

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green, Social and Sustainability Bond Framework

Cassa Centrale Banca – Credito Cooperativo Italiano S.p.A

5 August 2024

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Green, Social and Sustainability Bonds

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- Social Bond Principles (SBP), as administered by the International Capital Market Association (ICMA) (as of June 2023)
- Sustainability Bond Guidelines (SBG), as administered by the International Capital Market Association (ICMA) (as of June 2021)

Scope of verification

- Cassa Centrale Banca Green, Social and Sustainability Bond Framework (as of August 2, 2024)
- Cassa Centrale Banca Selection Criteria (as of August 2, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK

Cassa Centrale Banca – Credito Cooperativo Italiano S.p.A (“the Issuer” or “Cassa Centrale Banca”) commissioned ISS-Corporate to assist with its Green, Social and Sustainability Bonds by assessing three core elements to determine the sustainability quality of the instruments:

1. Cassa Centrale Banca’s Green, Social and Sustainability Bond Framework (as of August 2, 2024) – benchmarked against the ICMA GBP, SBP, SBG.
2. The Selection Criteria – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Consistency of Green, Social and Sustainability Bonds with Cassa Centrale Banca’s Sustainability Strategy – drawing on the key sustainability objectives and priorities defined by the Issuer.

CASSA CENTRALE BANCA OVERVIEW

The Issuer is the Parent Company of the Cooperative Banking Group “Cassa Centrale Group” (hereinafter also the “Group”).

The Group operates in Italy through 65 local Banks (Cooperative Credit Banks - Rural Banks – Raiffeisenkassen, hereinafter also the “Affiliated Banks”), the Parent Company’s Regional Offices and the subsidiaries/ instrumental companies.

Cassa Centrale Banca does not hold controlling shareholdings in any on the Affiliated Banks, although they are included in the consolidation perimeter. As a system of local, autonomous, cooperative banks organized in a modern Banking Group, Cassa Centrale Group adopted a structure that can optimize the contribution made by all, within a central coordination system. The structure and the main features of the Group are established by the contractual agreement defined by the Reform of the Italian cooperative credit system.

The Affiliated Banks offer corporate and retail banking services with a prevalence of loans to customers mainly represented by households and small and medium enterprises.



ESG risks associated with the Issuer Industry

Cassa Centrale Banca is classified in the Public and Regional Banks industry, as per ISS ESG’s sector classification. Key sustainability issues faced by companies¹ in this industry are: sustainability impacts of lending and other financial services/products, customer and product responsibility, sustainable investment criteria, labor standards and working conditions, business ethics.

This report focuses on the sustainability credentials of the issuance. Part III. of this report assesses the consistency between the issuance and the Issuer’s overall sustainability strategy.

¹ Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
<p>Part I:</p> <p>Alignment with GBP/SBP/SBG</p>	<p>The Issuer has defined a formal concept for its Green, Social and Sustainability Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA GBP, SBP, SBG.</p>	<p>Aligned</p>
<p>Part II:</p> <p>Sustainability quality of the Selection Criteria</p>	<p>The Green, Social and Sustainability Bonds will (re)finance eligible asset categories which include:</p> <p>Green categories: Green Buildings, Renewable Energy and Clean Transportation.</p> <p>Social categories: Employment Generation (SMEs Financing) and Healthcare System Financing.</p> <p>Product and/or service-related use of proceeds categories³ individually contribute to one or more of the following SDGs:</p> <div data-bbox="517 1211 1098 1326" style="text-align: center;">  </div> <p>Other use of proceed categories⁴ improve the operational impacts of Cassa Centrale Banca’s borrowers and mitigate potential negative externalities of their sectors on one or more of the following SDGs:</p> <div data-bbox="692 1608 924 1722" style="text-align: center;">  </div> <p>The environmental and social risks associated with those use of proceeds categories and the financial institution are managed.</p>	<p>Positive</p>

² The evaluation is based on the Cassa Centrale Banca’s Green, Social and Sustainability Bond Framework (August 2, 2024 version), on the analysed Selection Criteria as received on August 2, 2024.

³ Green Buildings, Renewable Energy, Clean Transportation, Employment Generation, Healthcare System Financing.

⁴ Green Buildings.

<p>Part III:</p> <p>Consistency of the Green, Social and Sustainability Bonds with Cassa Centrale Banca's Sustainability Strategy</p>	<p>The key sustainability objectives and the rationale for issuing Green, Social and Sustainability Bonds are clearly described by the Issuer. All the project categories considered are in line with the sustainability objectives of the Issuer.</p>	<p>Consistent with Issuer's sustainability strategy</p>
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SPO ASSESSMENT

PART I: ALIGNMENT WITH GBP/SBP/SBG

This section evaluates the alignment of the Cassa Centrale Banca’s Green, Social and Sustainability Bond Framework (as of August 2, 2024) with the ICMA GBP, SBP and SBG.

ICMA GBP/SBP/SBG	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>The Use of Proceeds description provided by Cassa Centrale Banca’s Green, Social and Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The Issuer’s green and social categories align with the project categories as proposed by the GBP, SBP and SBG. Criteria are defined in a clear and transparent manner. Disclosure of an allocation period and commitment to report by project category has been provided, and environmental and social benefits are described and quantified.</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by Cassa Centrale Banca’s Green, Social and Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The project selection process is defined. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer and clearly show the intended benefit to the relevant population.</p> <p>The Issuer involves various stakeholders in this process, in line with best market practices. Additionally, the Green, Social and Sustainability Bond Framework is intended to align with the EU Taxonomy on best effort basis, also in line with best market practices.</p>

		<p>Moreover, the Issuer defines exclusion criteria for harmful projects categories, in line with best market practice.</p>
<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds provided by Cassa Centrale Banca’s Green, Social and Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner. The net proceeds are managed on an aggregated basis for multiple Green, Social and Sustainability Bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>Cassa Centrale Banca commits to reaching full allocation within 36 months from issuance.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting provided by Cassa Centrale Banca’s Green, Social and Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website.⁵ Cassa Centrale Banca has disclosed the type of information that will be reported and explains that the level of expected reporting will be at project category level. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>With respect to impact reporting, the Issuer is transparent on the information reported and further defines the duration, scope and frequency of the impact reporting, in line with best market</p>

⁵ Cassa Centrale Banca's website: Website: www.cassacentrale.it

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Green, Social and Sustainability Bond Framework

		practice. The Issuer discloses that the reports will be published on the website. ⁶
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⁶ Ibid.

PART II: SUSTAINABILITY QUALITY OF THE SELECTION CRITERIA

A. CONTRIBUTION OF THE GREEN, SOCIAL AND SUSTAINABILITY BONDS TO THE UN SDGs⁷

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.

1. Products and services



The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale:



Each of the Green, Social and Sustainability Bonds' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:⁸

GREEN CATEGORIES:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <ul style="list-style-type: none"> ▪ <i>New or existing residential or commercial buildings built before 31</i> 	<p>Contribution</p>	 

⁷ The impact of the UoP categories on UN Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

⁸ The review is limited to the examples of projects spelled out in the Framework.

Dec 2020: (a) with an Energy Performance Certificate (EPC) class A or above or (b) which belong to the top 15% of the local or regional building stock based on Primary Energy Demand (PED).

- *New or existing residential or commercial buildings built after 31 Dec 2020 with PED at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements.⁹*

Renewable energy

Financing related to the construction, acquisition, development and maintenance of facilities generating and/or distributing energy from renewable sources such as:

- *Wind energy: onshore and offshore wind energy generation facilities.*
- *Solar energy: solar photovoltaic (PV) and concentrated solar power (CSP).*
- *Geothermal energy: geothermal power plants and geothermal heating/cooling systems (limited to direct emissions of ≤ 100 gCO_{2e}/kWh).*
- *Hydropower: hydropower meeting one of the following criteria, i) run-of-river plant without an artificial reservoir, ii) power density $> 5W/m^2$ or iii) lifecycle emissions < 100 gCO_{2e}/kWh. Only hydropower plants with a scale of power production below $< 1000MW$ are eligible.*
- *Battery Electric Storage Systems only when entirely dedicated to renewables.*

Clean transportation

Financing related to:






⁹ Within the Allocation and Impact Reporting exercise, the Issuer will publish a technical report provided by an external expert or auditor explaining the methodology applied to calculate the indicated thresholds.

- Zero tailpipe CO₂ emissions freight and passenger rail and road transport.¹⁰
- Zero tailpipe CO₂ emissions passenger cars and commercial vehicles.
- Hybrid vehicles (passenger cars and commercial vehicles) with an emissions threshold of 50 gCO₂/km (until 2025).
- Infrastructure enabling low-carbon road transport and public transport (e.g. EV charging stations).



SOCIAL CATEGORIES:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Employment generation (SME financing)</p> <p>Financing related to:</p> <ul style="list-style-type: none"> ▪ SMEs in response to natural disasters (e.g. earthquakes) and other health emergencies (e.g. Covid-19 pandemic crisis – includes loans granted with the Government Guarantee). ▪ SMEs located in areas with a GDP per capita below national average and ranking in the worst 40% in terms of unemployment rate. ▪ Microfinance. 	<p>Contribution</p>	
<p>Healthcare system financing</p> <p>Public health infrastructure, including development, acquisition of buildings, facilities or equipment related to public hospitals.</p>	<p>Contribution</p>	
<p>Healthcare system financing</p> <p>SMEs and Microenterprises operating in the healthcare sector.</p>	<p>Contribution</p>	

¹⁰ Train and wagons are not dedicated to fossil fuels transport.

Healthcare system financing

Third Sector (associations, NGOs, Social Enterprises, Social Cooperatives, Foundations etc.) with positive social impacts in the Healthcare services.¹¹

Contribution





¹¹ The solutions financed address or are enabling activities that address a highly relevant need in the healthcare sector: (i) supporting the healthcare sector in overcoming common diagnostic errors, such as inaccurate or delayed diagnosis and late-stage diagnoses that often culminate in reduced survival rates, augmented treatment morbidity and escalated healthcare expenditures; (ii) extending beyond disease detection and diagnosis so to encompass disease progression monitoring, treatment response evaluation and treatment guidance; (iii) diagnostic, monitoring and clinical decision support solutions that help reduce healthcare costs and improve quality of life while increasing the services; (iv) improving access to care for underserved communities.

2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) *resulting from the operational performance projects (re)financed by the UoP categories*, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer’s clients.

Cassa Centrale Banca finances operations/processes in third-party sectors which are not listed in the Issuer’s Framework. As such, ISS ESG is not in a position to display the exposure to negative externalities linked to the sector of the operations/processes financed. Negative externalities, if present, could have an impact on the overall sustainability quality of the issuance.

The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ¹²	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>Renovation projects resulting in a reduction in PED of at least 30% and validated through an EPC.</i></p>		

¹² Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE SELECTION CRITERIA

The table below evaluates the Selection criteria against issuance-specific KPIs. The entirety of the assets are and will be located in Italy.

ASSESSMENT AGAINST KPIs

ESG guidelines into financing process

The Issuer confirms that the projects financed under this Framework are and will be located in Italy.

The Issuer has a defined Group Policy in place related to its lending activities that, as part of the screening process, carries out an ESG impact assessment of its investments and exposures. Cassa Centrale Banca's exposures relate to its broader lending activities. The Issuer has a designated Investigation Division to describe the expected environmental and social impacts of the lending activities to which the financing is to be allocated and provide justification for the designated impacts. The ESG impact assessment is based on a scoring system and a matrix which allocates a positive or negative impact assessment to the investment receiving financing. The overall impact is broken down into ESG alignment, physical risks and transition risks.

The Issuer applies the ESG impact assessment to all new financing or credit extensions above EUR 500,000 stating that this threshold will be removed during 2024, applying to all new financing or credit extensions. Borrowers engaging in an economic activity or in a sector with a high ESG Risk attribute will be associated a "High" or "Very High" level of risk under their ESG Score. However, the Issuer does not currently have any specific conditions set for the exclusion of projects/financing to borrowers with a high ESG Risk score. Guidelines on sectoral criteria for the lending to different counterparties will be available by the end of 2024.

Labor, Health and Safety



The Issuer's borrowers will be located in Italy, where high health & safety and labor standards are ensured by the relevant national legislation and the European Union mandatory social standards. The Issuer has designated the Workplace Prevention and Protection Office to oversee the occupational health and safety risks. Furthermore, all assets will be located in Italy, an International Labor Association (ILO) complied country, meaning that all assets are obligated to comply with ILO requirements.

Biodiversity

- ✓ All assets financed will be in Italy. Thus, the Issuer ensures that its environmental impacts have been mitigated and reduced as it aligns to the European Union standards in terms of Environmental and Social Impact Assessment.

Additionally, the Issuer has an Environmental Policy in place that sets guidelines on the conscious management of resources with respect to the protection of the environment, ecosystem and biodiversity. The Environmental Policy is based, among others, on the United Nations Environment Program (UNEP) Declaration of Financial Institutions on Environment and Sustainable Development. The principles set out in the Issuer's Environmental Policy also apply to third parties with whom the Issuer has relations.

Community dialogue

All assets financed will be in Italy. Thus, the Issuer ensures that its impacts on the communities have been mitigated and reduced as it aligns to the European Union standards in terms of Environmental and Social Impact Assessment.

- ✓ Additionally, Italy is an Equator Principles designated country. Designated Countries are those countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment. Thus, the Issuer and its borrowers are obligated to comply with the requirements on Grievance Mechanisms and Stakeholder Engagement.

Inclusion

- ✓ The Issuer has a Code of Ethics¹³ in place to systematically ensure borrowers are not discriminated on the basis of race, gender, age, sexual orientation, nationality, political beliefs or disabilities that would represent a breach of the principle of equal treatment in access to credit.

Data protection and information security

- ✓ The Issuer has a Group Regulation in place on information security that illustrates the Information Security Governance Processes Framework. This framework consists of 8 macro-processes relevant to the topic.¹⁴ The System Security Governance macro-process defines four key processes to identify the security requirements and to ensure compliance within the Issuer's systems, so that information contained therein is protected. These four processes are: Identity and Access Management, Security Architecture, System Configuration

¹³ Cassa Centrale Banca (2021), Code of Ethics. Available at: <https://www.cassacentrale.it/en/governance/code-ethics>

¹⁴ The 8 macro-processes are: Security Management, Information Risk Assessment, Security Assurance, Supply Chain Management, System Security Design and Requirements, System Security Governance, People Management, Information Management.

and Business Application Protection. The Issuer has implemented an additional regulation called Standard of Data Governance, defining the guidelines on data management. In compliance with outsourcing requirements, the Issuer, within its supply chain risk management, runs a comprehensive due diligence process including periodic monitoring activities and assessments. Furthermore, the Issuer is compliant with the GDPR regulation.

Responsible treatment of customers with debt repayment problems

The Issuer has procedures in place to ensure that assets financed under this framework provide responsible treatment toward customers with debt problems. Italy has the Arbitrator for Financial Disputes (ACF), established by Consob with resolution no. 19602 of 4 May 2016. This is a tool for resolving disputes between "retail" investors and intermediaries for the violation of the obligations of diligence, correctness, information and transparency that intermediaries must respect when providing investment services or the collective management service of the savings.¹⁵ Cassa Centrale Banca confirms that it proactively informs its clients with debt repayment problems about the ACF and how to contact it. The Issuer aims to prevent credit deterioration from the first signs of an anomaly, in order to be able to intervene promptly. When an anomaly related to an exposure classified as "Bonis Ordinario" comes up, the Management Structure or the Monitoring Structure takes action. An anomaly related to Bonis Ordinario can include the following: emerging from the periodic review of "revocable" exposures, the extensions of "fixed maturity" overdrafts, the analysis of the Customer's overall position within the framework of the investigation of the request for new credit facilities or the increase of existing ones, the activation of Early Warning System indicators or the reporting by the Credit Quality Monitoring Structure. Once an anomaly is identified, the Management Structure or the Monitoring Structure will either:



- Initiate a monitoring program,
- Identify the causes of the anomaly,
- Determine a plan of action to facilitate the restoration of the conditions for full sustainability of the financial debt by the client, if necessary, also resorting to transitional renegotiations of the repayment terms that make the commitments already undertaken sustainable in the short and medium to long term.

The Issuer takes into account the borrower's personal circumstances, interests, rights and ability to repay in order to outline the solution most responsive to the specific distress situation the borrower is facing. Moreover, Cassa Centrale Banca states in its Credit Policy that it maintains principles aimed at avoiding

¹⁵ ACF Consob: <https://www.acf.consob.it/chi-siamo/arbitro>

cases of over-indebtedness, assuring a sustainable link between degree of indebtedness and available income, as well as operational rules for the verification of the respect of the connection between the available income (at the individual, family, family group or debtor and guarantor levels) and the poverty threshold determined by the Italian institute of statistics (ISTAT). Furthermore, the Issuer proactively and continuously assesses customers' capabilities of debt servicing and offers periodic workshops to their employees covering different areas such as credit policies, forbearance evaluation, and forward-looking analyses.

Sales practices



The Issuer has set out a framework outlining the system of rewards for staff involved in product placement as part of their remuneration policies. The Issuer includes ethical considerations in the calculation of bonus payments related to customer loyalty and satisfaction levels and engages in responsible sales practices, refraining from incentivizing the joint sale of optional contracts. In addition, the Issuer has specific training programs¹⁶ in place for credit managers as well as internal control procedures for monitoring the conduct assumed by credit managers when placing products and the appropriate level of training that is required of them. These training programs cover topics on customer relations product transparency, information on product costs and risks, no aggressive sale especially regarding vulnerable customers, and products matching the risk appetite and situation of the customer. The internal control procedures are conducted by the Compliance and Internal Audit Structures of the Issuer, with the Compliance Department and the Internal Audit Department having clear distinct responsibilities.

Responsible marketing



The Issuer is committed to being transparent in its marketing activities. The Issuer has put internal regulations in place to ensure transparency, adopting standard contractual forms and templates, committing to the non-use of small print. Moreover, the Issuer's general principles on transparency include the disclosure of the risk associated to each product and the associated pricing. The Issuer has internal regulations on the granting of credit in place that requires it to inform borrowers on the reasons underlying any refusal of loan requests.

Exclusion criteria

¹⁶ Programs offered by the Issuer include, but are not limited to, a) Banking Usury, b) The New Regulation on the Transparency of the Banking and Financial Services and Operations, c) Financial Planning, and d) GDPR in the Banking Context.

The Issuer's policies exclude upstream companies that operate in the (i) tobacco, (ii) pornography, (iii) gambling, or (iv) arms industry, and those companies that operate in countries where serious violation of human rights are carried out.¹⁷

¹⁷ NEAM Asset Management (2024), Sustainability Related Disclosures. Available at: neam.lu/lu/sustainability-related-disclosures/

PART III: CONSISTENCY OF GREEN, SOCIAL AND SUSTAINABILITY BONDS WITH CASSA CENTRALE BANCA'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
Strategic ESG topics	<p>The Issuer has developed a 2023-2026 Sustainability Plan outlining the Issuer's objectives and main activities for the upcoming years. As outlined in the 2023-2026 Sustainability plan, the Issuer will focus on five key areas: (i) Environment, (ii) Community and Shareholders, (iii) ESG Governance, (iv) People, and (v) Customers.</p>
ESG goals/targets	<p>To achieve its strategic ESG topics, the Issuer has set qualitative goals/targets as part of their 2023-2026 Sustainability Plan, breaking them down into the five key areas of focus towards 2026.</p> <p>For the Environment target, the Issuer aims to promote the efficient and responsible consumption of resources and reduce the carbon footprint.</p> <p>For the Community and Shareholder target, the Issuer aims to foster financial inclusion and support local growth.</p> <p>For the ESG Governance target, the Issuer aims to strengthen ESG oversight by aligning it with best practices and ensure transparent reporting.</p> <p>For the People target, the Issuer aims to enhance skills, develop and open and inclusive environment, and improve wellbeing.</p> <p>For the Customers target, the Issuer aims to integrate the offer with ESG solutions and foster the digital transformation.</p>
Action plan	<p>To achieve their ESG targets, the Issuer has set an action plan for each of the five key areas of focus.</p>

	<p>Within the Environment target, the Issuer plans to focus on Energy Efficiency, setting decarbonization targets and obtaining environmental certification systems.</p> <p>Within the Community and Shareholder scope, the Issuer plans on promoting awareness-raising initiatives in favor of financial inclusion, updating the supplier evaluation, selection and monitoring process with ESG criteria, and enhancing good practices implemented by Affiliated Banks.</p> <p>Within the ESG Governance scope, the Issuer plans the compliance of non-financial reporting with regulatory requirements and expectations of the Supervisory Authority, defining performance management systems with progressive integration of ESG objectives, and the ongoing assessment of compliance with international standards and initiatives.</p> <p>Within the People scope, the Issuer plans on updating their specialized training programs, adopting Diversity and Inclusion initiatives, and identifying new welfare instruments.</p> <p>Within the Customers scope, the Issuer plans on developing an ESG credit product portfolio, expanding the ESG investment product portfolio, and improving customer experience through new digital solutions.</p>
<p>Climate Transition Strategy</p>	<p>The Issuer has developed a 2023-2026 Sustainability Plan outlining the Issuer’s objectives and main activities for the upcoming years. As outlined in the 2023-2026 Sustainability plan, the Issuer will focus on five key areas: (i) Environment, (ii) Community and Shareholders, (iii) ESG Governance, (iv) People, and (v) Customers.</p>
<p>Top three areas of breaches of international norms and ESG controversies in the industry¹⁸</p>	<p>Sexual harassment in the workplace, financial market irregularities and embezzlement.</p>

¹⁸ Based on a review of controversies identified by ISS ESG over a 2-year period, the top three issues that have been reported against companies within the Public and Regional Banks industry are displayed above. Please note that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

<p>Breaches of international norms and ESG controversies by the Issuer</p>	<p>At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.</p>
<p>Sustainability Reporting</p>	<p>The Issuer reports on its ESG performance and initiatives annually. The report is prepared in line with the UN Global Compact recommendations.</p>
<p>Industry associations, Collective commitments</p>	<p>The Issuer is a member of the UN Global Compact since 2022. Additionally, the Issuer is also a signatory to the following collective commitments:</p> <ul style="list-style-type: none"> ▪ Italian Federation of Cooperative Credit Banks - Casse Rurali e Artigiane (Federcasse) ▪ Italian Banking Association (ABI) ▪ Sustainable Finance Forum ▪ European Research Institute on Cooperatives and Social Enterprises (EURICSE) ▪ European Federation of Ethical and Alternative Banks and Financiers (F.E.B.E.A.) ▪ Italian Financial Innovation Association (AIFIn)
<p>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework</p>	<p>-</p>

Rationale for issuance

The Issuer aims to acknowledge the role that financial markets play in tackling climate change and ensuring a more inclusive and just society. The Issuer aims to leverage its ability and influence to promote decarbonization efforts and clean energy solutions along with well-being, adequate living standards, health, safety and sustainable communities.

The Issuer’s Green, Social and Sustainability Bond Framework represents a sustainable financing tool that ensures transparency on the use of proceeds, promotes the integrity of the sustainable bond market and facilitates the funding of assets with positive environmental or social benefits that directly contribute to the UN SDGs, the goals of the Paris Climate Agreement, the EU’s ‘Fit for 55’ package and the European Green Deal, more generally.

The Issuer aims to actively monitor the Green, Social and Sustainability (GSS) debt market and commits to periodically reviewing their Framework to ensure alignment with best market practices and other voluntary standards.

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Green, Social and Sustainability Bond Framework

ISS-CORPORATE 

Opinion: *The key sustainability objectives and the rationale for issuing Green, Social and Sustainability Bonds are clearly described by the Issuer. All the project categories financed are in line with the sustainability objectives of the Issuer.*

DISCLAIMER

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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ISS-Corporate proprietary methodology. For more information, please visit: <https://www.iss-corporate.com/file/publications/methodology/iss-corporate-green-social-and-sustainability-bond-loan-spo-methodology-summary.pdf>

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Cassa Centrale Banca commissioned ISS-Corporate to compile a Green, Social and Sustainability Bonds SPO. The Second Party Opinion process includes verifying whether the Green, Social and Sustainability Bond Framework aligns with the GBP, SBP and SBG and to assess the sustainability credentials of its Green, Social and Sustainability Bonds, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion:

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1).
- Social Bond Principles (SBP), as administered by the International Capital Association (ICMA) (as of June 2023).
- Sustainability Bond Guidelines (SBG), as administered by the International Capital Market Association (ICMA) (as of June 2021).

ISSUER'S RESPONSIBILITY

Cassa Centrale Banca's responsibility was to provide information and documentation on:

- Framework
- Selection criteria
- Documentation of ESG risks management at the framework level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is a part of, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Green, Social and Sustainability Bonds to be issued by Cassa Centrale Banca has been conducted based on a proprietary methodology and in line with the ICMA GBP, SBP and SBG.

The engagement with Cassa Centrale Banca took place from May to August 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

For more information on SPO services, please contact: SPOsales@iss-corporate.com

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