CDP is assigned the role of "National Promotional Institution", thanks to which it creates numerous guarantee and counter-guarantee platforms. These operations allow the CDP Group to become the top National Promotional Institution in Europe in terms of Juncker resources attracted and platforms created.

In 2019, CDP invested around 25 billion euros to support over 20,000 businesses.

This commitment is pursued through a wide range of increasingly digital, simplified and innovative tools to better meet the needs of small- and medium-sized enterprises (SMEs).

**CDP Group products by company size and strategic objective**

	Innovation	Growth	International Expansion
Focus on SMEs	Venture Capital	Alternative finance	Soft loans for international expansion
	Bank liquidity		
	Indirect guarantees		
Focus on Large- and Mid-Corporate		Medium/Long-Term Financing	Export Credit
All Italian businesses	Soft loans for innovation	Private Equity	Quasi Equity
			Guarantees
			Interest subsidies
			Insurance and trade receivables collection
			Factoring
			Sureties
			Non-life policies

**3.2.1 Innovation**

With the aim of supporting investments in new technologies and innovation, to optimise business processes and promote industry 4.0, in 2019 the Group supported businesses through an integrated offer of venture capital, private equity corporate lending, subsidised credit and liquidity and risk sharing instruments, depending on the size and needs of the counterparties.

In line with the strategic guidelines set out in the 2019-2021 Business Plan, the CDP Group is focusing its efforts on developing innovative business models through the venture capital market with a total commitment of over 670 million euros.

The beneficiaries are innovative start-ups, research centres with legal personality operating in strategic sectors for the growth and competitiveness of the country, such as deep tech, blockchain, new materials, healthcare, agri-tech, mobility and social impact.

The main objectives are:

- investing in SMEs with a particular focus on high-tech SMEs;
- funding supply chains of excellence;
- creating major entities capable of competing internationally.

The main Funds include:

**The ITAtech platform**

First investment platform in Italy dedicated to the financing of technology transfer processes, promoted by CDP and the EIF, which invests in research centres, universities and start-ups to transform business ideas into market realities. It currently has 4 funds in its portfolio.

**360CP-Polimi Fund**

Specialised in the advanced manufacturing sector, in partnership with PoliMI.

**Vertis Venture 3 Technology Transfer Fund**

Specialised in investments generated or related to universities and research centres concerned with technologies, products and/or services that relate to some of the target sectors identified in the Horizon 2020 Priorities (e.g. ICT, industrial).

**Progress Tech Fund**

Fund aimed at the transfer and development of technologies generated by Italian public research in the field of sustainability, in the energy, natural resource and food industry segments.

**Sofinnova – Telethon Fund**

Specialised in life sciences, with particular focus on rare genetic diseases.

**Tech Growth Fund**

Managed by Fondo Italiano di Investimento SGR S.p.A. (“FII”): specialised in high-tech start-ups and SMEs, it invests in various financial instruments of the Target Companies, including shares, bonds and other equity instruments.

**Fondo Italiano di Investimento**

FII Venture and FOF VC, funds managed by Fondo Italiano di Investimento: the two funds aim to invest in closed-end venture capital funds, which in turn invest in start-ups, to support their growth in all phases of their life cycle, from seed to growth capital. In 2019 CDP acquired an additional equity investment in FII (now 68%).

**Fondo Nazionale Innovazione**

In 2019, with the aim of strengthening its support for the venture capital and innovation ecosystem, CDP acquired 70% of Invitalia Venture SGR S.p.A. from Invitalia S.p.A. This equity investment was subsequently transferred to CDP Equity and the company was renamed CDP Venture Capital SGR S.p.A. - Fondo Nazionale Innovazione (“CDP VC”). CDP VC, with a target allocation of

**>€1 bn**

aims to promote and manage venture capital funds to support the development of the venture capital market in Italy, with the goal of reducing the gap with the more developed markets of European countries.

More specifically, the Fund seeks to:

- expand direct and indirect investments, also fostering the presence of new operators who invest in start-ups in the various stages of development;
- promote the emergence of new investment instruments that facilitate technology transfer and the involvement of Italian companies;
- support the overall growth of the venture capital market by promoting and facilitating the connection between national/international investors and start-ups;
- encourage contact between start-ups and companies, including the CDP Group’s investee companies, by expanding opportunities for new businesses to access customers and markets and offering large Italian companies opportunities for access to innovation-oriented operators.

On the equity front, through CDP Equity the Group directly invests in companies that make innovation their hallmark, such as Open Fiber, SIA and Kedrion.

Support for innovation and research also takes the form of direct corporate lending instruments. The beneficiaries of these operations are typically medium-large companies operating in the chemical and pharmaceutical, automotive, agri-food, mass distribution, media, luxury, culture and tourism,

logistics, construction, real estate, shipping, manufacturing, mechanical and instrumental, IT and electronics, aerospace, defence and basic industry sectors.

Thanks to these operations, in 2019 CDP financed investments in research and development and innovation<sup>1</sup> for

**>€580 m.**

**Financing for research, the green economy and growth**

CDP loaned 30 million euro to Sipcam Oxon, leader in Italy and among the top 12 in the world in the agro-pharmaceutical sector. The company specialises in the synthesis, formulation and marketing of active ingredients and in the production and sale of innovative seeds and fertilisers.

With this operation CDP supported a company that stands out for its high level of innovation and attention to sustainability, developing solutions that meet the needs of a sector like agriculture, which is undergoing a profound evolution.

Finally, among the subsidised instruments it manages, CDP also supports innovation with the Revolving Fund supporting enterprises and investment in research (FRI), through which it grants – together with the banking system – medium/long-term loans at a subsidised rate to support investment in research and development (in the areas of sustainable industry and the digital agenda), in the agricultural sector with supply chain contracts and in the social economy, which are the subject of subsidised measures implemented by the relevant ministries by type of business.

The share of subsidised financing normally covers 50% of the total and may reach a maximum value of 90% for research, development and innovation programmes. The remaining part of the financing is granted on an arm’s length basis by a bank participating in the measure.

Overall, taking into account any further non-repayable subsidy recognised by the relevant ministry, the benefit enjoyed by the company may cover up to 100% of the eligible costs of the investment.

The duration of the financing may not exceed 15 years, including the grace period.

In 2019, the FRI supported:

 **57** firms;  
 **58** loans.

In addition, as part of its subsidised credit instruments, CDP also supports businesses in the modernisation of their production facilities through the Capital Goods Fund for micro, small and medium enterprises operating throughout Italy and in all production sectors. The instrument is aimed at financing machinery, plant, equipment and capital goods of businesses, as well as investments in hardware, software and digital technologies.

The financing also provides for a contribution from the Ministry of Economic Development, which covers part of the interest borne by businesses on the loan based on the investments made.

With this initiative, in 2019 CDP supported:

 **487** firms.

Other intermediated financing instruments make it possible to support the liquidity of banks or risk sharing instruments to facilitate financial institutions’ investment in SMEs.

**3.2.2 Growth**

In a country where SMEs account for around 99% of active enterprises, growth in size is a key factor to concentrate on to promote inclusive and sustainable growth.




For this reason, in line with the new Business Plan, in 2019 the Group took on an increasingly decisive role in supporting growth throughout the country. A number of instruments were put in place this year:

- strengthening of private equity transactions;
- direct medium/long-term financing to support business development programmes;
- indirect initiatives (banking channel), with a focus on medium and small businesses, including through risk sharing mechanisms, to facilitate access to bank financing and the capital market to support investment plans.

<sup>1</sup> Including direct financing of energy efficiency programmes.



Furthermore, in order to strengthen relations with key industrial sectors and foster financial development, CDP signed 3 memorandums of understanding:

-  Italia-Coldiretti (agri-food);
-  Elite-Leonardo (defence);
-  Ansaldo, Fincantieri, Saipem (engineering).

With respect to equity transactions, the main vehicles that CDP uses in this area are:

- **Fondo Italiano di Investimento** (68% controlling equity investment since December 2019) which supports the development of small- and medium-sized Italian businesses, with a focus on technology and innovation, through the direct management of 7 closed-end securities investment funds, for a total of 2.3 billion euros in target assets under management;
- **CDP Equity** which supports the growth of businesses through the acquisition and management of equity investments in businesses of “high national interest”.

The CDP Group’s role in the development of the country is also reflected in its commitment to support the development and protection of sectors considered strategic for the country’s economy.

In fact, the CDP Group promotes and encourages the creation of national major entities capable of competing internationally and the establishment and strengthening of industrial supply chains/clusters that can participate in global value chains.

## The establishment of Italy’s major construction entity


In August 2019, CDP’s Board of Directors gave the go-ahead for the CDP Group’s participation in Progetto Italia, authorising CDP Equity to subscribe to a capital increase in Salini Impregilo on an arm’s length basis.


In November 2019, the placement of Salini’s newly issued ordinary shares was successfully completed, the net proceeds of which will support, as a priority, Progetto Italia, a part of Salini’s broader business plan for 2019-2021.

“Progetto Italia” will promote the consolidation and development of the construction sector. The aim is to bring together a number of operators to ensure the presence of an Italian major entity in national and international markets that can support strategic infrastructure projects for the country and stimulate a chain of excellence consisting of small- and medium-sized enterprises.

In addition to Salini Costruttori S.p.A., Banco BPM S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. also participated in the capital increase, and received allocations equal to the entire amount of their subscription commitment. As a result of this transaction, CDP Equity holds 18.68% of Salini’s voting capital and has appointed five members of the Board of Directors, including the Chairman. This governance structure provides effective control over the company in order to encourage full support for the project.

Overall, it is estimated that the project could offer important economic benefits. In particular, when fully operational, the project will have the following effects:

 **300-400 thousand** employees hired/maintained;

 **30** economic sectors supported with the attendant development of supply chains.

The industrial consolidation produced will also encourage a general increase in productivity and competitiveness, as well as a greater propensity to invest in innovation, sustainability and safety.

## Support for Italy’s leader in digital payments

Through CDP Equity, the CDP Group became the owner of 25.69% of SIA, by acquiring 17.05% from F2i Reti Logiche and 8.64% from Orizzonte Infrastrutture Tecnologiche. SIA is a European leader in the design, implementation and management of infrastructure and technological services dedicated to financial institutions, central banks, companies and public administrations in the areas of payments, electronic money, network services and capital markets. The SIA Group’s operations extend to 50 countries, and today it is considered a national leader in the sector of digital payment infrastructure.

With this investment, the Group is committed to the strategy of developing and strengthening the payments and financial transactions sector, considered strategic for the country also in view of its strong innovative orientation.

As regards direct investments, a large number of enterprises throughout the country have been supported.

## 60 million euro for organic breeding centres

The aim of the initiative was to support the growth plans of Fileni Alimentare S.p.A., an Italian leader in the organic poultry meat sector and third-largest producer in the entire poultry meat market. In particular, the investments are aimed at creating new organic breeding centres in order to develop products and processes with a view to continuous food control in order to guarantee the highest quality standards. CDP also acted as an anchor investor by facilitating the collaboration of other banks and investors, participating in the transaction with a share of 11 million euro.

In recent years, CDP’s indirect operations in support of business growth and investment (especially for SMEs) have evolved from traditional funding instruments for financial institutions to guarantee and risk sharing instruments.

The aim of this new operation is to promote the optimisation of banks’ regulatory capital in order to create an incentive for increased financing for SMEs. This type of initiative was further strengthened thanks to CDP’s ability as a National Promotional Institution to inject additional resources from the Juncker Plan, creating a significant leverage effect.

<sup>2</sup> European Investment Fund.

<sup>3</sup> Competitiveness of Small and Medium-Sized Enterprises.

## Italian SMEs’ access to credit (COSME)

In 2019, CDP signed a new agreement with the EIF<sup>2</sup> to increase the operating capacity of the SME Guarantee Fund through the use of resources from the European COSME<sup>3</sup> programme.

Thanks to this agreement, CDP will counter-guarantee 80% of a portfolio of new transactions originating from the SME Fund, for a maximum value of around 4 billion euros (CDP’s guarantee will be 3 billion euros) over a two-year period. This guarantee from CDP will enable the Fund to save capital and increase its operating capacity, with the same amount of funding provided by the government.

In this transaction, the resources used by CDP to mitigate its risk exposure are made available by the EU through the COSME Programme, dedicated to supporting the competitiveness of SMEs in Europe. This is the second transaction carried out under the programme managed by the EIF, and together with the previous one it represents the transaction with the highest amount ever carried out in a single European country.

This initiative will have the following effects:

**€5.8 bn** in financing granted;

**>€8 bn** in new investments to support;

**~ 65.000** SMEs over the next three years.

Thanks to the first project, carried out with COSME in 2017, about 4.1 billion euros of new financing was granted in just over 18 months.

### 3.2.3 Exports and international expansion

In continuity with what has been achieved in previous years and in line with the new Business Plan, the CDP Group is further strengthening its support for the sustainable growth of Italian companies abroad, with the aim of accompanying them in all phases of their expansion and consolidation in international markets.

In 2019, the Group supported **>11,600** firms.

The Group's operations in support of exports and international expansion are mainly carried out through the "Italian Export and Internationalisation Hub" consisting of CDP and the SACE Group, which pool their expertise to pursue a common goal.

The Hub offers a range of financial products that meets all the needs of enterprises engaged in the challenge of global markets, following this structure:

**cdp** CDP grants direct loans;

**sace** SACE provides guarantees;

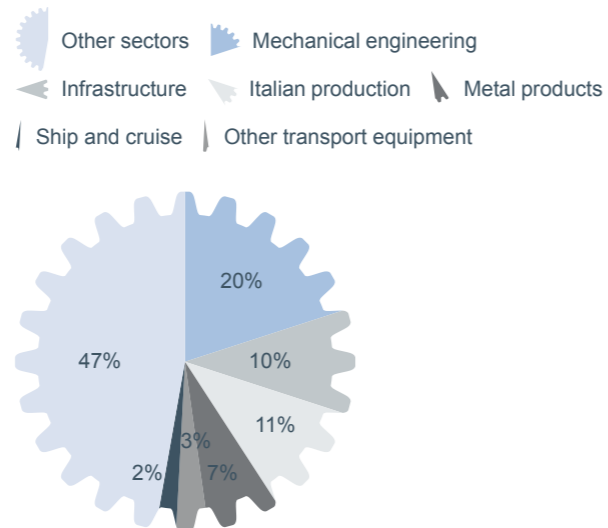
**simest** SIMEST makes available subsidised financial instruments for international expansion, as well as the grant for the reduction of the interest rate to support exports.

The Hub is crucial for enterprises that seek to grow in foreign markets, obtain financing at better conditions and increase their competitiveness. For Italy, it is a fundamental instrument for increasing exports and for providing the country with the international reach that matches its potential.

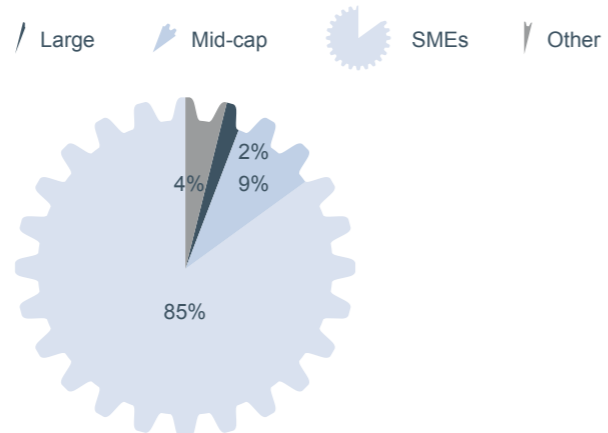
Mechanical engineering, an aggregate that includes, in order of importance, special purpose machines, general mechanical engineering, machine tools and agricultural machinery, represents the Hub's first sector of activity, absorbing about 20% of its transactions. Multi-year development projects, long payment cycles and a greater focus on emerging markets make the sector particularly well-suited to the services of the Hub. SMEs are the enterprises for which the Hub is most clearly specialised. The gradual expansion of the instruments made available to firms has

contributed to this result. Moreover, the greater complexity of the scenario faced by enterprises and, more specifically, the need for specialised services to facilitate international development is contributing to the increasing shift of enterprises towards products and services of the CDP Group's Export and Internationalisation Hub.

#### Breakdown of Sace and Simest transactions by sector in 2019<sup>5</sup>



#### Customer companies by size in 2019<sup>6</sup>



The geographical breakdown of the activities supported by Sace and Simest is substantially equal (51% vs 49%) if the number of transactions is considered.

<sup>4</sup> Consisting of SACE S.p.A., SACE BT, SACE FCT, SACE SRV and SIMEST.

<sup>5</sup> The scope of reference concerns the consolidation between the transactions of the two companies (duplications not included).

<sup>6</sup> The "other" category includes smaller banks, entities, trade associations. The data refer to all the companies of the Sace Group.

#### Breakdown of Sace and Simest transactions by target area<sup>7</sup>



With the aim of strengthening the service model dedicated to SMEs, increasing the number of exporting companies and helping those already active in international markets to strengthen their operations, the Education to Export project was launched, a training programme developed by the CDP Group to accompany companies in their process of defining and implementing an international growth strategy. The free training consists of:

- digital lessons organised in export kits and customised according to the company's level of expertise in exports;

- specialised meetings throughout the country, calibrated to the actual needs of the company.

**17** events organised during 2019 throughout Italy, in collaboration with ICE, Confindustria and other trade associations.

**2,184** counterparties involved of which **77%** were companies.

The success of the initiative is evidenced by the figures for companies that were not already customers of the SACE Group. In fact, 84% of the companies involved in the programme (more than 1,400 enterprises) were not in the Group's portfolio in the previous three years, showing how the Education to Export programme has increased the visibility of SACE and SIMEST with respect to new potential customers.

**8** DECENT WORK AND ECONOMIC GROWTH



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE



### The first Basket Bond for international expansion

Export Basket Bond is the 500 million euros bond issue programme to support the international expansion of Italian enterprises.

With this transaction CDP acted as an anchor investor in partnership with SACE, which acted as guarantor, and Banca Finint, which acted as arranger through its subsidiary FISG, providing firms participating in the ELITE programme with medium/long-term financing to support their international expansion. With the first two subscriptions for a total of 62 million euros invested, 11 enterprises were financed.

### Mid transaction in favour of De Lorenzo S.p.A.

De Lorenzo is a company that has been in business since 1951, a leader in Italy and among the top players abroad in the design, development and production of educational equipment for technical and professional training. De Lorenzo has carried out several projects in over 140 countries, contributing to the modernisation of educational and professional systems in both developing and newly industrialised countries.

SACE issued two Supplier Credit policies in support of two turnkey supply contracts (total value 14 million euros) for 19 university training laboratories at Universidad Alas Peruanas (UAP), the most important private university in Peru. The investment is aimed at increasing the quality standards of teaching in all UAP premises at a national level, as required by the new regulations issued by the Peruvian Ministry of Education, raising the quality of education to the level of the best international universities. Being one of the most important investments made by UAP in its history, the transaction was featured prominently in the press and on local television. Thanks to SACE's support, De Lorenzo was able to offer UAP a 5-year commercial extension at competitive economic conditions, decisive for the award of the contract.

<sup>7</sup> The scope of reference concerns the consolidation between the transactions of the two companies (duplications not included).



# Climate Change






7 AFFORDABLE AND CLEAN ENERGY  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  13 CLIMATE ACTION 

In 2019 the CDP Group invested over 2.8 billion euros in projects dedicated to combating climate change.

The CDP Group considers its contribution to support Italy in achieving the ambitious development objectives set out in the Integrated National Energy and Climate Plan (PNIEC) and the Nationally Determined Contributions set out in the 2015 Paris Climate Agreement to be particularly important.

With this in mind, CDP believes it is important to proactively pursue its commitment to the energy and ecological transition in all areas of its operations, and with its 2019-2021 Business Plan it sought to strengthen its commitment in this direction, both by supporting projects in Italy and by promoting other initiatives as well, particularly in developing countries.

## Methods of action in support of projects to combat climate change

-  Direct financing to private parties and the Public Administration;
-  Subscription of green bonds;
-  Managing public resources;
-  Anchor investor in national and international investment funds;
-  Promoting systemic initiatives.

## Funds dedicated to the environment

By virtue of its role of National Promotional Institution, the Group acts in support of climate objectives through both the management of dedicated public funds and as an anchor investor in investment funds with other international partners.

### Kyoto Fund (public resources – MATTM)

Provide subsidised funding (Kyoto Fund 4) for the energy efficiency of public buildings intended for school education (including nursery schools), universities and for fine arts, music and dance higher education.

### 2 MATTM funds for cooperation (public resources – MATTM)

For climate change adaptation and mitigation projects, such as improving energy efficiency, including risk assessment and promoting low-emission development models in vulnerable foreign countries, i.e. developing or transition economies and small island states.

### European Energy Efficiency Fund (EEEF) (Investors: CDP, EIB and European Commission)

Investments in EU Member States – mainly through the use of debt instruments – for the construction of small- and medium-sized infrastructure, particularly in the areas of energy efficiency, renewable energy and clean urban transport.

265 million euros Fund size;  
60 million euros CDP commitment.

### Marguerite I and II Funds (Main investors: CDP, EIB, CDC, KfW, BGK and ICO)

Objective: to promote infrastructure investments with a pan-European approach and a prevailing focus on greenfield projects – mainly through equity instruments – in the fields of energy (TEN-E), transport (TEN-T), renewable energy, ICT, energy efficiency and water networks. The funds aim to support infrastructure development, contributing to the reduction of CO2 emissions and to the energy transition process.




Fund size/CDP commitment:  
Fund I: 710 million euro/100 million euros;  
Fund II: 745 million euro/100 million euros.

### Fondo Inframed (Investors: CDP, EIB, CDC, CDG and EFG Hermes)

Objective: to promote medium-sized infrastructure investments, mainly greenfield, in the countries located in the south-eastern basin of the Mediterranean Sea. In particular, the fund invests through equity instruments in the energy sector, including renewables (wind farms), and the TLC sector.

385 million euros Fund size;  
150 million euros CDP commitment.

The main results of this commitment have made it possible to support projects that contribute to clean energy and climate action, supporting businesses and the local areas, even outside national borders.

-  **For businesses<sup>8</sup>** through direct and indirect financing and green bond subscriptions.
-  **For local areas** through projects aimed at improving the energy efficiency of public buildings, developing sustainable forms of mobility, preventing hydrogeological risk and containing the socio-economic impacts of natural disasters.
-  **For cross-border initiatives** outside national borders and for international cooperation.

## Some Success Stories

### Enterprises

#### Financing of E2i Special Energies for renewable energies



In 2019, CDP contributed to a pooled loan to E2i with other banks for a total of 40 million euros, in addition to the 100 million euros already granted by the same pool in 2018. E2i is the fourth largest operator in the wind energy sector in Italy for capacity. Thanks to CDP's financing, E2i will be able to carry out the complete reconstruction of three plants in Abruzzo and Apulia with a capacity of 45.1 MW, joining the eight wind farms built or upgraded last year. CDP thus renews its support for the diffusion and development of renewable energies and contributes to accelerating the energy transition through the decarbonisation of the production mix, in line with the objectives of the 2017 National Energy Strategy ("SEN 2017") and the 2019 Integrated National Energy and Climate Plan ("PNIEC 2019"). In particular, the project allows for an increase in renewables' share of overall consumption through the modernisation and optimisation of existing capacity and by achieving increases in capacity and limiting the use of the ground surface.

### Local Areas

#### Ferrovie dello Stato Green Bond Subscription

In 2019 CDP subscribed to a share in the Green Bond issued by Ferrovie dello Stato for **€700 m.**

The bond is intended to cover investments with positive effects in terms of environmental and social sustainability. In particular:

-  New regional trains (Pop and Rock type) and new "ETR 1000" high-speed trains able to ensure improvements in energy efficiency, a reduction of carbon emissions and a modal shift to rail in local public transport and long-distance transport;
-  New locomotives/cars for freight transport, ensuring improvements in energy efficiency, reduction of carbon emissions and modal shift to rail in freight transport.

<sup>8</sup> With reference to indirect instruments, it also includes an estimate of the portion allocated to businesses operating in key sectors for climate change and energy transition.

<sup>9</sup> As well as the new European directive on the subject (2018/2001/EU).

<sup>10</sup> Established in 2010 by the 194 signatories of the United Nations Framework Convention on Climate Change, the GCF aims to promote the transition to a resilient, sustainable and low-carbon development model. Among the accredited financial institutions, the GCF includes 89 leading multilateral development institutions and agencies (World Bank, Inter-American Development Bank and Asian Development Bank) and others with a national reach (such as the German KfW and the French AFD). To date, Italy is the seventh contributor country to the GCF and is represented on the Board by the MEF with the support of the MATTM.

### Across the border

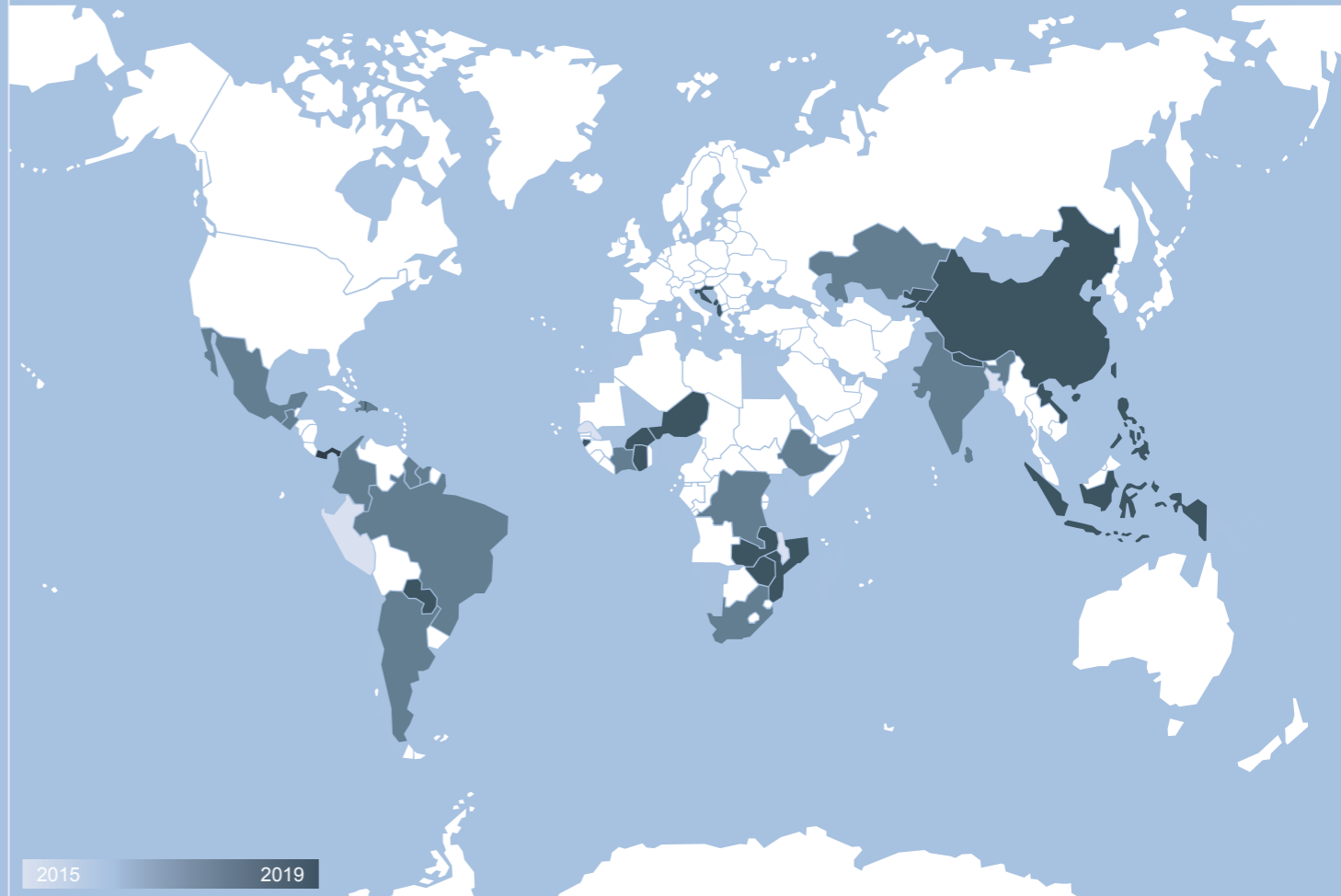
Moreover, during 2019 CDP was the first Italian financial institution to be accredited to the Green Climate Fund (GCF)<sup>10</sup>, the financial instrument promoted by the United Nations to combat climate change in developing countries.

GCF accreditation has a dual benefit. On the one hand, it allows CDP to access the resources made available by the GCF and use them to further strengthen its activity in the field of international cooperation, in particular for climate change adaptation and mitigation projects. On the other hand, it allows Italy to rely on the role of an accredited national institution, thus reaffirming its strategic positioning at an international level within the Climate Agenda.

## Green Climate fund highlights



Geographical breakdown of the projects



### 3.2.4 Cross-border operations

In 2019 the Group invested a total of 437 million euros in International Cooperation initiatives.

Product	Beneficiary	Industry
Senior and subordinated loans	Governments and public enterprises	Energy
Guarantees	Large, medium, small and micro enterprises	Agribusiness
Quasi-equity and Equity	International and multilateral financial institutions	Water/medical
	Banks and funds	Health
		Education
		Transport
		Microfinance

Since 2015 CDP has been recognised as the Italian Financial Institution for International Development Cooperation<sup>11</sup>.

In particular, since 2016 it has played the role of manager of the Revolving Fund for International Cooperation & Development Finance (FRCS), the financial instrument used by the Ministry of Foreign Affairs and International Cooperation (MAECI), under the supervision of the Ministry of Economy and Finance (MEF), to finance development cooperation initiatives to be carried out in the countries benefiting from the Italian Government's foreign cooperation policy (Fund amounting to about 5 billion euros with a portfolio of about 350 existing financing agreements).

4 financing transactions:

**TN €30 m** in blending with CDP resources;

**MM €30 m** for Myanmar;

**AF €65 m** for Afghanistan;

**Jo €85 m** for Jordan.

CDP acts as treasurer for these transactions, ensuring the negotiation and conclusion of financing agreements, the disbursement of funds, the repayment of loans granted and any debtor treatment

granted by the Italian Government at a bilateral and multilateral level. The origination and structuring of the projects are entrusted respectively to MAECI and the Italian Agency for Development Cooperation (AICS).

<sup>11</sup> As defined by Italian Law 125/14.

<sup>12</sup> Fund of the Ministry of the Environment and Protection of the Land and Sea.

#### 44 km of railways in Afghanistan

With an aid loan of 65 million euros, the initiative helped to build 44 km of railway network linking the western outskirts of Herat to the airport. The aim is to create an intermodal rail transport system for the transport of goods and people.

In particular, the project is expected to increase rail connectivity in the region, attract private investment to boost trade development and increase passenger traffic and help some areas of the country emerge from isolation.

The infrastructure will allow all Afghan citizens to use a new and efficient railway line, also thanks to the new possibilities of travel and work.

Furthermore, CDP collects and manages resources from the MATTM Fund<sup>12</sup> to promote climate change adaptation and mitigation projects in vulnerable foreign countries.

The MATTM Fund was established in 2016 following the Paris Agreement (COP21) and the ratification in New York of the commitments made on climate change and signed by 177 countries. To date the Fund amounts to 54 million euros, and during 2019 CDP invested resources for around 17 million euros in 16 developing countries, with a particular focus on Belize, Ethiopia, Kenya and the Maldives.

Since 2017 CDP has been authorised to use its own resources from postal savings to support the Italian system of International Cooperation & Development Finance for a maximum amount of 1 billion euros per year and within certain regulatory limits.

With this in mind, in 2019 CDP used its resources for the first time for cooperation purposes, committing itself to two bilateral financing transactions (Tunisia and Ghana) and through the finalisation of two first financing agreements benefiting Multilateral Development Banks (in

Latin America to the Corporación Andina de Fomento (CAF) and in Sub-Saharan Africa to the Trade Development Bank (TDB)).

#### 30,000 jobs in Ghana

CDP financed the transaction for 40 million euros disbursed to the Ghana Cocoa Board in partnership with the African Development Bank, with the aim of improving productivity in the irrigation of cocoa fields and encouraging the training of new local pollinators in a strategic sector for the country (the cocoa supply chain accounts for about 7% of Ghana's GDP).

**30,000** new job opportunities for young people for the manual pollination of

**72,000** hectares of crops.

**250** farms with irrigation systems.

The initiative also provides for the progressive modernisation of farms through the use of more advanced cultivation techniques and the promotion of private rural businesses.

Finally, particular attention is paid to the efficient use of water and the best protection of environmental resources and land, also with a view to protecting biodiversity.

CDP's strategy is in line with the trend in other countries to create and strengthen national Development Finance Institutions (DFIs). These play a key role in pursuing national interests by supporting investment in target countries and supporting the economic growth of the most fragile economies in line with the UN's sustainable development goals.

From an operational point of view, an enabling factor for CDP's action in support of the country's economy is to achieve external synergies in the public and private sectors, as well as within the CDP Group, which make it possible to maximise the impact and volume of its own resources through:

- using national and international resources to achieve financial blending and improve the conditions of access to investment opportunities;
- boosting the supply of public instruments envisaged in the regulatory framework, even

- if not fully developed and operational; structuring new methods of action, such as co-financing, units in equity/debt funds, risk sharing transactions, and credit enhancement and capital relief initiatives benefiting bilateral and multilateral financial institutions;
- developing a specialised financial advisory service to public counterparties (e.g. MAECI and other players in the Italian cooperation system).

CDP's partnerships with other bilateral and multilateral financial institutions play a strategic role in the development of its cooperation activities, particularly with regard to project origination and development. With this in mind that CDP is promoting agreements with major Multilateral Banks and other international organisations to pool projects in the pipeline.

To further increase the volume of Official Development Assistance (ODA), CDP can co-finance projects of international multilateral bodies in areas and in countries of interest to the Italian cooperation system.

One of the main objectives of CDP as a Financial Institution for International Development Cooperation is to promote a coordinated approach among the various cooperation stakeholders, by strengthening synergies between the various instruments and resources available – both national and international – in line with what is already happening in other European countries and maximising the involvement of the private sector. With this in mind, CDP actively participates in the European Commission's (EC) External Investment Plan, a pilot instrument with direct access to the European budget guarantee for financial development institutions.

3 initiatives approved – “Archipelagos”, “InclusiFI” and “European Guarantee for Renewable Energy” – at the end of 2018.



## Archipelagos

In 2019, the “Archipelagos” initiative was launched, which provides a platform created by CDP and the African Development Bank to support the development of African businesses with high growth potential, encouraging interconnection within the African market and with the Italian and European markets. This is the first pan-African platform under the External Investment Plan:

- €30 m of guarantees provided;
- €150 m of public and private investments made;
- ~1,500 local SMEs supported;
- 50,000 new jobs created, many of them for young people.

With “Archipelagos”, CDP confirms its commitment to the achievement of the Sustainable Development Goals (SDGs), with particular reference to: SDG1 - no poverty; SDG5 - gender equality; SDG8 - decent work and economic growth; SDG9 - industry, innovation and infrastructure; SDG10 - reduced inequalities; SDG17 - partnerships for the goals.




### 50 million euros to the Tunisian government for financial inclusion

Under the Italy-Tunisia bilateral intergovernmental agreement signed in 2017, CDP granted the Tunisian Government a 50 million euros loan to support the financial inclusion of the private sector in the agriculture and social and solidarity economy (SSE) sectors.

The Programme is aimed at contrasting the difficulties that Tunisian businesses encounter in accessing credit and, consequently, in starting and developing their activities. In particular, support is envisaged for the most penalised sectors, such as agriculture and SSE.

The general objective is to improve the living conditions of the population in rural areas and in

the most disadvantaged and depressed areas of the country through easier access to credit. The specific objective is to improve the income of the most vulnerable sections of the population, particularly in rural areas, and to create new jobs, especially for young people and women, by facilitating investment in the agriculture and SSE sectors with a target of at least:

-  400 micro and SME beneficiaries broken down as follows:
  -  100 in the agricultural sector;
  -  300 in the social economy sector.

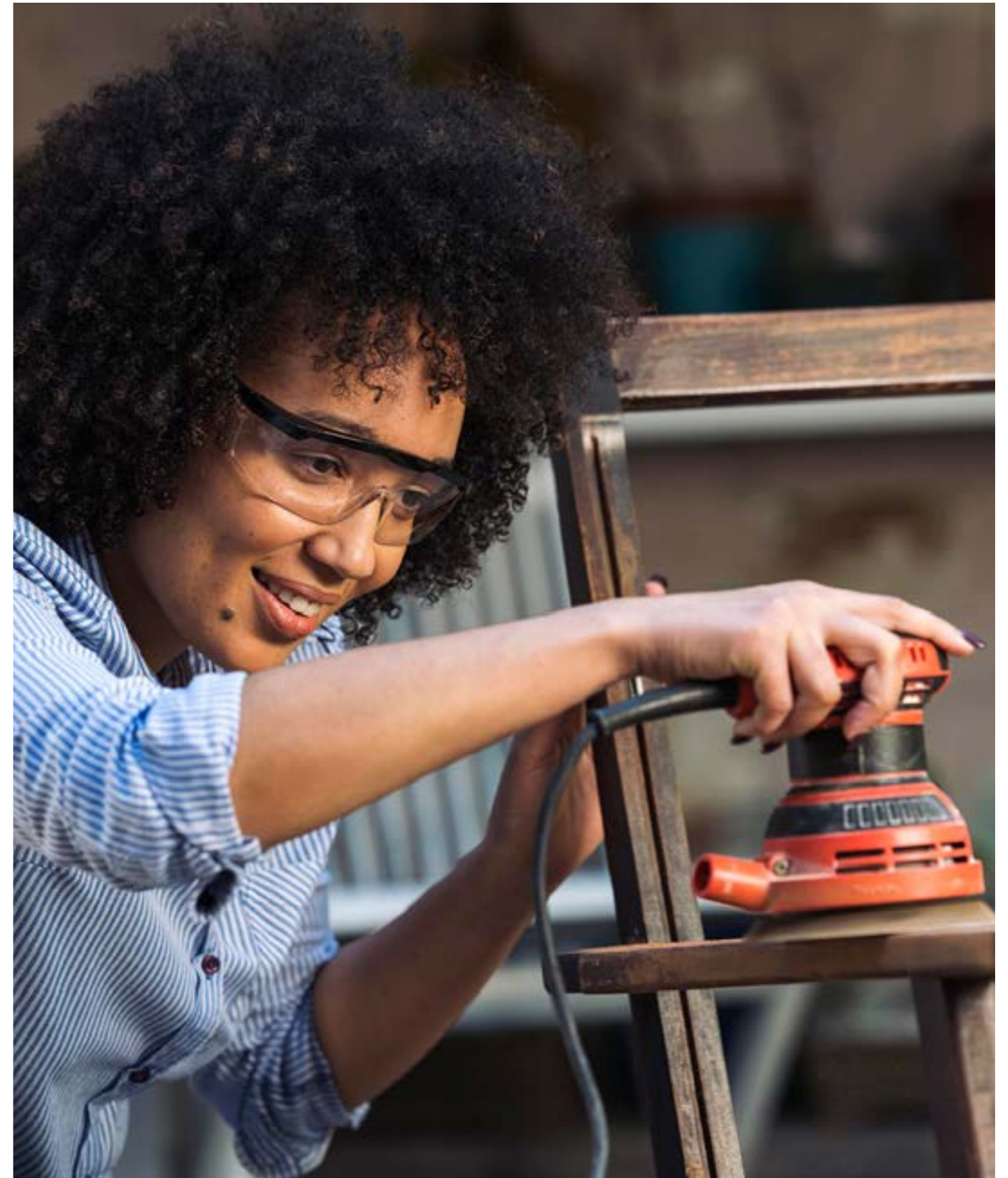
### Forum des Caisses de Dépôt

Since March 2018, CDP has managed the General Secretariat of the Forum des Caisses de Dépôt (the Forum), an association that globally includes Deposit and Loan Banks, forming a peer partnership, with the aim of fostering dialogue between institutions whose activities are dedicated to the collection, management and use of savings or other public investment resources in support of national economic and social development.

14 institutions participate in the Forum, 12 of which come from the African continent (Benin, Burkina Faso, Cameroon, Congo, Ivory Coast, Gabon, Equatorial Guinea, Morocco, Mauritania, Niger, Senegal and Tunisia).

The Forum was set up with the aim of increasing the number of transparent and ethical financial institutions based on the model of deposit banks to promote financial inclusion, innovative methods of action and long-term partnerships at the service of the economic and social development of local economies.

In 2019, among other initiatives the Forum launched the “Diaspora and Development” Project to offer sustainable savings products to African diasporas in Europe. The project provides a digital platform for the management of diasporas’ savings and for the provision of technical assistance services to African Banks.



Thanks to the Archipelagos Platform, Cassa Depositi e Prestiti and African Development Bank support the development of African businesses with high growth potential, encouraging interconnection within the African market and with the Italian and European markets.



# Green, Social & Sustainability Bonds



Since 2017 CDP has issued 2.5 billion euros in sustainable finance instruments in line with its Green, Social and Sustainability Bond Framework and the “Green Bond Principles”, the “Social Bond Principles” and the “Sustainability Bond Guidelines” of the International Capital Market Association (ICMA).

These sustainable finance issues are part of the CDP Debt Issuance Programme, a new medium/long-term bond issue programme launched in 2015 that enables CDP to raise resources on the capital market by issuing bonds of various types in terms of structure, maturity and currency. The Programme has a total value of up to 10 billion euros and is listed on the Luxembourg Stock Exchange.

In the interests of full transparency towards investors and the community, the issues received a “Second Party Opinion” from the independent advisor Vigeo Eiris. In addition, the impacts of sustainable finance instruments are disclosed one year after their issue through specific reports published on CDP’s website and certified by a third-party company (Vigeo Eiris).

Thanks to these initiatives, CDP has been able to significantly expand its investor base to include Socially Responsible Investors, combining the growing attention of financial markets to forms of investment capable of generating social and environmental added value with its historical ability to generate value for the local areas.

## The first Social Bond

In November 2017, CDP issued its first Social Bond, the first bond issue of this kind to be launched on the international capital market by an Italian issuer, and the first issue in Europe intended to:

- support the creation of new jobs through the financing of Italian Small and Medium Enterprises (SMEs) located in disadvantaged areas;
- help promote the achievement of SDG 8, to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.

The issue was well received by the market, with over 150 institutional investors involved – 70% of them foreign – and a significant presence of socially responsible investors. The final book collected orders of around 2.25 billion euros, about five times the offer.

Issue characteristics	
Nominal value	500 million euro
Duration	5 years
Annual coupon	0,750% fixed
Eligibility criteria	1. SMEs < 250 employees 2. Located in disadvantaged areas, defined as: a. Italian regions with per capita GDP below the national average; and/or b. areas hit by natural disasters 3. not operating in the sectors of activity listed among the exclusion criteria in the CDP Framework

During the Social Bond’s first year, CDP achieved full allocation of the proceeds, which have been assigned to existing and new loans at 87% and 13% respectively.

Some data on the SMEs financed:

- 53%** small-sized SMEs with between 10 and 49 employees;
- 27%** medium-sized SMEs;
- 18%** micro enterprises;
- 56%** SMEs located in areas hit by earthquakes in recent years;
- 59%** SMEs operating in the manufacturing sector<sup>2</sup>.

Italian regions with per capita GDP below the national average benefited from around 44% of the funds.

The funds raised made it possible to finance<sup>3</sup>

- ↗ **2,837** SMEs;
- 👤 **17,500** full-time jobs, including **11,300** new jobs.

## L’Hydro Sustainability Bond

In September 2018, CDP issued its first Hydro Sustainability Bond, which was also the first bond issue of this kind in Italy with the objective of:

- supporting investments for the construction and modernisation of Italy’s water infrastructure, helping to bridge the significant infrastructural gap in this sector;
- encouraging the resumption of investments and increasing the operational efficiency of the national water network;
- supporting projects aimed at safeguarding local areas and repairing the damage caused by hydrogeological instability;
- contributing to the achievement of SDG 6, “ensure availability and sustainable management of water and sanitation for all”.

The issue was well received by the market, with ~70 institutional investors involved, of which around 60% from outside Italy. The final book collected orders for ~1.1 billion euro, about twice the offer.

Issue characteristics	
Nominal value	500 million euro
Duration	5 years
Annual coupon	2,125% fixed
Financing beneficiaries	Municipalities and Unions of Municipalities, Provinces, Regions, Mountain Communities and environmental remediation consortia, throughout Italy
Eligibility criteria	1. construction or efficiency improvement of water infrastructure; 2. prevention of hydrogeological instability and protection of local areas, for example 3. carrying out modernisation works on the sewage networks

<sup>1</sup> The amount also includes the issue of the first Social Housing Bond worth 750 million euros, issued in February 2020.

<sup>2</sup> Some of the areas hit by earthquakes like Emilia-Romagna and part of Veneto, having a large number of manufacturing enterprises, have impacted the breakdown by sector of activity.

<sup>3</sup> Source: 2018 Social Bond Report.

A year after the issue, CDP has achieved full allocation of the proceeds, which have been assigned to existing and new loans.

The Entities financed break down as follows:

- 70%** (about 345 million euro) environmental remediation consortia located throughout Italy;
- 24%** Municipalities;
- 6%** Regions.

The volumes disbursed break down as follows:

- 70%** for works on the water network (745 projects, for a total of ~350 million euro);
- 17%** of the portfolio (109 projects) for prevention of hydrogeological instability and protection of local areas;
- 13%** for works on the sewage networks (1,109 projects).

The following results were achieved:

-  **1.212** Italian municipalities (of which ~80% small municipalities with a population < 10,000 inhabitants);
-  **1.964** projects;
-  **10.314** full-time jobs created and maintained (of which 51% in small municipalities with fewer than 10,000 inhabitants);
-  about **48** million cubic metres of water saved;
-  **1,4%** improvement in water system efficiency at a national level (16% in municipalities with fewer than 2,000 inhabitants)<sup>3</sup>.

## The second Social Bond

In March 2019, CDP successfully closed its second Social Bond, aimed at:

- supporting the construction, renovation, safety measures and earthquake-proofing for publicly-owned buildings used for school education at all levels – from nursery school to university;
- contributing to the achievement of SDGs 4

and 11, which aim respectively to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all” and to “make cities and human settlements inclusive, safe, resilient and sustainable”.

<sup>3</sup> Source: 2019 Social Bond Report.

The issue has a nominal value of 750 million euro, with a duration of 7 years and a fixed annual coupon of 2.125%.

The allocation of funds and the impacts achieved are still under study and will be made public in the forthcoming Social Bond Report.

## Social Housing Bond

Thinking further ahead, in February 2020 CDP issued its first Social Housing Bond, designed to finance social housing projects to:

- support the construction or renovation of properties dedicated to the most vulnerable sections of the population, without the requirements to access the lists for Public Residential Housing though unable to meet their housing needs in the market
- contribute to the achievement of SDGs 1 and 11, which aim respectively to “end poverty in all its forms everywhere” and “make cities and human settlements inclusive, safe, resilient and sustainable”.

The issue has a nominal value of 750 million euro and a fixed annual coupon of 1%.

More than 270 investors participated in the transaction for a total demand in excess of 5 billion euro, more than 6.5 times the final offer.

The allocation of funds and the impacts achieved are still under study and will be made public in the forthcoming Social Bond Report.



Borgo Figino, Milan. “Borgo Sostenibile”, the social housing project in the Figino district carried out with the contribution of the FIA fund managed by CDP Investimenti Sgr.

# 3.3 Present in everyday life

€265 bn  
postal savings

27 m  
savers  
(+2% vs 2018)

~1 m  
passbooks enabled  
for the digital channel  
(+240% vs 2018)

365  
schools renovated  
~1.600  
student  
housing beds



1,500  
social housing units

221,500  
students involved

€0.7 bn  
for reconstruction after  
natural disasters

> 6,200  
beneficiaries  
(70% families)

CDP's commitment to supporting sustainable development is demonstrated every day by the role it plays in improving citizens' lives, the well-being of local communities, and the quality of the fundamental material and immaterial infrastructures of social life.

The public-private nature of CDP's shareholding structure means that, for CDP, maximising the value created for its shareholders coincides with creating value for the community at large. From financial inclusion to the promotion of a sustainable school service, from social housing to the protection of Italy's natural and artistic heritage: these are the main areas where CDP's actions create shared value in everyday life.

### 3.3.1 Financial inclusion

CDP's institutional mission is achieved through: **27 m** savers; **8%** is the share of postal savings resources of the total financial assets of households.

Postal Savings are an instrument of social inclusion, since they are financially simple, they are safe because they are guaranteed by the Italian State, they have no opening, management or closing costs and perform a service of General Economic Interest.

As the issuer of postal savings bonds and postal passbook savings accounts distributed by Poste Italiane through more than 12,000 branches throughout Italy, CDP offers all Italian and non-Italian citizens resident in Italy the possibility to access savings instruments that are now also available online with a view to increasing their accessibility.


Taking advantage of territorial proximity to local communities and the widespread network of Poste Italiane, postal savings provide support to people who are traditionally excluded, who, due


to specific personal or physical conditions, do not have direct access to financial products (e.g. because of distance from bank branches).

Postal savings instruments add an important ethical value to the financial value of an investment guaranteed by the State: with their savings, savers are involved in financing the growth of their community and contribute to the development of the fundamental material and immaterial infrastructures of social life. Schools, hospitals, social housing, local public services and all other facilities are what the Group supports to improve the quality of public services and citizens' lives.


These are resources that are raised from local communities and which return to them and, therefore, to citizens in the form of services and jobs. In 2019 alone, with the resources thus raised, CDP helped create /maintain over 600,000 jobs.

#### 2019 data

 **€265 bn** of assets managed (+3% vs 2018);

 **€3,4 bn** of CDP net funding (+1.7 bn vs 2018);

 **€22,5 bn** in new Bond subscriptions (+15% vs 2018);

 **27 m** savers (+2% vs 2018).

Finally, following several years of analysis of CDP's postal funding data, the evidence shows that the share of foreign residents in Italy who have subscribed postal savings bonds and passbook savings accounts is constantly and continuously growing.

#### Funding from foreign savers

~1,5 m passbook savings account holders;

~€6,2 bn in total funding at the end of 2019.

**8** DECENT WORK AND ECONOMIC GROWTH



**10** RIDURRE LE DISUGUAGLIANZE



With the aim of further increasing support for financial inclusion, in 2019 CDP launched “Risparmio senza frontiere”, an innovative service designed to transfer funds from Italian postal passbook savings accounts to postal passbook savings accounts in African countries, currently active in Tunisia and Morocco, designed to encourage remittances to countries of origin at low cost, with the aim of promoting sustainable development in the countries of origin of “new” Italian citizens.

In response to the growing digitisation in consumption patterns, it has become possible to consult, manage and purchase savings bonds and passbook savings accounts directly online. Thus, new customers can now subscribe these postal products directly from their own homes.

Furthermore, it is now possible to withdraw cash from the passbook savings account 24/7 in all Postamats located throughout the country.

Finally, in order to facilitate the use of management and consultation services from mobile devices, a new section of the BancoPosta app has been created, entirely dedicated to Savings Bonds and Passbook savings accounts.

These initiatives have allowed to increase significantly the “digital” customer base. In fact, compared to the end of 2018, the number of passbook savings accounts enabled to operate online has grown more than three times, from about 284,000 to 975,000 at the end of 2019.

Furthermore, there is a growing level of customer satisfaction with Savings Bonds and Passbook savings accounts, as found through a market survey conducted in 2019.

#### Customer Satisfaction

**50%** of Savings bonds and Passbook savings accounts subscribers recommend subscription; **+9%** satisfied vs 2017 survey.

### 3.3.2 Education, the root of development

Today, widespread economic well-being makes the management of household money more complex. In Italy, the level of financial literacy of adults (37% compared to 47% in France and 66% in Germany) and young people is still low.<sup>1</sup>

Being aware that education is a fundamental tool for conveying knowledge, skills and abilities and for improving the social cohesion levels of local communities, the CDP Group has chosen to invest part of its financial and intellectual capital in support of the Italian education system through various forms of initiatives.

Examples include financial support for school building projects and initiatives aimed at promoting training and the culture of saving in younger generations.

In terms of financial support, the CDP Group supports the school building sector mainly through the granting of mortgage loans (using own or other European institutions' funds) and the management of state resources. On an ancillary basis with respect to its core business, the Group also operates in the sector through the real estate segment (CDPI Sgr and CDP Immobiliare), with operations limited to cases where a specific need arises for the local authorities within a broader plan for the redevelopment of an area of the Group's assets.

In a national context characterised by obsolete schools requiring extraordinary renovation, improvement, safety, earthquake-proofing and energy efficiency measures, the CDP Group has made significant financial resources available to the system.

~ **€2,4 bn**<sup>2</sup> resources granted to local authorities to finance school building projects between 2010 and 2018.

<sup>1</sup> Results below the average of the countries participating in the latest OECD PISA - Programme for International Student Assessment survey on financial literacy of 15-year-olds in 15 countries.

**4** ISTRUZIONE DI QUALITÀ






**8** DECENT WORK AND ECONOMIC GROWTH



**11** SUSTAINABLE CITIES AND COMMUNITIES



The resources made available have been used by the local authorities for the design, construction and modernisation of buildings used for educational purposes and attendant activities, from nursery schools to universities, from arts, music and dance higher education to university halls of residence. The commitment continued and was further strengthened in 2019 with:

-  €1,6 bn<sup>3</sup> of resources invested;
-  365 renovated school buildings;
-  1 school per day.

With this commitment, the Group has renewed its role at the service of the country, contributing to achieving SDGs 4 and 11 of the 2030 Agenda in the communities, for the communities and with the communities.

#### Schools financed broken down by geographical area



### Eco-sustainable institute in Colognola ai Colli

A particularly significant project concerned the Institute of Colognola ai Colli in the province of Verona, where, thanks to the contribution of CDP, a modern eco-sustainable building with great educational performance and capable of accommodating all the children in the area – including the towns located in the surrounding hills – was built to ensure quality education and socialisation.

In order to support the construction of this facility with cutting-edge architectural solutions, like the 40 Kw electrical system that powers the structure, CDP gave financial support to the municipality with the provision – for the primary school – of a 2.4 million euros Flexible Loan and the management of an additional 1.49 million euros loan from the government out of a total cost of 6 million euros.

<sup>2/3</sup> These loans were disbursed thanks also to the contribution of 1.1 billion euros provided in the three-year period 2015-2017 by the European Investment Bank (EIB). The collaboration between the two institutions was renewed on 29 July and extended to the Council of Europe Development Bank (CEB) for a total amount of 1.6 billion euros to implement the 2018-2020 School Building Plan of the Ministry of Education, Universities and Research (MIUR).




The CDP Group's commitment to developing infrastructure to meet the educational needs of young people is also reflected in the Group's real estate business, through financial support for student housing projects.

In fact, through CDP Investimenti SGR, CDP has also made its resources available for the construction of student halls of residence, with an investment to date of around 200 million euros spread over 15 projects, 13 of which have already been completed.




2019 saw the completion of:

-  4 projects
-  ~1,600 beds.




#### Santa Marta in Venice

-  53,000 m<sup>3</sup> redeveloped;
-  87% ground surface saved;
-  650 beds provided.

#### Cascina Fossata in Turin

-  38,000 m<sup>3</sup> redeveloped;
-  100% ground surface saved;
-  289 beds provided.

#### Campus of Via Delù in Padua

-  30,800 m<sup>3</sup> redeveloped;
-  100% ground surface saved;
-  290 beds provided.

#### REDO in Milan

Realizzazione nuova residenza universitaria

-  10,530 GFA<sup>4</sup>;
-  450 beds provided.

These are specialised, modern facilities, with common areas and innovative materials, available at affordable rates that are sustainable for the budgets of families and thus facilitating the mobility of students and university staff away from home, making Italian universities more attractive.

### Student Housing a Venezia

650 beds that the hall of residence located in Venice, in the Santa Marta area, makes available to students of the Ca' Foscari University and other Venetian universities.

€30m of financing for the initiative.<sup>5</sup>

The project, which involves a complex of historic buildings located in an area of previously untapped potential, represents a unique urban redevelopment project for the city of Venice, destined to double the current housing available to students. Most beds will also be applied the rates set by the Venice Entity for the Right to University Education and reduced fees in line with the amounts established by the Housing Agreement of the Municipality of Venice.

Finally, the entire Student Housing Plan covering the hall of residence leverages funds made available by CDP and INPS to use the real estate Fondo Erasmo to develop an investment of 120 million euros, in order to provide 3,000 new beds at agreed rates in the main Italian university cities.

<sup>4</sup> Gross floor area.

<sup>5</sup> Realised through Fondo Erasmo, a real estate fund dedicated to temporary housing for students, managed by Fabrica Immobiliare SGR and 60% subscribed by the FIA Fund (Fondo Investimenti per l'Abitare managed by CDP Investimenti SGR of the Cassa Depositi e Prestiti Group) and 40% by Fondo Aristotele (fully subscribed by INPS).

Promoters	2019 results	Target for 2022
	7.000 schools	1,921 enrolled in teacher training
	220.000 students	
	23.000 teachers	

Moreover, during financial education month<sup>6</sup>, CDP met with:

**1,500** primary and secondary school students throughout Italy with the aim of illustrating the meaning of concepts that are essential to conscientiously deal with everyday financial choices.

In these meetings, CDP experts used simple, interactive methods to explain complex concepts like money and savings, emphasising the role of individual and collective choices in putting sustainable development principles into practice.

<sup>6</sup> Promoted every year in October by the "Committee for Planning and Coordination of Financial Education".

Again with a view to promoting quality education, in 2019 CDP launched the "Scuola Italiana di Ospitalità", extending its training initiative to the tourism sector.

One of the strengths of the project concerns the promotion of specific savings education programmes for schools most exposed to socio-economic hardships.

The programme consists of various initiatives targeting different groups.

In Italy, with the exception of courses of study in high schools and technical institutes with an economic specialisation (known as LES and ITE), there are no teachers with specific training on economic and financial issues. "Il Risparmio che fa scuola" has filled this gap with a 25-hour training course recognised by the Ministry of Education and attended by teachers of all subjects of primary and secondary schools.

In order to guide them through the educational curriculum, teachers at all school levels received a Guide with specific lesson plans.

Through the activities performed at school and online, the "Il Risparmio che fa scuola" programme has addressed the same message to young people aged 6 to 18:

- to understand that saving is first of all an individual responsibility, without waste of financial resources, but also of environmental, food and mobility resources;
- to gradually develop a long-term vision of savings thanks to the action of intermediaries like CDP and Poste Italiane, which translate them into investments and benefits for the community;
- to be aware of the results that shared and invested savings can offer in terms of well-being for everyone, locally and globally.

For each age group, personal online tools were made available to supplement the educational activities: a board game for children, a magazine for preadolescents, and a series of videos by a You-Tuber for older teens.

### Scuola Italiana di Ospitalità

The School was founded on the initiative of TH Resorts in partnership with CDP, and will be based at the former Ospedale al Mare at the Venice Lido to support competitiveness and innovation in tourism and hospitality companies in Italy. The goal of the school is to:

- support the international dissemination of Italian excellence in hospitality;
- promote digitisation in support of tourism to attract young talent from all over the world.

The model that inspired the school is that of the Higher Education Campus ("Hotel School"), a training model valued by employers because it is able to blend classroom training with field experience.

Beneficiaries of the courses will include:

- workers with experience in tourism or students interested in developing skills/careers in hospitality services;
- companies in the tourism sector, which can thus have access to highly specialised and trained personnel in the field and possibly benefit from the sector's development.

### 3.3.3 Reconstruction and support

Activities in support of urban redevelopment and reconstruction fall within the historical scope of the operations of the CDP Group and have been further reinforced with the 2019-2021 Business Plan.

Through the real estate sector (CDP Investimenti SGR and CDP Immobiliare), the Group supports the Public Administration and companies in projects for the renovation and retrofitting of public and private assets, and plays a decisive role in the process of transition to circular production and consumption patterns through:

- the development of urban redevelopment and regeneration projects, through initiatives aimed at giving new life to historic areas of cities and abandoned industrial buildings that are no longer usable;
- more efficient use of resources by extending the life cycle of goods and services and reducing industrial waste and scrap material.

One of the most significant efforts in this area, for example, is represented by social housing, i.e. private social housing to support and supplement the Government's and regions' industry policies. With its social housing projects, CDP contributes to providing a sustainable response to the new housing needs of a substantial part of the population penalised by the dynamics of the traditional real estate market.

Local projects are carried out through a network of local real estate funds partly owned by Fondo Investimenti per l'Abitare (FIA), managed by CDP Investimenti SGR.

**30** projects completed during 2019.

**>350,000 m<sup>3</sup>** redeveloped by the Group in 2019;

**50%** ground surface saved by the redevelopment projects.

**1,500** highly energy efficient social housing units (~90% with class above A).

**>5,100** beneficiaries (66% households, 33% students and 2% elderly);

**>€2,300** average annual savings in housing rental per household.

### "Le Corti di Medoro" in Ferrara

The project was carried out by Fondo Ferrara Social Housing, managed by Investire SGR, with an investment of 32.3 million euros (80% of the total financial resources) held by CDP Investimenti SGR through Fondo Investimenti per l'Abitare (FIA).

- 188** social housing units (23,506 m<sup>2</sup>);
- 44** apartments, fully furnished and highly energy efficient;
- 153** beds for students;
- 6** commercial spaces (2,381 m<sup>2</sup>).

The complex repurposes the Palazzo degli Specchi in Via Beethoven in Ferrara, a suburban business centre designed in 1985 and never used, and has been designed to reduce environmental impact to a minimum. Thus, the project has fostered positive synergies between urban regeneration and the promotion of the circular economy. In fact, the redevelopment of the area has minimised the amount of material disposed of in landfills, limiting the impacts associated with emissions from the transport of waste to landfill sites, bringing positive economic benefits to the fabric of local businesses active in the recovery and treatment of construction and demolition waste.

The new social housing complex was built with an attention to the quality of the building and energy efficiency, with large common areas and a park equipped with relaxation areas, fitness areas and games for children. In its complexity the project has proved capable of fostering positive relations between urban regeneration and



the promotion of the circular economy, paying special attention to material recovery in the construction sector.

Again with the aim of promoting sustainable housing policies, at the end of 2013 CDP launched the Housing Fund, a specific instrument dedicated to the granting, through banks, of mortgage-backed loans to individuals for the purchase of residential properties, with priority for primary residences, preferably belonging to energy classes A, B or C and/or for renovation work to increase energy efficiency.

This instrument is intended for natural persons and, in particular, (i) young couples, (ii) households with at least one disabled person, and (iii) large households. Out of total financial resources of 3 billion euros, CDP disbursed resources totalling 1.8 billion euros at the end of 2019.

Another important line of operations of the CDP Group in support of local communities consists in projects to prevent and protect against natural disasters, in support of areas particularly exposed to seismic and hydrogeological risks.

In fact, since 2009 CDP has adopted several measures benefiting communities affected by disasters, making over 20 billion euros available, including the creation of three dedicated funds:

**2012 Earthquake Reconstruction Fund**

To provide financial support to households and businesses damaged by the earthquake that hit the Emilia-Romagna, Lombardy and Veneto regions in May 2012 (total funding of 6 billion euros);

**Natural Disasters Fund**

To deal with the damage to private property and economic and production activities following a series of natural disasters that occurred from March 2013 (total funding of 1.5 billion euros);

**Central Italy Earthquake Fund and Central Italy Earthquake Moratorium Fund**

To provide financial support to households and businesses affected by the earthquakes in the Abruzzo, Lazio, Marche and Umbria regions from 24 August 2016 (total funding of 4.5 billion euros).

<sup>7</sup> Floods, snowfalls, storm surges, etc.

<sup>8</sup> Estimates based on average financing per business on historical data according to the counterparty financed by the Natural Disasters Fund, 2012 Earthquake Reconstruction Fund and Central Italy Earthquake Fund.

Therefore, in 2019 CDP continued its action to reduce economic and social inequalities and support the most disadvantaged areas and communities.

> €700 mln disbursed to support 6200<sup>8</sup> beneficiaries struck by natural disasters:

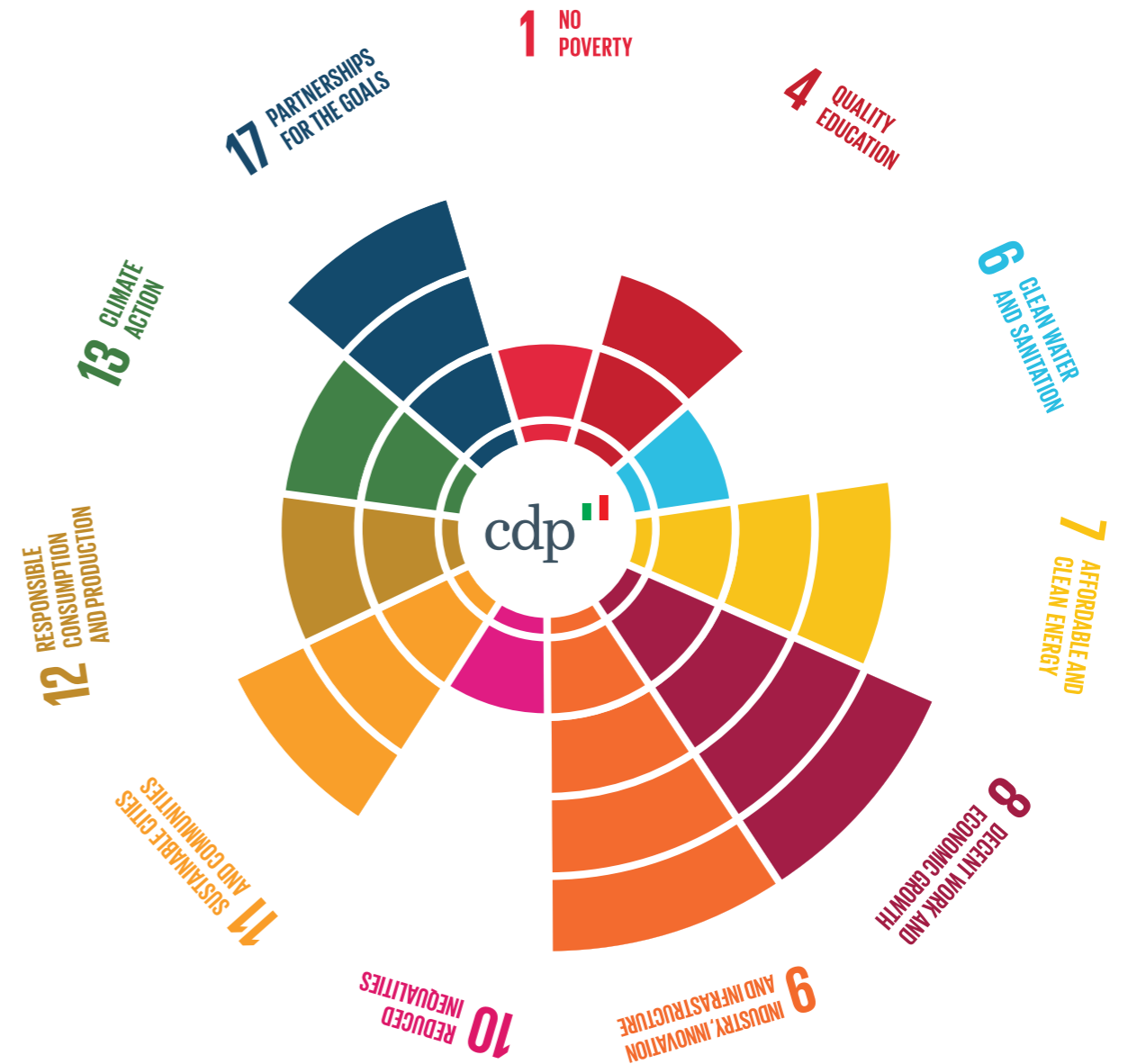
- 22% businesses;
- 70% households;
- 8% other entities.

The projects have the following objectives:

- prevent hydrogeological risks;
- reduce the socio-economic impact of natural disasters;
- safety benefits for local communities.

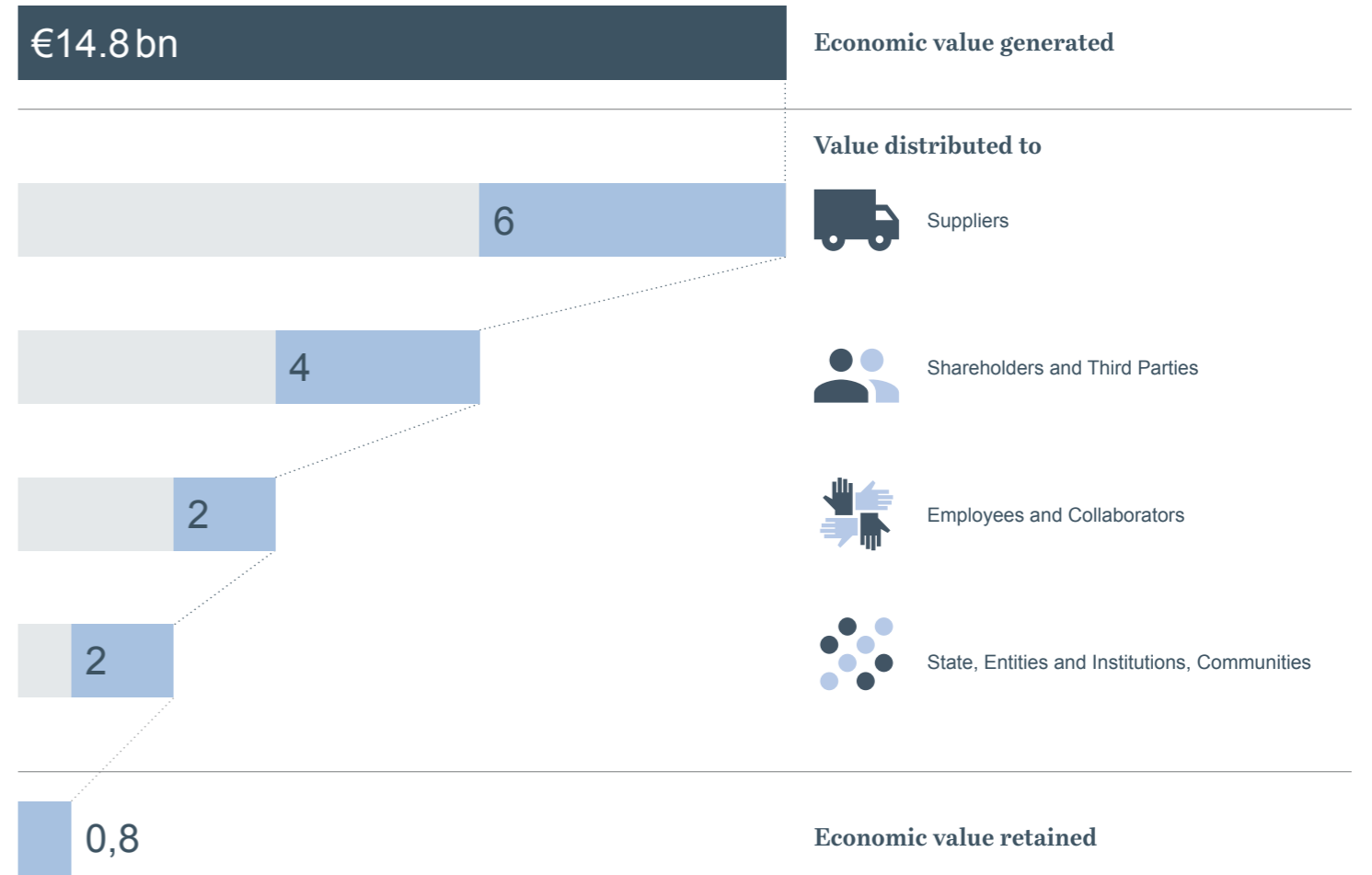
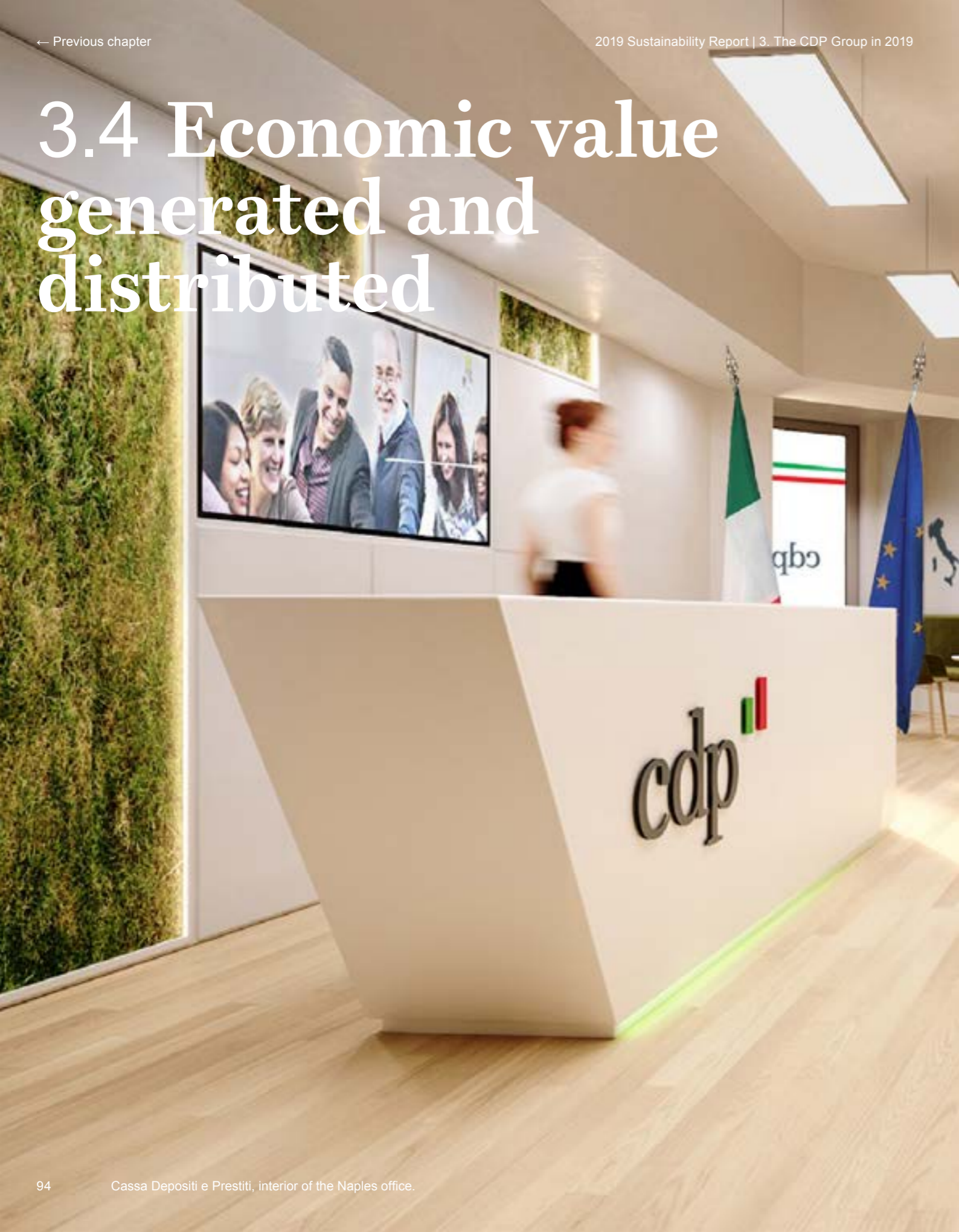
**The contribution of the CDP Group to the SDGs of the United Nations' 2030 Agenda for Sustainable Development**

Details in the annex on page 120.



SDGs	Amounts (bn)
1 NO POVERTY	0,35
4 QUALITY EDUCATION	1,72
6 CLEAN WATER AND SANITATION	0,08
7 AFFORDABLE AND CLEAN ENERGY	3,36
8 DECENT WORK AND ECONOMIC GROWTH	17,65
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	15,79
10 REDUCED INEQUALITIES	0,24
11 SUSTAINABLE CITIES AND COMMUNITIES	6,26
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	0,36
13 CLIMATE ACTION	0,77
17 PARTNERSHIPS FOR THE GOALS	6,68

# 3.4 Economic value generated and distributed



## 3.4.1 Determination of economic value and its distribution

The generated economic value (“GEV”) expresses the measure of the wealth produced by the Group calculated from the data<sup>1</sup> contained in the consolidated financial statements, prepared in accordance with Bank of Italy Circular no. 262 “Bank financial statements: presentation formats and rules”. The scope of reference differs from that of the Sustainability Report and is the same as that of the CDP Group’s consolidated financial statements.<sup>1</sup>

The CDP Group’s GEV, which amounted to 14.8 billion euros in 2019 (14.2 billion euros in 2018), is represented by Net income from financial and insurance operations, plus the portions of realised gains and losses on equity investments and investments and other net operating income.

For the most part, the GEV is distributed to the CDP Group’s counterparties, for a total of 14 billion euros in 2019 (about 94% of the GEV), an increase compared to the previous year, when the distributed economic value (“DEV”) was 12.1 billion euros (about 86% of GEV). The remaining amount of 0.8 billion euros (2 billion euros in 2018) represents the share of GEV retained by the Group.

<sup>1</sup> The calculation is carried out in accordance with international standards of reference, taking account of the interpretative and methodological guidelines for Sustainability Reports drawn up by the Italian Banking Association and the specific characteristics of the CDP Group.



# The CDP Group and the 2030 Agenda: the sustainability manifesto

## Introduction

In line with its mission to promote growth and development in Italy, with this Manifesto the CDP Group commits to fostering a process of transition to a more resilient, inclusive and sustainable development model.


With the approval of the 2019-2021 Business Plan, the Group has adopted sustainability as the strategic principle of its operations, in line with the Goals of the United Nations' 2030 Agenda. After a year of work, this document aims to define the commitments and concrete actions of the entire CDP Group until 2030, with the ambition of contributing to the achievement of the 17 Sustainable Development Goals.


The Manifesto embraces all dimensions of sustainability in a holistic manner - the economic as well as the social, environmental and governance dimensions.


By promoting a cultural change inside and outside its organisation, the CDP Group aims to become the lever for Italy's sustainable development by leveraging the financial and industrial expertise of the Group's companies and creating synergies within the country's economy.

## 4 commitments of the CDP Group

 **Combat climate change by eliminating the Group's carbon footprint**

 **Innovation and growth, promoting a circular model and sustainable cities**

 **Inclusiveness and people's well-being, valuing diversity and individual aspirations**

 **Responsible approach by strengthening its role as a long-term investor in continuous coordination with stakeholders**

## 17 concrete actions for a sustainable future



Contribute to achieving the Group's carbon neutrality

Subscribe to over 3 billion euros in green bonds

Reach zero CO<sub>2</sub> emissions for the Group's offices

Disseminate good practices on the use of natural resources



Allocate up to 20% of funding to innovation and R&D

Create innovation hubs with companies and universities

Launch 10 initiatives to support the training of young people

Invest 3 billion euros in circular economy projects

Implement 10 smart city projects

Reach 50,000 beds in social, senior and student housing



Promuovere la piena parità di genere nelle funzioni apicali

Diffondere a tutto il Gruppo modalità di lavoro innovative e flessibili

Sostenere lo sviluppo individuale incoraggiando la mobilità infragruppo



Assess the ESG impact on 100% of initiatives and adopt sustainability rating systems

Stimulate ESG investment by leveraging New Green Deal opportunities and Invest EU resources

Define ESG performance-related bonuses on funding

Organise at least 1 event per year with multi-stakeholder discussions on strategic areas of the Group's operations in the long term, in continuous coordination with stakeholders

Cassa depositi e prestiti S.p.A.

CDP Equity S.p.A.

CDP Immobiliare S.p.A.

CDP Industria S.p.A.

CDP Investimenti SGR S.p.A.

Fintecna S.p.A.

SACE S.p.A.

SIMEST S.p.A.



## **Independent auditor's report on the consolidated non-financial statement**

*pursuant to art. 3, paragraph 10, of Legislative Decree n° 254/2016 and to art. 5 of Consob Regulation 20267 adopted by resolution of January 2018*

To the Board of Directors of Cassa Depositi e Prestiti SpA

Pursuant to art. 3, paragraph 10, of Legislative Decree n° 254 of 30 December 2016 (the "Decree") and art. 5 of CONSOB Regulation n° 20267/2018, we have performed a limited assurance engagement on the "Sustainability Report - Non Financial Statement pursuant to Legislative Decree n° 254/2016" of Cassa Depositi e Prestiti SpA and its subsidiaries (hereafter the "Group CDP" or "Group") for the year ended 31 December 2019 prepared in accordance with art. 4 of the Decree and approved by the Board of Directors on 2 April 2020 (hereafter the "NFS").

### **Responsibility of the directors and of the Board of Statutory Auditors for the NFS**

Directors are responsible for the preparation of the NFS in accordance with art. 3 and 4 of the Decree and with the GRI Sustainability Reporting Standards defined in 2016 ("GRI Standards"), identified by them as the reporting standard.

Directors are responsible, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Directors are responsible for identifying the content of the NFS, within the matters mentioned in art. 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

### **PricewaterhouseCoopers SpA**

Sede legale e amministrativa: **Milano** 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311



### **Auditor's Independence and Quality Control**

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

### **Auditor's responsibilities**

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. Analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the company, in order to assess the reasonableness of the selection process used, in accordance with art. 3 of the Decree and the with the reporting standard adopted;
2. Analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. Comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. Understanding of the following matters:
  - business and organisational model of the Group, with reference to the management of the matters specified by art. 3 of the Decree;
  - policies adopted by the Group with reference to the matters specified in art. 3 of the Decree, actual results and related key performance indicators;



- main risks, generated and/or faced by the Group, with reference to the matters specified in art. 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. Understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of Cassa Depositi e Prestiti SpA and with the personnel of SACE SpA and CDP Immobiliare Srl and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a holding level,
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
  - c) with reference to the impact assessment presented in the NFS, we have understood the main elements in terms of inputs and scenarios and verified the consistency between the output generated and the results disclosed in the NFS;
- for the companies SACE SpA e CDP Immobiliare Srl, which were selected on the basis of their activities and their contribution to the performance indicators at a consolidated level, we carried out in-depth analysis, during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.



### Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Cassa Depositi e Prestiti SpA as of 31 December 2019 has not been prepared, in all material respects, in compliance with artt. 3 and 4 of the Decree and with the GRI Standards.

Rome, 20 April 2020

PricewaterhouseCoopers SpA

*Luigi Necci*  
Signed by

Luigi Necci  
(Partner)

*Paolo Bersani*  
Signed by

Paolo Bersani  
(Authorized signatory)



*This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2019 translation.*

# 2019 Sustainability Report Annex

1. Reporting Scope: CDP Group
2. Material Topics: in-depth analysis
3. Stakeholder Engagement
4. Competent, Coordinated and Motivated Personnel: the figures
5. Commitment to the Protection of Human Rights
6. Low Environmental Impact Workplace: the figures
7. The CDP Group's Contribution to the SDGs

## 1. Reporting Scope: the CDP Group

In accordance with Legislative Decree 254/16, which requires consistency between the business model, policies, risks connected with significant areas, and the impacts generated on those areas by the companies in the reporting scope, the Sustainability Report presents the figures for the Parent Company and companies over which it exercises management and coordination (“the Group”).

Specifically, the Parent Company, on behalf of the Group, exercises management and coordination over all the companies directly controlled by it, listed below (the “Group Companies”).

- CDP Equity S.p.A. (100% CDP): a holding company that operates by acquiring minority interests in companies of significant national interest that are economically and financially stable and have suitable earnings and growth prospects;
- CDP Immobiliare S.r.l. (100% CDP): a company engaged in the real estate Sector and in maximising the value of its own real estate assets, as well as public real estate assets, which operates through urban development and redevelopment operations, including through joint ventures with other operators;
- CDP Industria S.p.A. (100% CDP): a holding company whose mission is to hold the strategic equity investments of the CDP Group operating in the industrial Sector and support their growth according to a long-term industrial approach; it currently manages the equity investments in SAIPEM S.p.A. (12.55% owned) and FINCANTIERI S.p.A. (71.64% owned);
- CDP Investimenti SGR S.p.A. (70% CDP, 15% ACRI and 15% ABI): an asset management company that manages real estate investment funds active in social housing, real estate development and enhancement, tourism and smart housing;
- CDP Reti S.p.A. (59.1% CDP, 35% State Grid Europe Limited and 5.9% Italian institutional investors): a holding company whose mission is the management of the equity investments held in SNAM S.p.A. (31.04% owned), ITALGAS S.p.A. (26.04% owned) and TERNA S.p.A. (29.85% owned), as a long-term investor with the objective of supporting the development of transport, regasification, storage and distribution infrastructures for natural gas and electricity transmission;
- Fintecna S.p.A. (100% CDP): a company engaged in the management of equity investments and liquidation processes;
- SACE S.p.A. (100% CDP): a company engaged in export credit and the international expansion of Italian companies that holds all the shares in SACE BT S.p.A. (which in turn holds 100% of the capital of SACE SRV S.r.l.) and in SACE FCT S.p.A., and 76% of SIMEST S.p.A., together with which it forms the CDP Group's “Centre for Export and International Expansion”.

## 2. Material Topics: in-depth analysis

The materiality analysis has enabled the Group to identify the economic, governance, social and environmental topics that have the greatest impact on its ability to generate value over time, known as “material topics”.

In line with the principle of “materiality”, as defined by the applicable international standards, the topics that reflect the Group's economic, social and environmental impacts and/or that can significantly influence the decisions of its stakeholders have been considered material. The results of the analysis of the individual topics identified as material are summarised in the table below.

Material Topic	Why it is material	Scope of impact	Type of impact
<b>Fairness and transparency in governance</b> Adopting a system of rules and organisational structures that enable correct and efficient corporate governance and guarantee transparency in procedures, also with regard to the remuneration of top management.	Impact on reputation Operational efficiency and effectiveness Risk management Impact on the country's economy Promotion of sustainable and inclusive development	Shareholders Institutional investors Financial community Institutions Multilateral international bodies Agencies Postal savers	Directly related to the Group's activities
<b>Effectiveness in the management of business risks and internal control system</b> Setting up a risk management and internal control system designed to ensure the Group's economic and financial strength and reputation. Ensuring the effectiveness and efficiency of operational activities and compliance with legislation and internal rules.	Impact on reputation Operational efficiency and effectiveness Risk management Impact on the country's economy	Shareholders Institutional investors Financial community Institutions Multilateral international bodies Agencies Postal savers Employees Suppliers Beneficiary companies	Directly related to the Group's activities
<b>Transparent and impartial dialogue with stakeholders</b> Adopting a transparent and impartial approach in relations with all the Group's stakeholders.	Impact on reputation Consistency with the Group's mission Operational efficiency and effectiveness Risk management Impact on local areas Impact on the country's economy Promotion of sustainable and inclusive development	All the Group's stakeholders	Directly related to the Group's activities
<b>Growth of enterprises</b> Supporting the growth of enterprises by offering integrated financial instruments.	Consistency with the Group's mission Impact on local areas Impact on the country's economy Promotion of sustainable and inclusive development	Beneficiary companies Society	Indirectly related to the Group's activities
<b>Innovation and research</b> Promoting innovation and research in companies as drivers of competitiveness. Promoting technological upgrading of the production system in terms of innovation.	Impact on reputation Impact on local areas Impact on the country's economy Promotion of sustainable and inclusive development	Private, public and investee companies Universities and research centres Beneficiary companies Society	Indirectly related to the Group's activities
<b>Promotion of international expansion and Italian production</b> Supporting Italian excellence abroad by promoting the creation of networks, industrial Sectors and the participation of Italian companies in global value chains.	Consistency with the Group's mission Impact on local areas Impact on the country's economy Promotion of sustainable and inclusive development	Beneficiary companies Society	Indirectly related to the Group's activities
<b>Support for startups and enterprises with high growth potential</b> Contributing to the formation and growth of companies with high potential for growth and innovation.	Impact on local areas Impact on the country's economy Promotion of sustainable and inclusive development	Beneficiary companies Society	Indirectly related to the Group's activities

1	2	3	4	5	6	7
<b>Protection of strategic sectors</b> Protecting activities of major strategic interest for the country, also in relation to the effects on employment.	Impact on reputation Consistency with the Group's mission Impact on the country's economy Promotion of sustainable and inclusive development	Beneficiary companies Institutional investors Institutions Associations Society	Indirectly related to the Group's activities			
<b>Promotion of infrastructure projects with high externalities</b> Prioritising funding for infrastructure projects with a high impact on sustainable development (e.g. sustainable mobility).	Impact on reputation Consistency with the Group's mission Impact on local areas Impact on the country's economy Promotion of sustainable and inclusive development	Institutions Institutional investors Society	Indirectly related to the Group's activities			
<b>Redevelopment of urban centres and development of social infrastructure</b> Enhancing and redeveloping urban centres for projects aimed at improving the life of local communities (city plans). Promoting social housing and other social infrastructure (e.g. school and hospital building programmes).	Impact on reputation Consistency with the Group's mission Impact on local areas Promotion of sustainable and inclusive development	Shareholders Institutions Institutional investors Society	Indirectly related to the Group's activities			
<b>Support for infrastructure projects with the greatest need for intervention</b> Supporting projects for infrastructure with the biggest structural gaps (e.g. national water network).	Impact on reputation Consistency with the Group's mission Impact on local areas Impact on the country's economy Promotion of sustainable and inclusive development	Institutions Institutional investors Society	Indirectly related to the Group's activities			
<b>Support for the enhancement and efficiency improvement of public administration services and processes</b> Supporting and promoting measures for the modernisation of Public Administration processes and services in order to improve their quality.	Impact on reputation Consistency with the Group's mission Impact on the country's economy	Institutions Society	Indirectly related to the Group's activities			
<b>Promoting climate change and energy transition projects in the cooperation "target countries"</b> Contributing to the development of the Target Countries by granting funding to projects that counter climate change and involve the adoption of renewable energy.	Impact on reputation Consistency with the Group's mission Promotion of sustainable and inclusive development	Institutions Beneficiary companies Society (Target Countries)	Indirectly related to the Group's activities			
<b>Support for entrepreneurship in the "target countries"</b> Supporting economic and social development in the Target Countries by strengthening the entrepreneurial skills of local communities, also through the involvement of Italian companies.	Impact on reputation Consistency with the Group's mission Promotion of sustainable and inclusive development	Institutions Beneficiary companies Society (Target Countries)	Indirectly related to the Group's activities			
<b>Support to local areas</b> Adopting a streamlined and flexible structure in order to ensure greater timeliness in the Group's operations.	Impact on reputation Consistency with the Group's mission Operational efficiency and effectiveness Risk management Impact on local areas Promotion of sustainable and inclusive development	Institutions Beneficiary companies Associations Universities and research centres Society	Indirectly related to the Group's activities			



<p><b>Employee welfare</b> Promoting the psychological and physical wellbeing of employees and health and comfort in the workplace. Providing company welfare policies and tools. Promoting work flexibility and work-life balance.</p>	<p>Operational efficiency and effectiveness Risk management Promotion of sustainable and inclusive development</p>	<p>Employees</p>	<p>Directly related to the Group's activities</p>
<p><b>Inclusion and protection of diversity</b> Ensuring fairness in personnel management mechanisms and promotion of diversity in the workplace in order to increase the dissemination of a culture of social inclusion.</p>	<p>Operational efficiency and effectiveness Risk management Promotion of sustainable and inclusive development</p>	<p>Employees</p>	<p>Directly related to the Group's activities</p>
<p><b>Personnel development and training</b> Promoting initiatives to develop and promote the professional growth and skills of all employees. Promoting excellence, also through training activities via the Group Academy.</p>	<p>Operational efficiency and effectiveness Risk management Promotion of sustainable and inclusive development</p>	<p>Employees</p>	<p>Directly related to the Group's activities</p>
<p><b>Assessment of counterparties (including suppliers) and projects based on ESG criteria</b> Assessing initiatives based on the economic, social and environmental impacts generated and the ESG risks.</p>	<p>Impact on reputation Operational efficiency and effectiveness Risk management Promotion of sustainable and inclusive development</p>	<p>Beneficiary companies Institutional investors Institutions Suppliers Financial community Multilateral international bodies Agencies</p>	<p>Directly related to the Group's activities</p>
<p><b>Climate change and energy transition</b> Funding climate change projects, primarily by promoting the transition to clean energy. Funding projects related to the circular economy</p>	<p>Impact on reputation Impact on local areas Impact on the country's economy Promotion of sustainable and inclusive development</p>	<p>Shareholders Institutional investors Financial community Institutions Society</p>	<p>Indirectly related to the Group's activities</p>
<p><b>Impact finance</b> Identifying investments based on the country's priorities and selecting those with the greatest impact</p>	<p>Impact on reputation Consistency with the Group's mission Risk management Impact on local areas Impact on the country's economy Promotion of sustainable and inclusive development</p>	<p>Shareholders Institutional investors Financial community Institutions Society</p>	<p>Indirectly related to the Group's activities</p>


### 3. Stakeholder engagement

The Group's attention to its stakeholders is based on the values stated in the Code of Ethics, which sets out the guidelines to follow on relationships with each stakeholder and establishes the priorities, principles and conduct to be adopted for each of them. At operational level, opportunities for stakeholder engagement stem partly from company demands and objectives and partly from stakeholders' requests. The engagement of external stakeholders is supervised and managed by the operating areas of the Group Companies, in close coordination with the "Institutional Relations" operating unit of the Parent Company.

As a primary commitment to all its stakeholders, the Group strives, on one hand, to increasingly improve its ability to listen to and seriously consider their requests and, on the other hand, to ensure clear and transparent information, both through its institutional communication channels and by promptly responding to the frequent information requests received. This is the only way to build a successful relationship of mutual trust, which is an essential ingredient in enabling the Group to best perform its role in serving the country.





Details are provided below of the areas and means of interaction with the individual categories of stakeholders. Some illustrative examples are also provided of the most significant engagement initiatives in 2019.

Our stakeholders	Main topics of interest	Means of engagement	Examples
<p><b>Shareholders</b> Ministry of the Economy and Finance Bank foundations holding shares in CDP</p> 	<ul style="list-style-type: none"> <li>• Protection of the Group's solidity and earnings</li> <li>• Risk assessment and management</li> <li>• Role of the Group as a "development driver" for Italy</li> <li>• Sustainable and inclusive development</li> <li>• Valuation of investments</li> <li>• Local development</li> </ul>	<p>One-to-one and group meetings Initiatives communicating information on CDP's operations Board of Directors/Shareholders' Meeting Participation in locally-based initiatives organised by CDP's shareholder foundations Support committee for non-controlling shareholders</p>	
<p><b>Institutional investors</b> Pension funds, pension schemes, banks, insurance companies, etc.</p> 	<ul style="list-style-type: none"> <li>• Attraction of capital from institutional investors in support of investment initiatives promoted by the Group</li> <li>• Investment areas in the funds in which CDP and the institutional investor are active</li> <li>• Pension savings</li> <li>• Supplementary collective pension schemes</li> <li>• Investments in the real domestic economy</li> </ul>	<p>Joint investment agreements Investment platforms One-to-one and group meetings Event participation/organisation Partnerships Memorandums of Understanding</p>	<p>Memorandum with AdEPP (association of private social security institutions) - aimed at facilitating the granting of funding to a potential target of about 1.6 million professionals enrolled in social security funds and institutions. Italy-China Business Forum Events organised with ICE, Confindustria and Bank of China (March 2019-Rome, July 2019-Milan, and September 2019-Tianjin). Since February 2019, CDP has been Co-Chair of the Italy-China Business Forum for the Italian side together with its Chinese counterpart Bank of China. Signing of Mou with the Russian Development Investment Fund (July 2019). Continuation of the partnership with the Kuwait Investment Authority and the MoU with the Qatar Investment Authority, both signed in the years prior to 2019. Signing of Mou with Silk Road Fund and Bank of China (March 2019)</p>

<p><b>Financial community</b> Bondholders, analysts, ESG investors, etc.</p> 	<ul style="list-style-type: none"> <li>• CDP Group structure and operations</li> <li>• 2019-2021 Business Plan</li> <li>• Incorporation of sustainability into the Group and achievement of Agenda 2030 targets</li> <li>• The Group's operating and financial performance, and solidity and earnings</li> <li>• Risk assessment and management</li> </ul>	<p>Participation in events with the financial community</p> <p>Initiatives communicating information on CDP's operations</p> <p>Bond roadshows</p>	<ul style="list-style-type: none"> <li>• Meetings with 136 investors at 24 events</li> <li>• Two Roadshows carried out for the issuance of the Panda Bond and Sustainability Bond (attended by 94 investors)</li> </ul>
<p><b>Local, National and European Institutions, Target Countries</b> Local authorities, general government entities and their associations (e.g. ANCI, UPI, etc.) National institutions (e.g. Ministries, Embassies, etc.) European institutions (e.g. European Commission, etc.) Institutions of Target Countries of development cooperation initiatives</p> 	<ul style="list-style-type: none"> <li>• Lines of business development</li> <li>• Sustainable and inclusive development</li> <li>• Valuation of investments</li> <li>• Administrative constraints/procedures for business operations</li> <li>• Pooling of skills and experience</li> <li>• Postal savings (Ministry of the Interior)</li> <li>• School building programmes (MIUR – Ministry of Education, Universities and Research)</li> <li>• Financial support to the agricultural, agri-food and tourism Sectors (MIPAAF – Ministry for Agricultural, Food and Forestry Policies)</li> <li>• Social housing programmes (MIT – Ministry of Infrastructure and Transport)</li> </ul>	<p>Institutional dialogue on measures of interest to the Group and projects in the Business Areas</p> <p>Dialogue with Embassies for the organisation of international missions and exchange of information on possible business opportunities for CDP Group companies at international level.</p> <p>Working groups and technical committees</p> <p>Participation in events</p> <p>Memorandums</p> <p>Accords</p> <p>Joint Committee for Development Cooperation</p>	<ul style="list-style-type: none"> <li>• Numerous institutional meetings with representatives of the Government, Parliament and Ministries, and with members of the Parliamentary Supervisory Committee for CDP</li> <li>• Memorandum with the Ministry for Agricultural, Food and Forestry Policies (MIPAAF) – for the provision of financial support to the agricultural, agri-food and tourism Sectors.</li> <li>• Memorandum with ANCI for the promotion and dissemination of best practices adopted by municipalities.</li> <li>• Memorandum with 4 Cities (Naples, Turin, Genoa, and Florence), 2 Municipalities (Perugia And Venice) and 3 Regions (Veneto, Sicily, and Piedmont) for financial and (in some cases) project support for Public Administration infrastructure and real estate projects and for financial support to local businesses.</li> <li>• Memorandum with the Ministry of Education, Universities and Research (MIUR) on School Building Programmes</li> <li>• "Risparmio che fa scuola" PROJECT</li> <li>• Accord with PagoPA S.p.A. aimed at spreading awareness of the services offered by PagoPA and promoting them to priority customers through the CDP Group's local network and communication channels</li> <li>• Participation in the 36th National Assembly of Italian Municipalities.</li> </ul>
<p><b>Agencies</b> E.g. ICE - Agency for the international promotion and international expansion of Italian companies; AICS - Italian Agency for Development Cooperation, etc.</p> 	<p>Models of collaboration between the Group and the Agencies, aimed at strengthening assistance to Italian companies and/or the development cooperation partner countries, in order to provide more complete, integrated and systemic support.</p>	<p>Initiatives communicating information on CDP's operations</p> <p>Periodic orientation meetings</p> <p>Event participation/organisation</p> <p>Memorandums</p>	<ul style="list-style-type: none"> <li>• CDP – ICE Memorandum for the establishment of Agency desks at CDP's local offices and the establishment of CDP desks at the Agency's international offices, to provide support to companies seeking assistance for their growth and innovation projects and intending to operate in international markets</li> </ul>
<p><b>Multilateral International Bodies</b> E.g. FAO - Food and Agriculture Organization of the United Nations, World Bank, etc.</p> 	<ul style="list-style-type: none"> <li>• Development of business lines</li> <li>• Sustainable and inclusive development</li> </ul>	<p>Initiatives communicating information on CDP's operations</p> <p>Origination channels</p> <p>Periodic orientation meetings</p> <p>Event participation/organisation</p> <p>Memorandums</p> <p>Memorandums of Understanding</p>	<ul style="list-style-type: none"> <li>• CDP – UNDP Accord aimed at the development of initiatives dedicated to economic and social growth, combating climate change and poverty reduction in emerging economies and developing countries.</li> </ul>

<p><b>Employees</b> Employees Trade unions</p> 	<ul style="list-style-type: none"> <li>• Company Welfare</li> <li>• Smart working</li> <li>• Professional development</li> <li>• Wellness</li> <li>• Diversity</li> <li>• Sustainability</li> </ul>	<p>Company newsletter (weekly, with special issues dedicated to specific subjects)</p> <p>Intranet</p> <p>Events</p> <p>Focus groups</p> <p>Awareness-raising initiatives</p> <p>Specific engagement programmes</p> <p>Video programming schedules for the internal monitors at all CDP premises</p> <p>Trade union agreements</p>	<ul style="list-style-type: none"> <li>• "Salute e sicurezza sul lavoro: facciamo gioco di squadra!" - health and safety awareness-raising initiative involving about 80% of the company population</li> <li>• "Operation Zero Plastic" and "Operation Paperless" - involvement of employees in activities aimed at improving the Group's environmental performance.</li> <li>• Group accords</li> </ul>
<p><b>Private, public and investee companies</b></p> 	<ul style="list-style-type: none"> <li>• Development of business lines</li> <li>• Pooling of skills and experience</li> <li>• Sustainable and inclusive development</li> <li>• Information of shared interest</li> </ul>	<p>Origination Channels - collaboration on pipelines</p> <p>Exchange of information on shared customers (SACE/SIMEST)</p> <p>Collaboration in business support operations</p> <p>Interviews aimed at the strategic analysis of the current and future international presence of the investee companies</p> <p>Memorandums</p> <p>Memorandums of Understanding</p> <p>Accords</p> <p>Partnerships</p>	<ul style="list-style-type: none"> <li>• Memorandum with Eni, Fincantieri with Terna for the development and industrial-scale implementation of tidal energy power plants.</li> <li>• Memorandum with Eni for the implementation of joint initiatives in the area of the circular economy, decarbonisation and renewable energy, also through the revival of industrial sites.</li> <li>• Memorandum with Snam and Fincantieri for the identification, design and implementation of medium-term strategic projects in key Sectors for the innovation and development of port facilities in Italy, as well as for the development of sustainable technologies used for maritime transport.</li> <li>• Launch of the first Masters in Business and Administration dedicated to the Group and its main investee companies.</li> <li>• Declaration of Intent signed by 20 organisations (including ABB, Enel GP, Intesa Sanpaolo, GE Renewable Energy, etc.) in support of the RenewAfrica initiative aimed at boosting investment in renewables in Africa.</li> </ul>
<p><b>Beneficiary Companies</b></p> 	<ul style="list-style-type: none"> <li>• Development of business lines</li> <li>• Sustainable and inclusive development</li> </ul>	<p>Initiatives communicating information on CDP's operations</p>	<ul style="list-style-type: none"> <li>• "L'Italia che funziona" roadshow, an institutional initiative aimed at informing the Italian business world about the activities carried out for their benefit by the Ministry of Foreign Affairs (MAECI), the Ministry of Economic Development (MISE), Cassa Depositi e Prestiti (CDP) and the Chambers of Commerce</li> <li>• "Le Eccellenze del Territorio" Roadshow, in partnership with Sole 24 ore and Unione Industriali (Turin, 15 December and Palermo, 23 January 2020): meetings aimed at sharing local success stories and models of excellence through the words of leading figures from the business world, from the innovation ecosystem and from universities and local institutions.</li> <li>• The aim is to create a future cluster of outstanding companies that will have access to sources of funding, foreign partners, innovation platforms and the best advisors.</li> </ul>

<p><b>Suppliers</b></p> 	<ul style="list-style-type: none"> <li>• Negotiations and Tenders</li> <li>• Qualification</li> </ul>	<p>Purchasing Portal  <a href="https://portaleacquisti.cdp.it/web/login.html">https://portaleacquisti.cdp.it/web/login.html</a></p>	<p>Being a supplier to the CDP Group means being able to use innovative forms of interaction through advanced negotiation platforms and tools. This is why we have developed:</p> <ul style="list-style-type: none"> <li>• a qualification process designed to identify the technical and organisational capabilities of each applicant supplier and compliance with the required standards and applicable regulations;</li> <li>• a streamlined and dematerialised negotiation process based on effectiveness, traceability and operational efficiency;</li> <li>• a performance management process for the comprehensive assessment of our suppliers, drawing on the experience gained by all the Group Companies.</li> </ul>
<p><b>Associations</b></p> <p>Environmental associations                  Trade associations                  Bank foundations                  Other foundations                  Non-governmental organisations                  Non-profit organisations</p> 	<ul style="list-style-type: none"> <li>• Energy sustainability and urban regeneration</li> <li>• Sector-related legislative and regulatory issues</li> </ul>	<p>Membership                  Presence in governance bodies                  Periodic consultation regarding support for systemic initiatives                  Periodic discussion and orientation meetings                  Initiatives aimed at providing information on the Group's activities                  Participation in technical committees                  Promotion of industry Sector initiatives                  Memorandums of Understanding                  Sponsorships</p>	<ul style="list-style-type: none"> <li>• CDP – ACRI (Association of Foundations and Savings Banks) Memorandum of Understanding aimed at strengthening cooperation between the two organisations for the development of joint projects in favour of local communities</li> <li>• Memorandum with Coldiretti – Filiera Italy aimed at promoting the research and implementation of solutions to support the Italian agri-food industry, a strategic Sector for the national economy with significant opportunities for sustainable development at local level.</li> <li>• Sponsorship of “Scuola Italiana di Ospitalità” established by TH Resorts to support competitiveness and innovation in tourism and hospitality companies in Italy.</li> <li>• The CDP Group took part in the IFSWF (International Forum of Sovereign Wealth Funds) Annual Meeting held in Alaska in September 2019. At the meeting, it received the majority of the votes for its bid to host the IFSWF Annual Meeting 2021 in Rome.</li> <li>• Membership of Associations. The Group Companies are members of the following organisations (including free of charge): AISCA – Italian Association of Secretaries of the Board of Directors, Assonime – Association of Italian Joint Stock Companies, RUR - Urban Network of Representatives, Censis, ASPEN Institute Italy, AIIA – Italian Association of Internal Auditors, ISACA – Information Systems Audit and Control Association, ISPI – Institute for International Policy Studies, Long Term Investor Club, Mainstreaming Climate Action within Financial Institutions, IIF – Institute for International Finance, IDFC – International Development Finance Club, World Economic Forum, RES4MED &amp; RES4AFRICA, International Finance Corporation (Operating Principles for Impact Management), ELTIA – European Long Term Investor Association, and CEPS – Center for European Policy Studies.</li> </ul>

<p><b>Postal Savers</b></p> 	<ul style="list-style-type: none"> <li>• The Group's solidity and earnings</li> <li>• Risk assessment and management</li> <li>• Incorporation of ESG criteria</li> </ul>	<p>Initiatives communicating information on CDP's operations</p>	
<p><b>Media and opinion makers</b></p> <p>National and international information providers, national and international opinion groups, web users, etc.</p> 	<ul style="list-style-type: none"> <li>• Lines of business development</li> <li>• Sustainable and inclusive development</li> <li>• Business initiatives/operations</li> </ul>	<p>Initiatives communicating information on CDP's operations</p>	<ul style="list-style-type: none"> <li>• Launch of new digital assets: new website (+115% site traffic and -49% drop-out rate)</li> <li>• New strategy for social networks with significant growth of followers on existing networks (+130% LinkedIn, +40% Facebook, +61% Twitter) and the launch of new channels (Instagram)</li> <li>• Three new communication campaigns (brand launch, launch of new postal bonds, and retail bond issue)</li> <li>• New more proactive approach to media relations: expansion of target media, both in the proposal and monitoring phase. Ongoing crisis prevention and crisis management. New unit dedicated to local media relations and support for local events. New unit focused on CDP's equity strategy.</li> </ul>
<p><b>Universities and Research Centres</b></p> 	<ul style="list-style-type: none"> <li>• Promotion of Group's knowledge</li> <li>• University building programmes</li> <li>• Acquisition of talent and professional expertise to meet the operational needs of Group Companies</li> </ul>	<p>Initiatives communicating information on CDP's operations                  Collaboration on university building projects                  Career days                  Testimonials in university courses</p>	<ul style="list-style-type: none"> <li>• 14 career days held in the main Italian universities.</li> <li>• CDP Graduate Program, a company development programme aimed at bright recent graduates and undergraduates aimed at increasing their skills and improving their knowledge of the Group.</li> </ul>
<p><b>Society</b></p> <p>Schools, local committees, etc.</p> 	<ul style="list-style-type: none"> <li>• Savings culture</li> <li>• Economic citizenship</li> <li>• Local development</li> </ul>	<p>Initiatives communicating information on CDP's operations                  Awareness-raising initiatives on matters within the Group's scope of expertise.                  Initiatives to promote dialogue with local communities</p>	<ul style="list-style-type: none"> <li>• “Risparmio che fa scuola”, a four-year programme for economic citizenship, aimed at primary and secondary schools</li> <li>• CDP as Institutional Partner of the Accademia Nazionale di Santa Cecilia aimed at supporting the young artists of the academy's choir and youth orchestra (JuniOrchestra and Voci Bianche), who were also involved in performances at the main events of 2019 (170 years inauguration and CDP Convention and 170 years Anniversary).</li> </ul>



## 4. Competent, coordinated and motivated personnel: the figures

The CDP Group is more than a major player and promoter for Italy's development, it is also a set of professionals, teams and operational structures that contribute daily to the implementation of important projects for the country. A united team that, through the efforts of all of its personnel and its managers, works daily to achieve the Group's ambitious goals.

### Breakdown of the Workforce

#### Breakdown by Age and Gender (No.)<sup>1</sup>

	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total	1.030	1.166	2.196	991	1.130	2.121	944	1.053	1.997
Aged ≤ 29	96	128	224	80	117	197	62	69	131
Aged 30-50	469	737	1206	572	699	1.271	548	671	1.219
Aged ≥ 51	465	301	766	339	314	653	334	313	647

#### Breakdown by Contract Type and Gender (no.)

	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Permanent	989	1.119	2.108	962	1.089	2.051	921	1.032	1.953
Fixed-term	41	47	88	29	41	70	23	21	44

#### Breakdown by Contract Type and Geographical Area<sup>2</sup> (no.)

	Italy	International	Rest of the world	Total
Permanent	2.089	3	16	2.108
Fixed-term	88	0	0	88

#### Breakdown by Employment Contract and Gender (no.)

	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Full-time	976	1134	2.110	936	1.128	2.064	888	1.051	1.939
Part-time	85	1	86	55	2	57	56	2	58

<sup>1</sup> The number of employees in the Annual Financial Report is 2,174, which means there is a difference of 22 compared to the Sustainability Report. This is due to the use of a different calculation method in the Report, which was adopted to fully meet the reporting requirements of GRI Standard 102-8: "Information on employees and other workers". The employee numbers used for the annual financial report are calculated on the basis of the labour force, i.e.: including all the personnel employed, the personnel seconded IN>50%, personnel on maternity and parental leave and personnel seconded OUT<50% (personnel seconded at exactly 50% are counted as remaining with their company of origin); excluding personnel seconded OUT>50%, seconded IN<50%, interns, collaborators, workers on leave and the corporate bodies. In contrast, the calculation for the Sustainability Report has been made on an employee basis, i.e. all the present and absent personnel enrolled in the employee register, regardless of the percentage of allocation, have been counted.

## Personnel Movements

### Personnel Movements by Age, Gender and Geographical Area (no.)

	2019	2018	2017
<b>Incoming personnel</b>			
Total as at 31/12	284	241	178
Women	128	96	80
Men	156	145	98
Aged ≤ 29	122	108	70
Aged 30-50	147	123	90
Aged ≥ 51	15	10	18
Italy	283 <sup>3</sup>	-	-
Europe	0	-	-
Rest of the world	1	-	-

### Outgoing personnel

	2019	2018	2017
Total as at 31/12	218	117	105
Women	92	48	44
Men	126	69	61
Aged ≤ 29	38	30	17
Aged 30-50	58	42	39
Aged ≥ 51	122	45	49
Italy	214 <sup>3</sup>	-	-
Europe	0	-	-
Rest of the world	4	-	-

### Reason for leaving

	Women	Men	Total	Women	Men	Total	Women	Men	Total
Voluntary resignation (excluding retirement)	36	49	85	15	35	50	27	27	54
Retirement	33	49	82	1	9	10	7	8	15
Dismissal	0	0	0	0	1	1	0	3	3
Other	23	28	51	32	24	56	10	23	33

<sup>2/3</sup> This figure is not available for previous years.

**Personnel Turnover (%)**

	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
<b>Incoming Turnover Rate</b>									
Total as at 31/12	12,4	13,4	12,9	9,7	12,8	11,4	8,5	9,3	8,9
Aged ≤ 29	61,5	49,2	54,5	53,8	55,6	54,8	61,3	46,4	53,4
Aged 30-50	14,1	11,0	12,2	8,6	10,6	9,7	6,4	8,2	7,4
Aged ≥ 51	0,6	4,0	2,0	1,2	1,9	1,5	2,1	3,5	2,8
Italy	-	-	12,9	-	-	-	-	-	-
Europe	-	-	0,00	-	-	-	-	-	-
Rest of the world	-	-	0,05	-	-	-	-	-	-

**Outgoing Turnover Rate**

Total as at 31/12	8,9	10,8	9,9	4,8	6,1	5,5	4,7	5,8	5,3
Aged ≤ 29	20,8	14,1	17,0	22,5	10,3	15,2	9,7	15,9	13,0
Aged 30-50	4,7	4,9	4,8	2,3	4,1	3,3	2,9	3,4	3,2
Aged ≥ 51	10,8	23,9	15,9	5,0	8,9	6,9	6,6	8,6	7,6
Italy	-	-	9,74	-	-	-	-	-	-
Europe	-	-	0,00	-	-	-	-	-	-
Rest of the world	-	-	0,18	-	-	-	-	-	-

<sup>4</sup> The injury indices have been calculated including injuries in transit.

**Injury Indices**

	2019	2018	2017	Var. 19-18	Var% 19-18
Injury Frequency <sup>5</sup>	8,5	11,6	9,1	-3,1	-26,7
Injury Rate <sup>6</sup>	1,7	2,3	1,8	-0,6	-26,1
Injury Severity Rate <sup>7</sup>	0,2	0,3	0,4	-0,1	-33,3
Lost Day Rate <sup>8</sup>	49,3	52,4	74,2	-3,1	-5,9

**Hours Worked and Days Lost (hours; days)**

		2019	2018	2017	Change 19-18	% Change 19-18
Hours actually worked		3.416.789	3.457.202	3.302.159	-40.413	-1%
Working days lost due to injuries		842	905	1.225	-63	-7%

<sup>5</sup> Number of injuries resulting in at least one lost day of work divided by the number of hours worked in the year, multiplied by 1,000,000.

<sup>6</sup> Number of injuries resulting in at least one lost day of work divided by the number of hours worked in the year, multiplied by 200,000 (equal to 50 working weeks x 40 hours x 100 employees).

<sup>7</sup> Ratio of lost days due to injury to hours worked per year, multiplied by 1,000. Lost days means calendar days, counted starting from the day of the injury.

<sup>8</sup> Ratio of lost days due to injury to hours worked per year, multiplied by 200,000. Lost days means calendar days, counted starting from the day of the injury. The lost day rate has been calculated considering the number of lost days due to injury in 2019 and any lost days due to injuries during the previous year, with the days lost allocated on an accrual basis.

**Occupational Health and Safety****Injuries by Type (no. – %)**

	2019	2018	2017	Change 19-18	% Change 19-18
Workplace <sup>4</sup> injuries	29	40	30	-11	-27,5%
Serious injuries	0	0	0	-	-
Percentage of total	0%	0%	0%	-	-
Fatal injuries	0	0	0	-	-
Percentage of total	0%	0%	0%	-	-
Injuries in transit	20	36	28	-16	-44,4%
Percentage of total	69%	90%	93%	-	-

## Diversity, Inclusion and Engagement

### Breakdown by Category, Age Group and Gender (No.)

	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Senior management	44	161	205	43	154	197	42	150	192
Aged ≤ 29	-	-	0	-	-	-	-	-	-
Aged 30-50	-	-	104	-	-	-	-	-	-
Aged ≥ 51	-	-	101	-	-	-	-	-	-
Middle managers	477	608	1,085	436	559	995	398	509	907
Aged ≤ 29	-	-	8	-	-	-	-	-	-
Aged 30-50	-	-	769	-	-	-	-	-	-
Aged ≥ 51	-	-	308	-	-	-	-	-	-
Office workers	509	397	906	513	416	929	504	394	898
Aged ≤ 29	-	-	216	-	-	-	-	-	-
Aged 30-50	-	-	473	-	-	-	-	-	-
Aged ≥ 51	-	-	217	-	-	-	-	-	-

### Breakdown by Category, Age Group and Gender (%)

	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Senior management	2	7	9	2	7	9	2	8	10
Aged ≤ 29	-	-	0	-	-	-	-	-	-
Aged 30-50	-	-	5	-	-	-	-	-	-
Aged ≥ 51	-	-	5	-	-	-	-	-	-
Middle managers	22	28	50	21	26	47	20	25	45
Aged ≤ 29	-	-	0	-	-	-	-	-	-
Aged 30-50	-	-	35	-	-	-	-	-	-
Aged ≥ 51	-	-	14	-	-	-	-	-	-
Office workers	23	18	41	24	20	44	25	20	45
Aged ≤ 29	-	-	10	-	-	-	-	-	-
Aged 30-50	-	-	22	-	-	-	-	-	-
Aged ≥ 51	-	-	10	-	-	-	-	-	-

### Women out of Total Employees by Category (%)

	2019	2018	2017
Women out of total	47	47	47
Women out of total senior managers	22	22	22
Women out of total middle managers	44	44	44
Women out of total office workers	56	56	56

### Parental Leave

	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of employees who took parental leave	96	23	119	101	23	124	25	85	120
Number of employees entitled to parental leave	96	23	119	-	-	-	-	-	-
Number of employees who returned to work by 31 December 2019, after having taken parental leave	94	23	117	99	21	120	90	25	115
Number of employees who returned to work, after having taken parental leave, and who were still employed in the 12 months after returning to work	94	23	117	94	21	115	93	25	118
Rate of employees returning after parental leave	98%	100%	98%	98%	91%	97%	95%	100%	96%
Job retention rate after parental leave	98%	100%	98%	98%	91%	97%	95%	100%	96%

## Professional Training and Development

### Hours of Personnel Training by Category (h)

	2019	2018	2017
Total as at 31/12	55.262,5	51.068	33.624
Women	24.213,5	22.286	17.696
Men	31.049	28.782	15.928
Senior management	3.050	7.376	4.007
Middle managers	27.384	24.797	14.145
Office workers	24.830	18.895	15.473

### Average Hours of Personnel Training by Category (h)

	2019	2018	2017
Average hours of training as at 31/12	25,17	24,08	16,84
Women	23,51	22,47	18,75
Men	26,63	25,49	15,13
Senior management	14,88	37,44	20,87
Middle managers	25,24	24,92	15,59
Office workers	27,41	20,34	17,23

### Hours of Personnel Training by Category and Topic (h)

	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
<b>Hours of technical training</b>									
Total	5.329	7.818	13.147	8.549	10.922	19.471	3.851	3.793	7.644
Senior management	220	819	1.039	601	1.528	2.129	370	540	909
Middle managers	2.581	3.635	6.216	4.132	5.277	9.409	2.068	2.053	4.121
Office workers	2.528	3.364	5.892	3.815	4.117	7.933	1.413	1.201	2.614
<b>Hours of transversal training</b>									
Total	1.1578	1.2453	2.4031	10.852	13.084	23.937	11.349	8.988	20.337
Senior management	306	709	1015	1.355	2.934	4.289	595	1.355	1.950
Middle managers	4.942	7.346	12.288	5.052	6.857	11.909	3.649	4.321	7.970
Office workers	6.330	4.398	10.728	4.445	3.294	7.739	7.105	3.312	10.417

### Hours of training on environmental topics

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total	24	48	72	45	45	90	15,00	52,50	67,50
Senior management	0	8	8	0	22,50	22,50	0	0	0
Middle managers	8	24	32	22,50	22,50	45	0	15	15
Office workers	16	16	32	22,50	0	22,50	15	37,50	52,50

### Hours of training on other topics

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total	2.413,5	4.272,5	6.686	408,00	384,50	792,50	0	0	0
Senior management	95,5	496	591,5	83	87,5	170,5	0	0	0
Middle managers	1.167,5	1.857	3.024,5	177,5	212,5	390	0	0	0
Office workers	1.150,5	1.919,5	3.070	147,5	84,5	232	0	0	0

## 5. Commitment to the protection of Human Rights

As part of its commitment to supporting the creation of a sustainable and inclusive development model, the Group attaches particular importance to the recognition and protection of Human Rights. Accordingly, internally it provides a safe working environment that promotes and protects the physical, moral and cultural integrity of people and it guarantees equal opportunities in all phases of the management of its people, without any discrimination on the basis of sex, ethnicity, nationality, religion, political opinions, sexual orientation, personal and social conditions.

The commitment to support human rights also extends externally, in the choice of its suppliers and partners and in the definition of its business operations. With regard to the latter, this takes the form of support to communities, both by helping to create a more inclusive environment, for example through the investment in social housing, and through actions in support of communities in difficulty due to the occurrence of extraordinary events.

## 6. Low Environmental Impact Workplace: the figures

In 2019, the Group's commitment to environmental protection focused on promoting initiatives aimed at reducing its direct impacts, achieving good results and enabling the Group to take further steps towards achieving the ambitious target of zero CO2 emissions from the Group's premises. Details are provided below of the performance achieved during the year.

### Energy Consumption

#### Electricity

	UoM	Year				Change		
		2019	2018	2017	2016	2018-19	2017-18	2016-17
Total electricity purchased from the grid	MWh	7.765	7.518	7.724	8.123	+3,3%	-2,7%	-4,9%

**Energy intensity ratio**

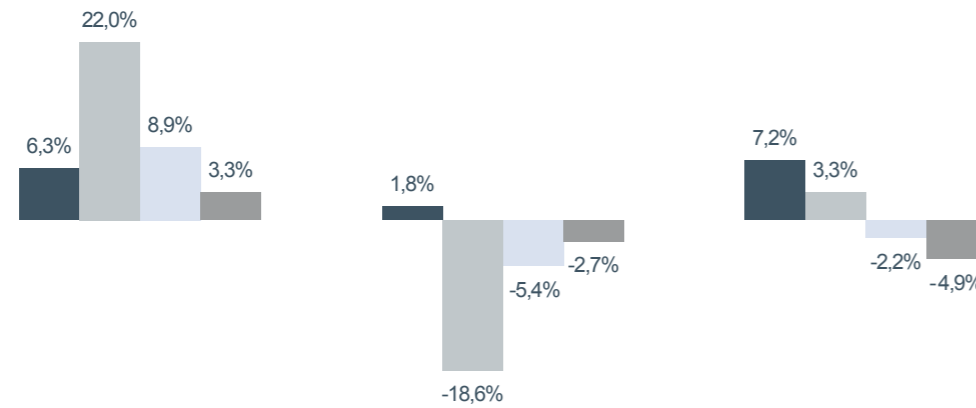
	UoM	Year				Change		
		2019	2018	2017	2016	2018-19	2017-18	2016-17
Energy intensity ratio	MWh/tot workforce	3,4	3,4	3,7	4,1	-1,1%	-8,1%	-9,8%

**Other Energy Consumption (fuels)**

	UoM	Year				Change		
		2019	2018	2017	2016	2018-19	2017-18	2016-17
<b>Diesel</b>	t	139,2	130,9	128,6	120,0	6,3%	1,8%	7,2%
by motor vehicles	t	123,3	111,2	112,6	103,1	10,8%	-1,2%	9,2%
by generators	t	16,0	19,7	16,0	16,9	-18,8%	23,1%	-5,3%
<b>Diesel</b>	Gj	5.969,20	5.614,32	5.513,51	5.145,24	6.3%	1.8%	7.2%
<b>Petrol</b>	t	18,7	15,3	18,8	18,2	21,96%	-18,6%	3,3%
<b>Petrol</b>	Gj	798,82	654,99	806,11	779,27	22.0%	-18.7%	3.4%
<b>Natural gas</b>	m3	154.600,3	141.937,8	150.051,0	153.390,0	8,9%	-5,4%	-2,2%
by heating	m3	135.556,3	121.765,8	127.474,1	130.492	11,3%	-4,5%	-2,3%
by canteens	m3	19.044,0	20.172,0	22.576,9	22.898	-5,6%	-10,7%	-1,4%
<b>Natural gas</b>	Gj	5.431,73	4.986,84	5.254,74	5.389,21	8.9%	-5.1%	-2.5%

**Percentage changes in consumption from 2016 to 2019**

% Change



	Change 2018-19	Change 2017-18	Change 2016-17
Diesel	6,3%	1,8%	7,2%
Petrol	22,0%	-18,6%	3,3%
Natural gas	8,9%	-5,4%	-2,2%
Electricity	3,3%	-2,7%	-4,9%

**Water Consumption<sup>9</sup>**

	UoM	Year				Change		
		2019	2018	2017	2016	2018-19	2017-18	2016-17
Water withdrawn	Litres	31.987.000	34.409.000	36.121.000	34.873.000	-7%	-4,7%	3,6%

**Material Consumption**

	UoM	Year				Change		
		2019	2018	2017	2016	2018-19	2017-18	2016-17

**Renewables**

Paper	Kg	40.267,8	54.206,3	55.513,0	57.356,0	-25,7%	-2,4%	-3,2%
Paper products (e.g. folders, business cards, cups, envelopes, newspapers and magazines purchased)	Kg	3.666,5	-	-	-	-	-	-

**Non-renewables**

Toner	Kg	996,1	1213,7	1776,5	-	-17,9%	-31,7%	-
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**Emissions**

**Direct (Scope 1) GHG emissions<sup>10/11</sup>**

	UoM	Year				Change		
		2019	2018	2017	2016	2018-19	2017-18	2016-17
Diesel	tCo2 eq	439,2	413,1	405,7	378,7	6,3%	1,8%	7,1%
Petrol	tCo2 eq	58,6	48	59,1	57,3	22,0%	-18,8%	3,1%
Natural gas	tCo2 eq	303,8	278,8	293,3	300	9,0%	-4,9%	-2,2%
Total direct emissions	tCo2 eq	801,6	739,9	758,1	735,9	8,3%	-2,4%	3,0%

**Indirect (Scope 2) GHG emissions<sup>12</sup>**

	UoM	Year				Change		
		2019	2018	2017	2016	2018-19	2017-18	2016-17
Electricity purchased from the grid	tCo2 eq	2.787,64	2.698,96	2.773	2.916	3,3%	-2,7%	-4,9%
Tot. indirect emissions	tCo2 eq	2.787,64	2.698,96	2.773	2.916	3,3%	-2,7%	-4,9%

<sup>9</sup> Given that the premises of the Group Companies only have non-industrial discharges, the value of water drawn is considered sufficient to represent the amount of water used by the Organisation.

<sup>10</sup> The conversion factors used to calculate emissions from diesel, petrol and natural gas were those published by ISPRA in its "National Standard Parameters Table" inclusive of the figures updated as at 2018.

<sup>11</sup> The total direct emissions in 2019 do not include the figure for F-Gases, of 79.572 tCO2eq. Including this figure in the total direct emissions the change would be 19.2% compared to 2018. The Group began reporting this figure in 2019, but chose not to include it in the current Report to enable comparison with the figures for 2017 and 2018.

<sup>12</sup> Note – To calculate emissions from electricity consumption, the emission factor used was the figure provided by Terna (inclusive of the figures updated as at 2017).

The figure for the 2018 Scope 2 emissions was restated in 2019 to enable comparison.

**Other Indirect (Scope 3) GHG emissions**

	UoM	Year				Change		
		2019	2018	2017	2016	2018-19	2017-18	2016-17
Business travel	tCo2 eq	1.905,5	2.021,2	2.048,4	1.515,2	-5,7%	-1%	35,2%
Total other indirect emissions	tCo2 eq	1.905,5	2.021,2	2.048,4	1.515,2	-5,7%	-1%	35,2%

**Total Greenhouse Gas Emissions**

	UoM	Year				Change		
		2019	2018	2017	2016	2018-19	2017-18	2016-17
Total greenhouse gas emissions	tCo2eq	5.494,74	5.460,06	5.579,6	5.167,3	0,64%	-2,14%	7,98%

**Intensity of greenhouse gas emissions<sup>13</sup>**

	UoM	Year				Change		
		2019	2018	2017	2016	2018-19	2017-18	2016-17
Intensity of greenhouse gas emissions	tCO2eq /total workforce	2,37	2,46	2,65	2,62	-3,63%	-7,02%	1,15%

<sup>13</sup> The intensity of greenhouse gas emissions for 2019 does not include the F-Gas emissions (see Note 11 – Direct (Scope 1) GHG emissions). From this year, the Group has chosen to measure the intensity of greenhouse gas emissions as a percentage of total emissions (Scope 1, Scope 2 and Scope 3). As a result, the figures for 2017 and 2018 differ from those in the 2018 NFS (1.47 in 2016, 1.31 in 2017 and 1.27 in 2018), which were calculated on the basis of Scope 2 indirect emissions.

## 7. The CDP Group’s Contribution to the SDGs

The 17 Sustainable Development Goals (SDGs) and the related 169 targets of the UN 2030 Agenda represent a holistic framework of commitments that all countries, including Italy, have signed up to in order to promote a more inclusive, resilient and sustainable model of development, in environmental and social terms, by 2030. The commitment to achieving this ambitious agenda is not only a matter for governments, but directly involves citizens and businesses.

With this in mind, and in order to strengthen Italy’s commitment, the CDP Group (“CDP”), in its Business Plan, has chosen to gear its strategic and operational approach towards maximising its contribution to the SDGs.

To this end, a detailed report has been provided for the first time in which the funding provided by the Group during the year has been mapped to its potential contribution to each individual SDG. In producing this reporting, which is currently still not the subject of a set of international standards, CDP has aligned itself with current best practice. This puts CDP at the forefront in this area, alongside KFW, which produced a similar report several months ago<sup>9</sup>.

The methodology underlying the mapping process is primarily based on theoretical chain impact theory<sup>10</sup>. CDP’s understanding of its impact in terms of sustainable development forms the basis for measuring and evaluating the actions taken by the Group. This stems from the “theory of change”, a coherent and shared process that plans long-term impact objectives, providing a clear roadmap for a causal evolution of the input-activity-output-outcome-impact chain. The impact chain is the causal relationship between the resources made available by CDP (inputs) to fund - and/or jointly fund - sustainable activities (activities) whose results (outputs) generate consequences (outcomes) that give tangible form in the long term to predetermined impact objectives (impact). Identifying the long-term impact objective in a clear and agreed manner makes it possible to go back along the impact chain in

order to fully understand the preconditions necessary to achieve that objective, making it credible, measurable and achievable, and also avoiding an ex-post self-referential evaluation.

Accordingly, the economic Sector concerned, the purpose of the transaction, the development markers and the impact indicators are taken into account when assigning targets to individual transactions. Based on this approach, the actions are mapped by analysing each transaction carried out during the year and its potential match with the SDGs: i.e., when it can be clearly demonstrated that a planned outcome corresponds to a 2030 Agenda target. The analysis can consider a maximum number of three impacted SDGs for each individual transaction.

In carrying out this type of mapping, the decision is made based on the information available at the screening phase for each funding transaction, with an evaluation of the positive contribution to the target (and therefore to the related SDG) together with any negative contribution produced for other SDGs. A transaction is mapped to one (or more) specific SDGs if it contributes positively to one (or more) of its targets and does not have a negative impact on the others (according to the “do no significant harm” approach)<sup>11</sup>.

The multi-dimensional system underpinning the 2030 Agenda, the transversal nature of the topics addressed and the interconnection of its targets mean that the Group’s funding activities can simultaneously make a contribution to more than one of the SDG targets and that a single transaction can therefore make a positive contribution to the achievement of more than one of the Goals. As a result, the total investment volumes assigned to the SDGs are higher than the funding provided in 2019.

The data collected are shown in the chart on page 94 of the Report, where the funding volumes per SDG are shown graphically through segments – representing the Group’s contribution to the achievement of each Goal – ranging from one to a maximum of four.

The number of segments is in proportion to the volume of funding allocated, respect to a maximum benchmark value, which corresponds to the largest individual investment volume assigned to an SDG.

As a result, the distribution has been made based on quartiles, where only one segment is allocated for investment volumes from 0% to 1.98%, two segments are allocated for volumes in the range from 1.98% to 9.77%, three segments are allocated for investment volumes from 9.77% to 38% and four segments are allocated for volumes from 38% to 100%.

The figure therefore provides a transparent representation of CDP’s main contributions to the SDGs’ achievement. In 2019, the largest individual SDG volume was for Goal 8 “Decent work and economic growth” at 17.65 billion euro, followed by SDG 9 at 15.79 billion euro, SDG 17 at 6.7 billion euro, SDG 11 “Sustainable cities and communities” at 6.3 billion euro, and 79 million euro for SDG 6 “Clean water and sanitation”.

The CDP Group’s contribution to SDG8 and SDG9 is significant, confirming the Group’s strong commitment to supporting economic growth, employment and infrastructure development.

With regard to SDG17, the contribution extends beyond the contribution from “International Cooperation”, due to the Group’s ability (particularly through the SACE-Simest hub) to support emerging economies through activities involving the private Sector, with positive impacts on the economic system of the target countries.

The mapping, therefore, enables to see CDP’s overall contribution to the SDGs through its funding activities and is essential for identifying the efforts towards the 2030 Agenda. Indeed, not only does it show that sustainability is deeply embedded in the Group’s operations, but it is also a tool for steering future choices along a path increasingly focused on evaluating the economic, social and environmental impact of its investments.

<sup>9</sup> See [www.kfw.de/nachhaltigkeit/Dokumente/Sonstiges/SDG-Methodenpapier-DE-EN-2.pdf](http://www.kfw.de/nachhaltigkeit/Dokumente/Sonstiges/SDG-Methodenpapier-DE-EN-2.pdf)

<sup>10</sup> White H (2009), “Theory-based Impact Evaluation: Principles and Practice”, Journal of development effectiveness

<sup>11</sup> The use of this relatively conservative approach means that only the actions that have a clear impact on the achievement of the SDGs are mapped. Transactions in which this impact is less evident or transactions where the trade-off between the dimensions considered is more significant (for example, all transactions where there is a disparity between the economic and environmental dimensions) have not been mapped. As a result, for example, contributions to SDG2 (even though international cooperation operations probably have a marginal impact on this goal) or to goals 14 and 15 which are not currently the particular focus of CDP’s operations, have not been reported.

GRI Content Index

Material topics reported with GRI indicators

Material topic	GRI standard	Section of the document/page	Notes/limitations	Scope of Legislative Decree 254/2016
GRI 102: General disclosures (2016)				
<b>Organisational Profile</b>				Corporate management and organisation model
n/a	GRI 102-1 Name of the organisation	Cover		
n/a	GRI 102-2 Activities, brands, products, and services	Sect. 1.3		
n/a	GRI 102-3 Location of headquarters	Cover		
n/a	GRI 102-4 Location of operations	Sect. 1.2		
n/a	GRI 102-5 Ownership and legal form	Sect. 2.2.6		
n/a	GRI 102-6 Markets served	Sect. 1.2		
n/a	GRI 102-7 Scale of the organisation	Sect. 1.1		
n/a	GRI 102-8 Information on employees and other workers	Annex 4		
n/a	GRI 102-9 Supply chain	Sect. 2.6.2		
n/a	GRI 102-10 Significant changes to the organisation and its supply chain		In 2019, no significant changes were noted with regard to the organisation and its supply chain.	
n/a	GRI 102-11 Precautionary principle or approach	Sect. 2.3.1		
n/a	GRI 102-12 External initiatives			
n/a	GRI 102-13 Membership of associations	Annex 3		
<b>Strategy</b>				Corporate management and organisation model
n/a	GRI 102-14 Statement from senior decision-maker	Letter to the Stakeholders		
n/a	GRI 102-15 Key impacts, risks, and opportunities	Sect. 2.3.2		
<b>Ethics and Integrity</b>				Corporate management and organisation model
n/a	GRI 102-16 Values, principles, standards, and norms of behaviour	Sect. 2.1		
n/a	GRI 102-17 Mechanisms for advice and concerns about ethics	Sect. 2.3.4		

<b>Governance</b>			Corporate management and organisation model
Fairness and transparency in governance	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2	
	GRI 103-2 The management approach and its components	Sect. 2.2	
	GRI 103-3 Evaluation of the management approach	Sect. 2.2	
	GRI 102-18 Governance structure	Sect. 2.2	
	GRI 102-20 Executive-level responsibility for economic, environmental, and social topics	Sect. 2.2.6	
	GRI 102-23 Chair of the highest governance body	Sect. 2.2.3	
	GRI 102-30 Effectiveness of risk management processes	Sect. 2.3.1	
	GRI 102-32 Highest governance body's role in sustainability reporting	Guide to interpretation	
	GRI 102-33 Communicating critical concerns	Sect. 2.3.4	
	GRI 102-36 Process for determining remuneration	Sect. 2.2.2	
<b>Stakeholder engagement</b>			n/a
Transparent and impartial dialogue with stakeholders	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2	
	GRI 103-2 The management approach and its components	Sect. 1.4.1 and Annex 3	
	GRI 103-3 Evaluation of the management approach	Sect. 1.4.1 and Annex 3	
	GRI 102-40 List of stakeholder groups	Sect. 1.4.1 and Annex 3	
	GRI 102-41 Collective bargaining agreements		All CDP Group employees are covered by collective bargaining agreements
	GRI 102-42 Identifying and selecting stakeholders	Sect. 1.4.1	
	GRI 102-43 Approach to stakeholder engagement	Annex 3	
	GRI 102-44 Key topics and concerns raised	Annex 3	

Reporting practice			n/a
n/a	GRI 102-45 Entities included in the consolidated financial statements	Guide to interpretation + Report on Operations	
n/a	GRI 102-46 Defining report content and topic Boundaries	Guide to interpretation + Annex 2	
n/a	GRI 102-47 List of material topics	Sect. 1.4.2	
n/a	GRI 102-48 Restatements of information		There were no restatements of significant information with respect to the previous year of reporting
n/a	GRI 102-49 Changes in reporting	Guide to interpretation	
n/a	GRI 102-50 Reporting period	Guide to interpretation	
n/a	GRI 102-51 Date of most recent report	Guide to interpretation	
n/a	GRI 102-52 Reporting cycle	Guide to interpretation	
n/a	GRI 102-53 Contact point for questions regarding the report	Guide to interpretation	
n/a	GRI 102-54 Claims of reporting in accordance with the GRI Standards	Guide to interpretation	
n/a	GRI 102-55 GRI content index	GRI Content Index	
n/a	GRI 102-56 External assurance	Annex 7	
Effectiveness in the management of business risks and internal control system	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2	Combating corruption Environmental topics Social topics
	GRI 103-2 The management approach and its components	Sect. 2.3.4; Sect. 2.3.3	
	GRI 103-3 Evaluation of the management approach	Sect. 2.3.4; Sect. 2.3.3	
	GRI 205-3 Confirmed incidents of corruption and actions taken	Sect. 2.3.4	In 2019, no identified incidents of corruption had been recorded as at the date of approval of this document.
	GRI 307-1 Non-compliance with environmental laws and regulations	Sect. 2.3.3	In 2019, there were no significant fines or penalties for non-compliance with environmental regulations.
GRI 419-1 Non-compliance with laws and regulations in the social and economic area	Sect. 2.3.3	In 2019, there were no significant fines or penalties for non-compliance with regulations in the social and economic area.	

1	2	3	4	5	6	7
Assessment of counterparties (including suppliers) and projects based on ESG criteria	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2				Environmental topics Social topics
	GRI 103-2 The management approach and its components	Sect. 2.6.2				
	GRI 103-3 Evaluation of the management approach	Sect. 2.6.2				
	GRI 308-1 New suppliers that were screened using environmental criteria	Sect. 2.6.2				
	GRI 414-1 New suppliers that were screened using social criteria	Sect. 2.6.2				
Personnel development and training	GRI 204-1 Proportion of spending on local suppliers	Sect. 2.6.2				
	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2				Personnel-related topics
	GRI 103-2 The management approach and its components	Sect. 2.4; Sect. 2.4.2				
	GRI 103-3 Evaluation of the management approach	Sect. 2.4; Sect. 2.4.2				
	GRI 401-1 New employee hires and employee turnover	Sect. 2.4 and Annex 4				
Inclusion and protection of diversity	GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sect. 2.4.2				
	GRI 401-3 Parental leave	Annex 4				
	GRI 402-1 Minimum notice periods regarding operational changes	The notice period and rules for consultations and negotiations on operational changes that potentially may have a significant impact on personnel are governed by laws in force (Law 428/1990) and the provisions of collective bargaining agreements.				
	GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.	Sect. 2.4.2 and Annex 4				
	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2				Personnel-related topics
Inclusion and protection of diversity	GRI 103-2 The management approach and its components	Sect. 2.4.1				
	GRI 103-3 Evaluation of the management approach	Sect. 2.4.1				



	GRI 404-1 Average hours of training per year per employee	Annex 4	
	GRI 404-2 Programs for upgrading employee skills and transition assistance programs	Annex 4	
	GRI 404-3 Percentage of employees receiving regular performance and career development reviews	Sect. 2.4.1	
Inclusion and protection of diversity	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2	Personnel-related topics
	GRI 103-2 The management approach and its components	Sect. 2.4.3	
	GRI 103-3 Evaluation of the management approach	Sect. 2.4.3	
	GRI 405-1 Diversity of governance bodies and employees	Sect. 2.2.1 and Annex 4	
Impact finance	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2	Social topics
	GRI 103-2 The management approach and its components	Sect. 1.5; Sect. 3C.3; Chap. 3 Focus Green, Social & Sustainability Bond	
	GRI 103-3 Evaluation of the management approach	Sect. 1.5; Sect. 3C.3; Chap. 3 Focus Green, Social & Sustainability Bond	
	GRI 201-1 Direct economic value generated and distributed	Sect. 3d	
Climate change and energy transition	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2	Environmental topics
	GRI 103-2 The management approach and its components	Sect. 3B.1;	
	GRI 103-3 Evaluation of the management approach	Sect. 2.6; Sect. 2.3.2; Chap. 3 Focus Green, Social & Sustainability Bond	
	GRI 201-2 Financial implications and other risks and opportunities due to climate change	Sect. 2.3.2	
Promotion of infrastructure projects with high externalities	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2	Social topics
	GRI 103-2 The management approach and its components	Sect. 1.5	
	GRI 103-3 Evaluation of the management approach	Sect. 1.5	
	GRI 203-1 Infrastructure investments and services supported	Sect. 3a.2	

Support for infrastructure projects with the greatest need for intervention	GRI 103-1 Explanation of the material topic and its Boundary	Annex	Social topics
	GRI 103-2 The management approach and its components	Sect. 3.1.2	
	GRI 103-3 Evaluation of the management approach	Sect. 2.6; Sect. 2.3.2	
	GRI 203-2 Significant indirect economic impacts	Sect.1.5 The indirect economic impacts generated by the Group are detailed in the Section of the document reporting on CDP's business, i.e., starting from p.48	
n/a	GRI 103-1 Explanation of the material topic and its Boundary	The materiality analysis did not identify any environmental aspects as being material. Nevertheless, a discussion of these aspects has been included in the document in response to (and within the limits of) the requirements of Legislative Decree 245/2016	Environmental topics
	GRI 103-2 The management approach and its components	Sect. 2.5.2	
	GRI 103-3 Evaluation of the management approach	Sect. 2.5.2	
	GRI 301-1 Materials used by weight or volume	Sect. 2.5.2 and Annex 5	
	GRI 302-1 Energy consumption within the organisation	Sect. 2.5.2 and Annex 5	
	GRI 302-2 Energy consumption outside of the organisation	Sect. 2.5.2 and Annex 5	
	GRI 302-3 Energy intensity	Sect. 2.5.2 and Annex 5	
	GRI 302-4 Reduction of energy consumption	Sect. 2.5.2 and Annex 5	
	GRI 303-5 Water consumption	PAG. 2.5.2 and Annex 5	Water consumption is only for sanitary purposes. There is no other source supply than the water supplied by the public mains network.
	GRI 305-1 Direct GHG emissions	Sect. 2.5.2 and Annex 5	
	GRI 305-2 Energy indirect GHG emissions	Sect. 2.5.2 and Annex 5	
	GRI 305-3 Other indirect GHG emissions	Sect. 2.5.2 and Annex 5	
	GRI 305-4 GHG emissions intensity	Sect. 2.5.2 and Annex 5	
	GRI 305-5 Reduction of GHG emissions	Sect. 2.5.2 and Annex 5	
	GRI 305-7 Emissions of ozone-depleting substances (ODS)	Annex 5	

**Temi materiali rendicontati con indicatori ad hoc in assenza di specifici KPI GRI applicabili**

Material topic	GRI standard	Section of the document /page	Limitations /omissions	Scope of Legislative Decree 254/2016
Innovation and research	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2		Social topics
	GRI 103-2 The management approach and its components	Sect. 3b.1		
	GRI 103-3 Evaluation of the management approach	Sect. 3b.1		
Promotion of international expansion and Italian production	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2		Social topics
	GRI 103-2 The management approach and its components	Sect. 3b.3		
	GRI 103-3 Evaluation of the management approach	Sect. 3b.3		
Growth of enterprises	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2		Social topics
	GRI 103-2 The management approach and its components	Sect. 3b.2		
	GRI 103-3 Evaluation of the management approach	Sect. 3b.2		
Support for start-ups and enterprises with high growth potential	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2		Social topics
	GRI 103-2 The management approach and its components	Sect. 3b.1		
	GRI 103-3 Evaluation of the management approach	Sect. 3b.1		
Protection of strategic Sectors	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2		Social topics
	GRI 103-2 The management approach and its components	Chap. 3b		
	GRI 103-3 Evaluation of the management approach	Chap. 3b		
Redevelopment of urban centres and development of social infrastructure	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2		Social topics

	GRI 103-2 The management approach and its components	Sect. 3c.3		
	GRI 103-3 Evaluation of the management approach	Sect. 3c.3		
Support for the enhancement and efficiency improvement of Public Administration services and processes	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2		Social topics
	GRI 103-2 The management approach and its components	Sect. 3a.1		
	GRI 103-3 Evaluation of the management approach	Sect. 3a.1		
Support for entrepreneurship in the "Target Countries"	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2		Social topics
	GRI 103-2 The management approach and its components	Sect. 3b.4		
	GRI 103-3 Evaluation of the management approach	Sect. 3b.4		
Support to local areas	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2		Social topics
	GRI 103-2 The management approach and its components	Sect. 1.2 and 2.2.6		
	GRI 103-3 Evaluation of the management approach	Sect. 1.2 and 2.2.6		
Promoting climate change and energy transition projects in the Cooperation Target Countries	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2		Environmental topics
	GRI 103-2 The management approach and its components	Sect. 3b.3		
	GRI 103-3 Evaluation of the management approach	Sect. 3b.3		
Climate change and energy transition	GRI 103-1 Explanation of the material topic and its Boundary	Annex 2		Environmental topics
	GRI 103-2 The management approach and its components	Sect. 3a.2 e Sect. 3b.3		
	GRI 103-3 Evaluation of the management approach	Sect. 3a.2 e Sect. 3b.3		

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