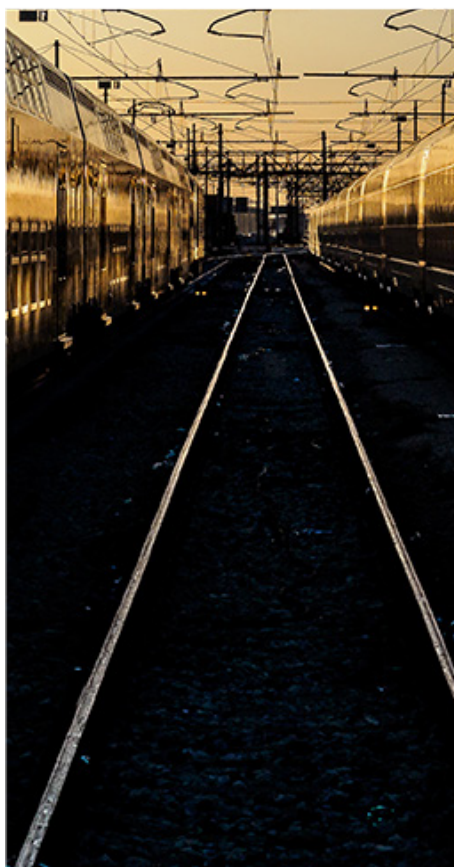


TRANSPORT SECTOR POLICY



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1. INTRODUCTION AND PURPOSES OF THE DOCUMENT

The CDP Group promotes the country's growth, both in its capacity as a permanent shareholder in strategic infrastructure and assets, and by implementing special purpose actions aimed at business growth in key sectors. The Group plays a significant role in the allocation of financial resources in sectors, companies and projects, seeking an additional approach with respect to financial market operators, generating a multiplier effect of resources, partly thanks to its role of National Promotional Institution, which makes it a privileged contact of the Public Administration for the use of Italian and European funds and a catalyst for the financial resources of other public and private entities.

The progressive expansion of the role and operations of Cassa Depositi e Prestiti S.p.A. (hereinafter "CDP"), reflected in the 2021¹ amendment to its Articles of Association, makes it necessary to adopt precise guidelines, as defined in the Strategic Plan. These guidelines provide for the systematic integration of environmental, social and governance aspects throughout the Financing and Investment process, as these are considered essential factors for ensuring sustainable development and the generation of greater value for both the companies in which it invests and for the community as a whole.

This awareness is in line with the increasing attention being paid globally by regulators², standard setters and raters ("ESG driving forces") to sustainability issues. In this context, National Promotion Institutions and major European credit institutions have also adopted specific rules to guide their financing and investment decisions, in order to generate an appreciable impact at an economic, social and environmental level.

The 2022-2024 Strategic Plan identified 10 areas of action that the CDP Group's actions should, as a priority, be focused on in order to generate the greatest possible return for the Italian economy through measures that are functional to the goals set out in the 2030 Agenda and the National Recovery and Resilience Plan (the "PNRR"); these include support for the transport sector and logistics hubs. By virtue of its geographical location, at an intersection between four of the nine trans-European multimodal transport networks (TEN-T) and in the Mediterranean Sea, Italy plays a strategic role in the European transport sector. Moreover, the logistics and transport system is pivotal to and facilitates the competitiveness of Italy's productive fabric and, in general, the growth of the country.

Based on these considerations, CDP has adopted this "Transport Sector Policy" (hereinafter the "Policy") to regulate activities in the sector, in compliance with the Sustainable Development Goals and the country's international commitments. From a system perspective, this policy covers all the main modes of transport (road, rail, water and air) and related services (Infrastructure, Vehicle Construction and Services).

This Policy, consistent with CDP's general responsible Lending and Investment policies, as well as with the Sectoral Strategic Guidelines ("SSGL") - particularly the Strategic Guidelines for Transport and Logistics Hubs - aims to guide CDP's operations in the Transport Sector by establishing the treatment, limitation and exclusion criteria and the aspects to be promoted.

As part of its institutional mission to support policies to encourage and foster Italy's economic development, CDP is also called upon to manage, through specific regulatory provisions, third-party funds (e.g. resources of government ministries). With regard to the Transport Sector, this activity is carried out, where applicable, in accordance with this document and, in any case, in compliance with the applicable laws and regulations in effect.

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

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

This document describes:

- the reference context (section 2);
- the scope of application (section 3);
- an analysis of the sectors covered by the Policy, the relevant treatment, limitation and exclusion criteria and the aspects to be promoted (section 4);
- the roles and responsibilities of the parties involved (section 5);
- how transparency and accountability are ensured (section 6).

This document is subject to periodic review, partly (but not exclusively) to reflect regulatory and legislative developments, changes to the reference context and consequent revisions of the CDP strategy. In any event, this document is reviewed every 3 years and/or when a new strategic plan is adopted.

2. REFERENCE CONTEXT

2.1 External regulatory and legislative context

With the ratification of the UN 2030 Agenda for Sustainable Development, signed in September 2015 by Italy together with the governments of 192 other countries, the international community has expressed, more overtly than in the past, a clear judgement on the unsustainability of a development model based exclusively on economic objectives and that fails to take account of environmental and social objectives. The 2030 Agenda and its implementation through the 17 Sustainable Development Goals (SDGs) represent a major challenge for countries around the world which, through the adoption thereof, are committed to actively contributing to this development path. This path also includes a special focus on the transport sector: on the one hand, the sector is called upon to play its part in the decarbonisation needed to achieve internationally established climate targets; on the other hand, transport services must be increasingly safe and accessible for all, particularly the vulnerable.

In this context, the European Union has issued the Green Deal³, which includes a series of proposals aimed at ensuring a climate-neutral economy by 2050. As part of this project, the European Commission adopted the Sustainable and smart mobility strategy in 2020, which is the basis on which the European Union's transport system is being overhauled. In particular, this strategy aims to make transport sustainable, digital, interconnected and resilient, i.e. able to withstand the exogenous shocks of the economic, social and climatic context.

In 2021, the European Commission also launched two important measures: (i) the Fit for 55⁴ package, which is a set of proposals aimed at reviewing and updating EU regulations and implementing new initiatives to ensure that EU policies are in line with climate objectives in various strategic areas such as, for example, the energy and transport sectors; (ii) an update to the TEN-T network system - which connects European regions and national networks - that not only provides for the remodelling and extension of infrastructure, but also requires that specific standards are met and that the entire transport network is strengthened.

Finally, the transport sector was included in the classification of activities that are environmentally sustainable, as defined by EU Regulation 2020/852 (the so-called Taxonomy Regulation). This regulation lays down specific criteria that an activity must meet in order to be deemed environmentally sustainable, i.e. able to contribute positively to one or

³ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

⁴ <https://www.consilium.europa.eu/en/policies/green-deal/fit-for-55-the-eu-plan-for-a-green-transition/>

more environmental objectives. In this way, the EU intends to ensure that public and private resources are increasingly directed towards the financing of activities that are sustainable and in line with established decarbonisation targets. These criteria are also becoming increasingly significant on a national level (e.g. in the PNRR).⁵

2.2 Main related internal regulations

The company regulatory sources, in addition to this document, within which CDP establishes and recognises the ESG principles as fundamental values are, as an example and without limitation:

- Articles of Association;
- Code of Ethics;
- Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001;
- Sustainability Framework;
- CDP General Responsible Lending Policy;
- CDP General Responsible Investment Policy;
- CDP Energy Sector Policy;
- CDP Defence and Security Sector Policy;
- Sectoral Strategic Guidelines for Transport and Logistics Hubs;
- Risk Policy;
- Credit Risk Policy.

This document must be read together with the other general policies, particularly the responsible lending and investment policies, as well as the Sectoral Strategic Guidelines for Transport and Logistics Hubs. The regulatory and legislative framework of reference is supplemented by additional internal regulatory sources, which lay down the principles, methodologies and operating methods through which sustainability is pursued within the company organisation.

3. SCOPE OF APPLICATION

3.1. Scope by type of operation

The scope of application of this document is linked to CDP's operations in the Transport Sector (understood as referring to infrastructure, vehicle construction and transport services), relating to Investment and Lending and to the renewal of existing Loans, initiated⁶ after the approval of this Policy. The Policy is not applicable to operations⁷ relating to equity investments already held in the portfolio and to changes to financing already in existence at the time of the first issue of this Policy. With regard to investments in the portfolio, in line with the provisions of the general Responsible Investment Policy, to which reference should be made, CDP conducts ongoing monitoring and engages with the company management to discuss possible guidelines with regard to development plans and to conduct specific analyses on ad hoc issues. These regular engagement activities also make it possible to identify any problems that arise in the investment management phase and jointly agree what actions need to be implemented, to be successively verified through appropriate monitoring.

⁵ <https://www.governo.it/sites/governo.it/files/PNRR.pdf>

⁶ Given the particular characteristics of export finance operations, supply commitments between the customer and supplier may be entered into significantly earlier than the loan agreement, without CDP being simultaneously notified. As such, for supply commitments entered into prior to this policy taking effect and communicated to CDP within 12 months of the same date, this policy does not apply, as the counterparty was not yet aware of the provisions contained herein and was complying with previous operational criteria.

⁷ It includes equity and other similar operations (e.g. purchase, capital increases, demergers, mergers, conversions of shares, transformations, granting shareholder loans or capital contributions, subscription of hybrid instruments, subscription of convertible bonds).

A new transaction is deemed to refer to the Transport Sector in the following cases:

- i. An Investment/Lending transaction for a generic purpose: the counterparty is active in the transport sector;
- ii. An Investment/Lending transaction for a specific purpose: the main focus of the transaction is related to the transport sector.

It should be noted that for operations with a specific purpose relating to the transport of fossil fuels, the provisions of the Energy Sector Policy apply; at the same time, for operations with a specific purpose relating to the construction of vehicles for military use, the provisions of the Defence and Security Sector Policy apply.

CDP's Board of Directors may approve exceptions or derogations from this document, in accordance with applicable internal regulations, always on a case-by-case basis, and on the basis of evaluations conducted by the relevant departments, and particularly with the General Responsible Lending Policy and the General Responsible Investment Policy, respectively, for the two areas of operation through which CDP participates in the Transport Sector.

3.2 Scope of the Company

CDP undertakes to ensure that this Policy is gradually extended to the Companies subject to management and coordination⁸ that carry out Financing and Investment activities, in accordance with the principle of proportionality and taking into account the decision-making autonomy of the Group Companies' Corporate Bodies, and, in particular, of the supervised entities, as well as the specific legislation applying to the latter.

4. POSITION OF CDP IN THE TRANSPORT SECTOR

CDP, in compliance with the regulatory and statutory reference context, guides its strategic and operational approach by directing the use of resources towards priority areas as identified through the definition of the Strategic Plan and the resulting Sectoral Strategic Guidelines. With specific reference to the sector addressed by this document, the Sectoral Strategic Guidelines for Transport and Logistics Hubs contain indications of actions to be taken, following an approach based on additionality and complementarity with respect to the market, which are crucial for reaching the targets established by international agreements and at the EU and national level (e.g. Paris Agreement, PNRR).

In particular, given the global geopolitical context and the consequences of the pandemic, future forecasts indicate that the Mediterranean will remain a crucial hub for the movement of goods and people, reaffirming the central role that the logistics and transport system plays in enabling Italian companies to be competitive and the entire national economy to develop.

In this context, there are three transversal factors that significantly influence the establishment of CDP's areas of focus and strategic priorities for action: sustainability of means of transport, digitisation of infrastructure and services, and intermodality. In addition, CDP pays special attention to reducing territorial imbalances in terms of the provision of mobility infrastructure and services.

In light of these considerations, CDP has defined three main areas of focus for the transport sector:

- the modernisation and streamlining of networks;
- the strengthening and streamlining of logistics hubs;
- the development of urban mobility and local public transport (LPT).

⁸ Pursuant to Articles 2497 et seq. of the Italian Civil Code.

⁹ Companies subjected to a system of authorisations, regulations, inspections and information provision by sectoral Regulators (e.g. Bank of Italy and IVASS).

Consistent with these areas of focus, this Policy focuses on the following sub-sectors:

- road transport;
- rail transport and fixed installations;
- transport by sea and inland waterways;
- air transport.

For each sub-sector, the Policy regulates infrastructure, vehicle construction and transport services.

For each of these components, the following are provided:

- a macro-description of the context, in line with what has already been established by the CDP's Sectoral Strategic Guidelines;
- a reference to the specific objectives defined by CDP;
- the treatment, limitation and exclusion criteria and the aspects to be promoted.

In the application of this Policy, CDP - in accordance with the procedures defined in the General Responsible Lending and Investment Policies, and as laid down in the detailed internal regulations - acquires from the Counterparty the documentation necessary (e.g. integrated report, self-declarations, press releases, etc.) to carry out the assessments¹⁰.

In certain specific circumstances, if deemed necessary, CDP may make use of an advisory contribution from independent experts to assist in the assessment of compliance to Policy requirements.

Given the importance of transport not only for the economic development of different areas but for individual mobility as well, regardless of the sub-sector, CDP welcomes operations in which access to transport infrastructure and services takes the needs of all forms of disability into account.

4.1 Road transport

4.1.1 Road infrastructure

Italy's road infrastructure is particularly complex due, in part, to the morphology and orography of country: suffice to say that 60 per cent of the tunnels envisaged for the TEN-T networks are located in Italy. This geographical aspect also leads to a shortage of intermodal and last- and penultimate-mile connections, especially in inland and/or peripheral areas. The Italian road network is also characterised, in many areas, by its advanced age (80% of the motorway network was, in fact, built before 1980) and has a high accident rate, especially in urban areas¹².

Therefore, in light of this context, CDP intends to pursue, through supported operations, the following objectives in the area of road infrastructure:

- enhancing and adapting the network to safety standards, including by improving climate and seismic resilience;
- rationalise the network to decongest it and improve accessibility to inland and peripheral areas;
- develop smart systems for monitoring.

Furthermore, in line with the sector's decarbonisation objectives and the provisions of the Sectoral Strategic Guidelines for Transport and Logistics Hubs, CDP intends to support all mobility-enabling infrastructure with a low environmental impact, including, but not limited to, the building of cycle paths in urban areas.

Below is a list of the criteria that CDP uses for Projects relating to road infrastructure and the ancillary structures necessary.

¹⁰ In conducting its assessment activities, in accordance with the Group Policy on Sanctions and Embargos, CDP complies with the objective restrictive measures identified therein.

¹¹ Saltari, L. e Tonetti, A. "La realizzazione e la gestione di infrastrutture: il regime giuridico delle concessioni". IRPA Working Paper – Policy Papers Series No. 2, 2014.

¹² The accident rate in 2021 was 256.9/100,000 inh., of which 73% occurred on urban roads, 22% on suburban roads, and 5% on motorways (source: ISTAT).

Road infrastructure for bicycle and pedestrian mobility

CDP welcomes Greenfield cycling and pedestrian infrastructure projects that do not involve land consumption and/or adopt measures to prevent hydrogeological risk.

Road infrastructure used exclusively or predominantly by road-based public transport

CDP welcomes Projects for the construction of new road infrastructure to be used exclusively or predominantly by road-based public transport, such as trolleybuses and busways, which comply with the ministerial provisions for applying for non-repayable grants.

Mixed-use road infrastructure for the movement of persons and goods

CDP does not support Greenfield road projects in the following cases:

- in urban areas, if the Project involves urban highways (i.e. roads that fall under category D of the Italian Highway Code) that do not contribute to the decongestion of the road system;
- in extra-urban areas, if the Project has the effect of slowing down the transition to more environmentally efficient transport systems, does not contribute to the decongestion of the road network, and does not have, or is not committed to having, a strategy for aligning with the Community principles of the Alternative Fuels Infrastructure Regulation (AFIR)¹⁴.

At the same time, CDP supports projects relating to:

- extraordinary maintenance work on urban and extra-urban roads;
- the construction of new district roads and local roads (roads that fall under categories E and F of the Italian Highway Code, respectively).

Finally, CDP welcomes infrastructure-intervention projects for which plans (including digital ones) to monitor and assess condition and/or vulnerability class, which identify priorities of action, have been envisaged.

Other ancillary infrastructures

In order to achieve the set objectives and to enable the efficient operation of road infrastructure, CDP supports projects relating to:

- freight villages that enable a modal shift from road to rail transport;
- depots dedicated to public transport means;
- car parks that allow users to switch between private and public mobility;
- electric recharging infrastructure dedicated both to public transport in urban and metropolitan areas and to private road mobility.

With regard to depots for public vehicles and car parks, CDP welcomes Projects involving the construction of infrastructure suitable for use by vehicles that emit no CO₂ (e.g. electric/hydrogen recharging stations). In line with this approach, CDP does not support Projects relating to freight villages which enable the exchange of goods from road transport vehicles to other road transport vehicles, with the exception of freight villages that are set up to supply vehicles that emit no CO₂.

¹³ Infrastructure predominantly used by road-based public transport shall be regarded as infrastructure that is dedicated for more than 70% of the route to such public transport

¹⁴ EU Council Regulation (2021), part of the Fit for 55 package, aimed at ensuring that the transition is supported by a sufficient number of recharging points and alternative fuel refuelling points (<https://www.consilium.europa.eu/en/infographics/fit-for-55-afir-alternative-fuels-infrastructure-regulation/#:~:text=Alternative%20fuels%20infrastructure%20regulation%20explained,as%20to%20avoid%20range%20anxiety>).

¹⁵ Source: MIT <https://www.mit.gov.it/nfsmittgov/files/media/notizia/2022-10/Parco%20autobus%20settembre%202022.pdf>

4.1.2 Construction of vehicles and means of transport

The public vehicle pool circulating in Italy is outdated due to the higher-than-average age of vehicles compared to the European average, and only a marginal percentage of these are vehicles that emit no CO₂: as of September 2021, these vehicles accounted for 1.4% of the total.¹⁵

As such, with respect to the construction of vehicles and means of road transport, CDP has the following objectives to pursue through its own operations:

- renewing and expanding rolling stock with vehicles that emit no CO₂;
- adopting on-board technologies that enable energy consumption to be optimised;
- strengthening industry to support national automotive operators in transitioning to new technologies, taking into account the fact that the automotive chain is one of the strategic supply chains for the Italian production system.

In line with these objectives, CDP does not finance or invest in Counterparties active in the manufacturing of vehicles and transport means which have not adopted a plan to transition to manufacturing vehicles that emit no CO₂ or have not formalised a commitment to adopt such a plan within three years.

Furthermore, CDP supports Projects relating to the production of:

- devices for personal mobility and cycle logistics (e.g. bicycles);
- electric vehicles, hydrogen vehicles or, generally speaking, vehicles that emit no CO₂;
- vehicles for collective public transport.

With respect to Projects relating to the production of vehicles with combustion engines, CDP does not finance or invest in Counterparties which have not adopted a plan to transition to manufacturing vehicles that emit no CO₂ or have not formalised a commitment to adopt such a plan within three years.

4.1.3 Transport services

As illustrated in the previous section, the public transport pool is outdated and features a low number of vehicles that emit no CO₂. Furthermore, the road network shows significant regional differences and a low level of integration with other modes of transport, particularly for goods.

Therefore, in light of this context, CDP intends to pursue, through supported operations, the following objectives in the area of road transport services:

- decarbonising passenger transport by renewing fleets with vehicles that emit no CO₂;
- strengthening the technological development and digitisation of sections of roads and motorways (smart roads);
- improve the accessibility of hubs with a view to intermodality.

Below are the criteria that CDP uses to assess Projects relating to road freight and passenger transport services, as well as Counterparties active in these sectors.

Road passenger transport services

CDP does not finance or invest in Counterparties that do not have emission-reduction initiatives in place. Furthermore, CDP welcomes transition plans adopted by Counterparties which include the use of vehicles that emit no CO₂.

¹⁵ Fonte: MIT <https://www.mit.gov.it/nfsmitgov/files/media/notizia/2022-10/Parco%20autobus%20settembre%202022.pdf>

In line with its objectives, CDP supports projects concerning activities relating to the management of devices used for personal mobility and cycle logistics, such as bicycles and/or scooters.

With respect to urban and suburban passenger transport, CDP welcomes Projects relating to transport services where one of the following apply:

- the transport services are provided by electrically powered vehicles;
- the transport services are provided by gas-powered vehicles and there are development plans in place for the transition to hydrogen.

Road freight transport services

With respect to road freight transport services, CDP does not provide finance or invest in Counterparties that have not adopted plans to transition to using vehicles that emit no CO₂. Where this is not technologically or economically feasible, Loans and Investments in Counterparties that have not adopted plans to transition to using low-emission vehicles, as defined in Article 3(12) of EU Reg. 2019/1242, are considered excluded.

Furthermore, CDP supports Projects relating to services that do not result in increased CO₂ emissions. In other cases, CDP does not support Projects developed by companies that do not, as Counterparties, satisfy the above criteria.

4.2 Rail transport and fixed installations

4.2.1 Infrastructure

Italy's railway infrastructure is among the most electrified in Europe (72% of the rail network, compared to the EU average of 56%) and among the safest (0.19 significant accidents per million kilometres, compared to the EU average of 0.49)¹⁶.

However, Italy's rail infrastructure is less extensive than the European average, with less than 300 kilometres of track per million inhabitants, compared to an average of more than 450.

Moreover, in terms of public transport use, Italy has a utilisation rate of 11% of daily trips, the lowest share among the main European countries¹⁷.

This is also due, in part, to the fact that Italy's LPT is lagging behind, with significantly fewer metro services and tramways than other European countries. Today, for example, national metro services - which cover less than 250 km in total across seven cities - cover less area than those of Madrid alone, which span almost 300 km¹⁸.

Therefore, in light of this context, CDP intends to pursue the following objectives in the area of infrastructure for rail transport and fixed installations:

- extending the metro and tram network in metropolitan areas;
- modernising infrastructure, with safety upgrades and technological improvements that will have a positive impact on journey times as well.

Below is a list of the criteria that CDP uses to evaluate projects relating to railway infrastructure and fixed installations.

¹⁶ Ministry of Sustainable Infrastructure and Mobility, Strategic Document for Passenger and Freight Rail Mobility, 2021. Significant accidents are defined in the Appendix to Annex 1 of Legislative Decree No. 50 of 14 May 2019 as "any accident involving at least one railway vehicle in motion and causing at least one death or serious injury, significant damage to materials, the track, other facilities or the environment (i.e. damage worth 150,000 euro or more), or disruption".

¹⁷ Special Eurobarometer 495, Mobility and Transport, 2020.

¹⁸ Legambiente, "Rapporto Pendolaria 2022" (Report on Commuters and Transportation), 2022.

Railway infrastructure for passenger and freight transport in suburban, urban and metropolitan areas

In line with its objectives, CDP supports Projects relating to:

- extraordinary maintenance work on all types of infrastructure;
- work on electrified lines (both new, e.g. HS/HC projects, or existing);
- work involving the doubling of single-track lines - for all types of infrastructure - with a view to improving safety.

With respect to non-electrified lines, CDP does not support Projects relating to the construction of new networks which do not include the possibility of using hydrogen-powered engines on such network.

Finally, CDP welcomes Projects that involve:

- network electrification work;
- signalling works for managing and controlling railway and metro traffic;
- work aimed at making the line usable by hydrogen-powered engines.

Tramway infrastructure

CDP welcomes Projects for the construction of new tramway infrastructure, which comply with the ministerial provisions for applying for non-repayable grants.

Cableways

CDP welcomes Projects relating to cableway systems dedicated to local public transport.

4.2.2 Construction of vehicles and means of transport

Despite the fact that Italy's railway infrastructure is among the most electrified in Europe, the rolling stock currently in circulation on regional lines is outdated, especially in relation to regional passenger transport and in southern Italy where the average age of trains is 19.2 years, compared to 11.7 in northern Italy. Moreover, in some cases, this rolling stock is diesel-powered: in Italy, there are still around 4,700 kilometres' worth of non-electrified lines²⁰.

Therefore, in light of this context and the general objectives of this policy, CDP intends to pursue, through its own actions in the sector, the following objectives with respect to the construction of vehicles and means of rail transport:

- renewing and expanding rolling stock with vehicles that emit no CO₂;
- adopting on-board technologies that enable energy consumption to be optimised;

In line with these objectives, CDP does not finance or invest in Counterparties active in the manufacturing of rotating railway and tramway stock which have not adopted a plan to transition to manufacturing vehicles that emit no CO₂ or have not formalised a commitment to adopt such a plan within three years.

Furthermore, CDP supports Projects that do not result in increased CO₂ emissions. In other cases, Projects are only supported if they are developed by companies that, as Counterparties, satisfy the criteria set out.

¹⁹ Legambiente, Rapporto Pendolaria (Report on Commuters and Transportation), 2022.

²⁰ Source: RFI <https://www.rfi.it/it/rete/la-rete-oggi.html>

4.2.3 Transport services

Among the various modes of transport available, rail still accounts for just 12% of freight transport and 6% of passenger transport, compared to the European average (5 and 2 percentage points higher respectively)²¹.

Therefore, in light of this context, CDP intends to pursue, through its own operations in the sector, the following objectives in the area of rail transport services and other fixed installations:

- increasing the number of trains running and their frequency on the regional and metropolitan network;
- supporting the modal shift from private to public transport for people;
- digitising LPT and implementing Mobility as a Service services;
- shifting a substantial proportion of freight transport from road to rail.

In line with these objectives, CDP adopts the following criteria for operations in the area of rail or cableway transport services.

Passenger and freight transport in extra-urban, urban and metropolitan areas

In line with the objectives mentioned, CDP does not finance or invest in Counterparties that do not have CO2 emission-reduction initiatives in place. Furthermore, CDP welcomes transition plans adopted by Counterparties which include the use of vehicles that emit no CO2.

Moreover, CDP supports Projects that do not result in increased CO2 emissions and welcomes all Projects relating to services provided by electrically powered vehicles or involving a transition to hydrogen power.

Cableway transport

CDP welcomes Projects relating to cableway transport services used as a means of local public transport.

4.3 Transport by sea and inland waterways

4.3.1 Infrastructure

Italy's geographical location at the centre of trade in the Mediterranean makes it a strategic country in terms of maritime traffic, as corroborated by the importance of this type of transport for freight. However, while Italy boasts excellent short-haul performance, it fails to capitalise fully on potential long-distance flows of goods by sea (transoceanic trade). This is due, in part, to certain aspects of national ports, which are characterised by high costs and lengthy transit times (the latter can be linked to factors such as the lack of adequate last-mile connections).

In addition, the reliance on giant ships (so-called "naval gigantism") by operators requires more and more infrastructure capable of accommodating latest-generation ships.

The Italian port system should be developed with due consideration for environmental and climatic aspects by accelerating its transition towards sustainability through measures such as electrifying the power provided to ships alongside (e.g. Cold Ironing), which can be renewably sourced, and connecting ports to the railway network for the purpose of developing intermodal logistics.

Therefore, in light of this context, CDP intends to pursue the following objectives in the area of infrastructure for transport by sea and inland waterways:

- strengthening and improving the accessibility of port and dry-port infrastructure;
- contributing to the mitigation of climate change;
- making seaports and fleets more efficient from an environmental point of view (e.g. Cold Ironing).

Below is a list of the criteria that CDP uses to evaluate projects relating to infrastructure for transport by sea and inland waterways.

²¹ Source: RFI <https://www.rfi.it/it/rete/la-rete-oggi.html>

Port infrastructure

With respect to Projects based in OECD Countries, CDP does not support work involving:

- the construction of harbour docks in commercial ports that do not provide for the adoption of Cold Ironing systems, with the exception of “refuge” berths;
- the increase of port capacity that does not involve (even after the port infrastructure has been put in place) the possibility of establishing connections with railway lines.

Exceptions to this are Projects that generate a positive socio-economic impact (e.g. those in island regions) and Projects of significant public interest.

Projects relating to transshipping (the transfer of goods in commercial ports) are always supported.

With respect to Projects based in non-OECD countries, CDP does not support Projects that are not deemed to generate a positive socio-economic impact and/or are not of significant public interest.

Furthermore, CDP welcomes Projects to increase the capacity of storage yards involving automated or electrically powered handling systems (e.g. cranes, cars and ground vehicles) and supports investments in Cold Ironing facility projects.

Other infrastructure

CDP supports Projects relating to passenger and goods transport pipelines, and dry ports and storage yards outside ports.

4.3.2 Construction of vehicles and means of transport

Italy ranks first in Europe for passenger transport (with 10.3Mio/passengers/year), while in terms of freight transported by container (TEU), the main Italian ports (Genoa, La Spezia and Gioia Tauro) together fall short of the Port of Rotterdam's 11Mio/TEU/year.

Confirming the interest that large cruise-tourism and logistics players have in shipyards in Italy, there is an increase in the number of ships in the order book, which should increasingly comply with requirements for lower environmental impact.

Therefore, in light of this context, CDP intends to pursue the following objectives with respect to the construction of means of transport by sea and inland waterways:

- making fleets more environmentally friendly;
- localising shipbuilding activities.

In line with these objectives, CDP adopts the following criteria with respect to the construction of maritime transport means:

- for passenger transport, CDP exclusively supports Projects relating to new ships with
 - i. provisions for the use of LNG or non-fossil fuels to support the energy transition to zero emissions;
 - ii. provisions for the use of Cold Ironing systems;
- for freight transport, CDP supports the construction of ships and vessels used for such transport.

²² Data from 2019 - Source: Assoport, Ministry of Infrastructure and Transport.

4.3.3 Transport services

The logistics and transport system is pivotal to and facilitates the competitiveness of Italy's businesses and the growth of the country. As reported in the Sectoral Strategic Guidelines, trade flows with foreign countries demonstrate that there is an over-reliance on road transport (21% of imports and 43% of exports) but the importance of the maritime and port sector is clear to see. More than two fifths of exports and more than half of imports are transported by ship²³.

However, in order to make the sector fully competitive, access to foreign markets for companies must be facilitated and Italy must qualify as a gateway hub to Europe from non-EU markets.

With respect to sea and inland-waterway transport services, CDP intends to pursue the following objectives:

- supporting the digitisation of processes for greater efficiency and transparency;
- supporting the aggregation of logistics operators, which will promote the growth of companies in the sector.

With respect to transactions in this sector, CDP does not finance or invest in Counterparties that have:

- ships that are not classified as being sourced from a member of the International Association of Classification Societies (IACS);
- ships operating under a flag black-listed by port state authorities participating in the Paris Memorandum of Understanding and Tokyo Memorandum of Understanding.

Furthermore, CDP does not support Projects involving the purchase of new passenger transport ships that do not have:

- provisions for the use of LNG or non-fossil fuels to support the energy transition to zero emissions;
- provisions for the use of Cold Ironing systems.

4.4 Air transport

4.4.1 Infrastructure

With respect to the airport sector, Italy has a strategic geographical location compared to other European countries.

Italian airports, however, are disadvantaged by their lack of integrated and well-developed intermodal systems, which suffer from inadequate infrastructure (runways, customs services, ICT), services (special cargo handling, speed of execution), airport accessibility and intermodal connections.

The infrastructural development of the sector must take into account the current National Plan for Airports and its subsequent additions and amendments; the current Plan involves the rationalisation of intercontinental, international and domestic airports, as well as the integration of the latest technologies for flight management and other support activities, with the aim of dealing with the increase in traffic expected for both passenger transport and freight transport, the latter of which is driven by new demands dictated by e-commerce.

²³ Bank of Italy, "Survey on international merchandise transport", 2021.

²⁴ International Association of Ship Classification Societies. The association's work is primarily focused on organising and coordinating with the IMO (International Maritime Organisation) to ensure that shipping is as safe as possible. In Italy, the associated classification body is RINA (Italian Naval Register)

²⁵ Purchase, in a broad sense, also includes fleet rental and leases.

Therefore, in light of this context, CDP intends to pursue the following objectives in the area of air travel infrastructure:

- improving accessibility and promoting the modernisation of airports through infrastructural projects (ones that are particularly functional to the development of the cargo sector);
- contributing substantially to the mitigation of climate change;

Below is a list of the criteria that CDP uses to assess Projects relating to air transport infrastructure.

Airport infrastructure

CDP supports Projects that aim to improve existing airport capacity through safety and rationalisation measures, decarbonisation measures and intelligent transport systems (AAM: Advanced Air Mobility).

CDP also supports Airport Capacity Expansion Projects provided for under the National Plans for Airports in force (e.g. the Italian National Plan for Airports²⁶, which is in line with the decarbonisation objectives of the International Civil Aviation Organization [ICAO]²⁷, Fit for 55, ecc.)

Finally, in line with the objectives pursued by this Policy, CDP does not support Projects in countries without National Plans for Airports in force which do not have a positive socio-economic impact and/or are not of significant public interest.

Other infrastructure for air transport

CDP supports Projects relating to heliports and vertiports, and welcomes Projects relating to intelligent transport systems.

4.4.2 Construction of aircraft and means of transport

The need to reduce the sector's environmental impact has driven the European Union towards policies that favour increasingly efficient and sustainable vehicles. The gradually increasing requirement to use sustainable fuels for aviation also involves the development of technologies and aircraft that can support this change and, as such, will facilitate the transition from fleets powered by classic jet fuel to those powered increasingly by sustainable fuels (SAF - Sustainable Aviation Fuel²⁸).

However, the current pool of aircraft in use consists mainly of vehicles powered primarily by classic jet fuel: only in a few cases are classic jet fuel and Sustainable Aviation Fuel used together.

Therefore, in light of this context, CDP intends to pursue the following objectives with respect to the construction of aircraft and means of air transport:

- implementing intelligent and sustainable mobility solutions;
- supporting the implementation of the National Strategic Plan for the development of Advanced Air Mobility (2021-2030);
- improving regional accessibility and mobility, taking full advantage of the third dimension.

In line with these objectives, CDP does not finance or invest in Counterparties that have not adopted a Sustainable Aviation Fuel development plan and/or a decarbonisation plan in line with the ICAO's long-term aspirational goal of net-zero CO₂ emissions by 2050.

Furthermore, CDP does not support Projects that result in increased CO₂ emissions if these are developed by companies that, as Counterparties, do not satisfy the above criteria. Conversely, Projects with the sole purpose of Research and

²⁶ <https://www.mit.gov.it/nfsmitgov/files/media/notizia/2022-10/Piano%20Nazionale%20degli%20Aeroporti.pdf>

²⁷ International Civil Aviation Organization - autonomous agency of the United Nations responsible for developing the principles and techniques of international air navigation, routes and airports, and fostering the planning and development of international air transport to ensure safe and orderly growth (https://www.icao.int/environmental-protection/Documents/Assembly/Resolution_A40-18_Climate_Change.pdf)

²⁸ Biofuel used to power aircraft, which has similar properties to conventional jet fuel, but with a smaller carbon footprint. Depending on the raw material and technologies used to produce it, SAF can drastically reduce life-cycle greenhouse gas emissions compared to conventional aviation fuel

4.4.3 Transport services

Ensuring efficient connections between hubs throughout the country and linking airports to destinations and places of origin for both freight and passenger transport is vital for exploiting Italy's strategic geographical location, which gives it a competitive advantage over other European economies.

The aviation sector is as significant to the tourism sector as it is to the freight sector. 40% of visitors coming into the country do so via airports²⁹, which makes them crucial for driving tourism; they are also essential for accessing islands. This mode of transport is also becoming increasingly important to freight transport. This is mainly related to e-commerce, an area in which global sales are expected to increase by 50% between 2021 and 2025³⁰ (80% of out-of-country e-commerce traffic travels by air³¹). In terms of cargo transport, Italy falls significantly short of its main peers, occupying sixth place in Europe, with a 6% share of the overall volume, compared to 30% in Germany alone and around 15% in France and the UK. A lack of development in the sector also puts Italian businesses at a disadvantage; it is estimated that up to more than 50 per cent of potential goods traffic is diverted to other European airports, which increases total transport costs to the benefit of operators outside the country³².

Therefore, in light of this context, CDP intends to pursue the following objectives in the area of air transport services:

- developing cargo services;
- aggregating logistics operators, which will promote the growth of companies in the sector;
- digitising processes for greater efficiency and transparency.

In particular, CDP does not finance or invest in Counterparties that have not adopted a decarbonisation plan in line with the ICAO's long-term aspirational goal of net-zero CO₂ emissions by 2050.

Furthermore, CDP does not support Projects that result in increased CO₂ emissions if these are developed by companies that, as Counterparties, do not satisfy the above criteria. Conversely, Projects with the sole purpose of Research and Development and improving the environmental/social impact of business processes are always supported.

5. ROLES AND RESPONSIBILITIES

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

Board of Directors

- approves this document, as well as any non-formal revision and the possible repeal thereof, on an exclusive and non-delegable basis;
- assesses whether it is also appropriate to intervene in Financing/Investment operations in the areas excluded from this document, approving any exceptions or interventions by way of derogation, as indicated in Section 4, "Scope of Application";

Risk and Sustainability Committee

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

²⁹ Ispra, 2018

³⁰ IATA, "E-Commerce Monitor", 2022.

³¹ IATA, "The e-commerce Impact on Air Cargo Operations", 2020.

³² National Plan for Airports, 2012.

Chief Executive Officer

- proposes to the Board of Directors the approval of the Transport Sector Policy, as well as any changes;
- continuously supervises, receiving information flows for this purpose, the application of this Policy, thus ensuring an organisational structure appropriate for the objective.

Policy, Evaluation and Advisory Department

- ensures the definition of proposals for updating this document, in conjunction with the other competent structures, in compliance with the Sectoral Strategic Guidelines defined from time to time, while guaranteeing appropriate awareness-raising and training initiatives as well as continuous advisory support on the relevant interpretation;
- ensures, in conjunction with the structures involved, the proper implementation of this Policy, assessing the consistency of the various CDP operations with the principles and criteria defined therein, contributing, jointly with the structures concerned, to the necessary additions to the contractual framework, as well as informing the Top Management in the event of any discrepancies;
- identifies relevant ESG issues associated with the transport sector to be analysed during the preliminary Financing/Investment assessment and supports in the assessment of key findings;
- ensures during investigations, in cooperation with the competent Business Units, that social, environmental, and economic impacts are in line with expectations, addressing any discrepancies, partly through the establishment of mitigation measures.

Sector Strategy and Impact Department

- ensures the definition and updating of the Strategic Guidelines in the Transport Sector which address the intervention priorities aimed at bridging the market/socio-economic gaps;
- ensures, in cooperation with the competent Business Units, the periodic monitoring of the impact generated by the initiatives put in place by CDP, collecting the data necessary to carry out the ex-post evaluation;
- ensures the ex-post evaluation of the aggregate impact actually generated by the initiatives put in place by CDP is carried out.

Business Department

- ensures, also by making use of the necessary support from the Policy, Evaluation and Advisory Department, the compliance of Financing operations with the principles contained in this document, while also steering origination activities towards operations which are consistent with this Policy and the CDP General Responsible Lending Policy;
- submits for the Board of Directors' approval those operations in which cases of non-applicability and derogation have been detected, according to the provisions of this Policy;

Investment Department

- ensures, also by making use of the necessary support from the Policy, Evaluation and Advisory Department, the compliance of Investment operations with the principles contained in this document, while also steering origination activities towards operations which are consistent with the provisions established by this Policy, as well as those of the CDP General Responsible Investment Policy;
- submits for the Board of Directors' approval those operations in which cases of non-applicability and derogation have been detected, according to the provisions of this Policy.

Risk Department

- ensures second-level monitoring of risks (of competence), in compliance with the principles of the Risk Policy, the Group Assessment of Reputational Risk Policy, the Anti-Money Laundering Policy and the Anti-Money Laundering Anomaly Indicators Regulation.
- ensures the assessment of climate and environmental risks, which complements and completes the ex-ante sustainability assessment;
- proposes the timetable to the Risk and Sustainability Committee and contributes to the assessment investigation of this document and any amendments thereto, as part of the role of Committee Secretary.

Internal Audit Department

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

Communications, External Relations and Sustainability Department

- contributes to identifying relevant issues useful for defining the strategic priorities described in this document through constant dialogue with the relevant stakeholders;
- ensures the monitoring and reporting of ESG goals and non-financial indicators, relating to the Consolidated Non-Financial Statement (NFS);
- oversees, in unison with the other competent Business Units, the dialogue with the ESG rating agencies in order to acquire information and content aimed at contributing to the improvement of this document;
- oversees, in unison with the other competent Business Units, the dialogue with civil society in order to acquire, monitor and guide policy on issues relevant to the definition of the contents of this document.

6. TRANSPARENCY AND ACCOUNTABILITY

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

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

This document is available on CDP's website.

7. ANNEXES

7.1 Glossary

- **Cold Ironing:** the set of technologies through which it is possible to supply energy to vessels alongside, via an electrical connection to the mainland, allowing for zero pollution and emissions from the vessels in port.
- **Counterparty:** the Beneficiary Company receiving the Financing or the Investment.
- **Environmental, Social and Governance (ESG):** the environmental, social and governance factors which qualify a financial activity as sustainable.
- **Financing/Lending:** for the purposes of this document, this is the use of "general purpose financing", including the activities carried out under any technical form permitted by law and by CDP's Articles of Association with its own funds, both at the national and the international level, including bonds, revolving credit facilities, the purchase of corporate receivables and the issue of guarantees.
- **Greenfield:** a vacant and unused area that is not occupied by human activity which, as a result, tends to be pristine from an environmental point of view and primed for any kind of transformation. Greenfield Projects are understood

³³ <https://unric.org/it/agenda-2030/>

to refer to new or non-existing infrastructure/construction/services.

- **Gruppo CDP:** Cassa Depositi e Prestiti S.p.A. and Companies subject to management and coordination by Cassa Depositi e Prestiti S.p.A. pursuant to Articles 2497 et seq. of the Italian Civil Code.
- **Hubs:** in the transport sector, a hub is a location at which various transport routes converge. An intermodal hub is an operational facility for the modal exchange of goods (public, private or mixed) and whose areas and spaces are managed by a company.
- **Investment:** for the purposes of this document, this term means the investment activity carried out either through direct investments (investments in shares, units and/or securities representing the risk capital of companies, equity instruments, other instruments, including hybrids, similar in economic substance to the foregoing, both at a domestic and international level, or real estate investments), or through indirect investments (investments in units of mutual funds or funds of funds managed by asset management companies (SGR) and investments in other UCIs (Undertakings for Collective Investment), both at a domestic and international level).
- **Paris Agreement:** the Paris Agreement is a legally binding international treaty on climate change, which came into effect in 2016. Its goal is to limit global warming to well below 2, preferably to 1.5, degrees Celsius, compared to pre-industrial levels. To achieve this long-term temperature goal, countries aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by mid-century.
- **Project:** for the purposes of this document, this is the subject of the “specific purpose financing/project financing” and/or of the Investment, clearly identifiable as an asset and/or activity.
- **Strategic Plan:** CDP’s 2022-2024 Strategic Plan, approved by CDP’s Board of Directors at its meeting of 25 November 2021, including any subsequent updates.
- **Sustainable Development Goals (SDGs):** 17 goals agreed by the United Nations that aim to achieve a total of 169 targets relating to economic and social development, including poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, urbanisation, the environment and social equality.
- **TEN-T:** set of linear infrastructures (rail, road and inland waterway) and facilities (urban hubs, ports, freight villages and airports) considered relevant at EU level (Trans-European Transport Networks).
- **TEU:** a unit equivalent to twenty feet representing the standard measure of length in ISO container transport.
- **TPL:** regional and local public transport.
- **Transport sector:** the sector relating to the building of infrastructure, the construction of vehicles (excluding the production of parts) and the provision of services for road transport, rail transport and fixed installations, transport by sea and inland waterways, and air transport.
- **Un 2030 Agenda³³:** plan of action for people, the planet and prosperity signed in September 2015 by the governments of the 193 UN Member Countries. It incorporates 17 Sustainable Development Goals (SDGs) in a major agenda for action with a total of 169 targets.