



# Green, social & sustainability funding framework

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February 2022

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# Green, Social and Sustainability Funding Framework

February 2022

CiviBank (the Bank) is responsible for the preparation and fair presentation of this Green, Social and Sustainability Funding Framework as at February 2022.

## Introduction

CiviBank operates as a retail commercial bank in Friuli Venezia Giulia in the North-Eastern part of Italy. The Bank traditionally operates with strong local roots, in close contact with local communities and supporting the economic activity of small and medium-sized enterprises. As of 31<sup>st</sup> of December 2021, CiviBank had 64 branches operating in Friuli Venezia Giulia and in the Eastern provinces of Veneto. Besides the consolidation of its presence in the areas of Friuli-Venezia Giulia, Eastern Veneto and Trieste, CiviBank's strategic plan for the years 2021-2023 has foreseen a further expansion of the Bank's activity in Veneto, as well as in the area of Trentino Alto Adige and in Emilia Romagna region.

In line with its wide and enduring commitment supported by concrete actions to ensure a better environmental, social and ethical future for the community, CiviBank ("the Issuer") developed this Green, Social and Sustainability Funding Framework (the "Framework"). Under this document, the Bank can issue Green, Social and Sustainability Debt Instruments in various formats, tenors and currencies, including senior preferred, senior non-preferred, subordinated bonds and commercial papers, as well as secured bonds (such as ABS, Covered Bonds) (collectively referred as "Green, Social and Sustainability Debt Instruments") through public or private placements, to fund new and existing loans/projects and businesses with environmental and/or social benefits.

The Framework is aligned with the ICMA Green Bond Principles 2021<sup>1</sup> ("GBP"), the ICMA Social Bond Principles 2021<sup>2</sup> ("SBP") and the Sustainability Bond Guidelines 2021<sup>3</sup> ("SBG"), with the intention of seeking alignment with market best-practices and in force European Taxonomy Regulation, when relevant and feasible.<sup>4</sup>

## CiviBank's Approach to Sustainability

Sustainability has always been an intrinsic value in CiviBank's business strategy and activities. Aware of its social role for the community, CiviBank has undertaken a journey aimed at creating shared value and positive impact for the territory and its stakeholders.

In this context, in May 2021 CiviBank transformed its legal status into a "Benefit Company" including "common benefit" goals with a positive impact on society and the environment in its corporate mission. A Benefit Company is a company that *"in carrying out their economic activities shall pursue, in addition to the aim of distributing profits, one or more aims of common benefit, and operate in a responsible, sustainable and transparent manner vis-à-vis individuals, communities, territories and the environment, cultural and*

<sup>1</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

<sup>2</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

<sup>3</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

<sup>4</sup> Technical Screening Criteria of Taxonomy Regulation delegated act-2021-2800 (Taxonomy Regulation and the EU Taxonomy [Climate Delegated act](#), formally adopted on 4 June 2021)



*social heritage, entities and associations as well as other stakeholders".* Indeed, by transforming itself in a Benefit Company, CiviBank aspires to support the ecosystem and the community economically, culturally and environmentally, making ethical business choices and reinvesting profits in its own territory, looking not only at the "small" circle of customers and suppliers, but at all the stakeholders, such as customers, employees, businesses, suppliers, community and environment.

Furthermore, CiviBank is close to obtaining the "B Corp Certification": certified B Corporations aim at developing an advanced business paradigm that balances purpose and profit. They spontaneously and formally choose to produce social and environmental benefits while achieving economic results.

CiviBank's attention to the quality of relationships with its internal and external stakeholders, oriented to the understanding of their needs and expectations, constitutes an opportunity for mutual growth and enrichment, and is an essential requirement for long-term value creation.

In order to continue creating long-term value and actively contribute to a more sustainable future, CiviBank intends to integrate environmental, social and good governance ("ESG") factors in its business strategy by setting actions and goals aimed at generating positive impact for the territory.

In the process of incorporating ESG factors into decision-making processes, in October 2021 CiviBank assigned to a specific internal committee the tasks of overseeing the activities relating to sustainability and coordinating corporate initiatives linked to the management of ESG risks; in this regard, in 2019, CiviBank completed the systematic mapping of the ESG risks which have been included among those subject to supervision by the Internal Board Risk Committee ("Comitato Rischio") which is also in charge of supporting the Board of Directors in defining and guiding sustainability policies.

The Non-Financial Statement represents for CiviBank a way to maximize transparency in communication with stakeholders and report on initiatives related to sustainability as well as on connected ESG risks, in order to better understand performances, results and impacts of the activities carried out by the Bank.

With the 2019 Non-Financial Statement ("Dichiarazione Non Finanziaria" or "DNF"), CiviBank has committed also to implementing the United Nations ("UN") 2030 Agenda for sustainable development and the related Sustainable Development Goals ("SDGs") in its reporting. Within the DNF, CiviBank combined, where feasible, its own material topics with one or more SDGs, with the commitment to analyze the correlation and the contribution of its initiatives to the achievement of the SDGs' targets, according to the 2030 Agenda's five pillars of sustainable development, as well as carry out a periodic monitoring on the impacts of its actions and contribution to generating shared value for the community in which it operates.

## **ESG Factors in CiviBank and Sustainable Initiatives**

### **E - Environment**

CiviBank, aware of its fundamental role in the socio-economic and environmental context, identifies environmental choices in line with its business objectives and promotes a company policy with a focus on environmental challenges. The Bank has adopted an environmental policy that encourages the introduction and compliance with the principles represented, also involving the commercial partners and suppliers with whom the Bank interfaces. In this context, CiviBank is committed to spreading virtuous practices for respecting the environment and analyzing and promoting financial solutions aimed at supporting sustainable development projects and activities.





As part of the European initiative “Energy Efficient Mortgages” (“EEM”), which since its inception in 2015 has been the catalyst for the growth of a new, integrated, multi-stakeholder energy efficient mortgage ecosystem, in 2021 CiviBank has adhered (first among Italian credit institutions) to the “Energy Efficient Mortgage Label” (“EEML”). The EEML is a clear and transparent quality label for consumers, lenders and investors, aimed at identifying energy efficient mortgages in lending institutions’ portfolios, which are intended to finance the purchase/construction and/or renovation of both residential (single family & multi-family) and commercial buildings, with a focus on building energy performance. The EEML constitutes both a market catalyst for consumers’ demand, by channeling private capital into energy-efficient buildings and a driver for the energy profile’s upgrade of lending institutions’ portfolios, as well as representing a global benchmark for EEM from the perspective of lending institutions and institutional investors. In addition, it responds to the objectives of the European neutrality, which aim to provide a concrete response to the urgent need to reduce greenhouse gas emissions, according to the European Green Deal, the Renovation Wave strategy and NextGenerationEU vision. Finally, the EEML aims to maximize the portfolio alignment with the various regulations in force such as the EU Taxonomy, Mortgage Credit Directive (MCD), Capital Requirements Regulation (CRR) or equivalents at international level.

Regarding sustainable initiatives implemented, CiviBank cooperates also with the participated CiviESCO, an ESCo (Energy Service Company) founded in 2016 with the aim to intervene in the field of energy efficiency. One of the company's main objectives is to demonstrate that it is possible to make a contribution both to environmental protection and territorial development, by activating all the projects that could not be carried out due to a lack of financing, even though they were well planned and there was a great interest in their realization. In this regard CiviESCO, UNI 11352 certified to carry out its activities with public bodies, works alongside freelance professionals, ESCo professionals, ESCo, installers and building companies in a logic of partnership to support the territory, with the aim of measuring the economic and social effects that the green economy can have in terms of “impact investing”. Moreover, CiviESCO facilitates energy efficiency processes in the public and private sector by overcoming the classic limits of remuneration and financeability of traditional ESCos. In order to pursue its mission, the company is committed to involving local business, as well as research and development institutions, also through the establishment of business networks, which allow the creation of a virtuous economy based on knowledge and innovation, more efficient, greener and more enterprising with an increasing employment.

## **S - Social**

CiviBank is mainly active in retail banking and in offering financial services to families, Small Medium Enterprises (SMEs), non-profit organizations and local institutions in the territories in which it operates. CiviBank’s cultural traits are based on its historical role as credit company, created to support the development of the economy and the territory: this purpose can be pursued thanks to a deep knowledge of the economic and social environment in which it operates. In CiviBank, all the executives are hired from the local community and the personnel is based in the provinces where CiviBank operates. Furthermore, CiviBank’s suppliers are chosen with a preference for entities operating in the territory in which CiviBank is active and for companies adopting sustainable management systems and methods, with a clear and transparent production chain, and with the further aim of reducing CO2 emissions and the consequent CiviBank’s environmental impact.

CiviBank, aware of its fundamental role in the development of the socio-economic and environmental context, identifies its own strategic choices and areas of intervention towards the community, in line with its business objectives based on the principle of creating shared value for itself and its stakeholders. A



distinctive element of CiviBank's nature as a local bank is to know how to combine business logic with socially responsible actions. Only a balanced economic and social development can foster the sustainable growth of an organization. This principle is also expressed in CiviBank's Code of Ethics, with its commitment to promote, through donations and sponsorships, solidarity, cultural and sport initiatives aimed at supporting and developing the community.

Civibank, aware of the importance of encouraging financial education initiatives, has adhered to the Foundation for Financial Education and Savings, a body set up on the initiative of the Italian Banking Association aimed to promoting financial education for students and teaching staff. Faced with the difficulties that the Covid-19 pandemic has caused, CiviBank has supported projects in favor of people with disabilities and finances projects and initiatives with a social welfare nature. Moreover, CiviBank has maintained an active presence in the sports and leisure sector, especially through the support to sports clubs, which constitute an important form of social aggregation.

### **Civibank's commitment to social inclusion**

CiviBank's actions taken in the context of social inclusion are aimed at reducing personal and family hardship, poverty and marginalization. In particular, the Bank's has initiated an ethical-social micro-credit project to ensure valid tools aimed at ensuring job placement to disadvantaged people as well as support for families in need. Moreover, the Bank signed two agreements respectively with the Diocesan Caritas of Udine and the Fondazione Friuli. In particular, the loans, for a total ceiling of euro 150 thousand, will cover the expenses for the attendance of either professional qualification or retraining courses, for the achievement of driving licenses or other interventions aimed at the socio-occupational work placement of disadvantaged people or families in need.

Civibank is committed to support the activities of local schools and public universities, paying great attention to the education of children and young people; in this regard, the Bank has made available a range of products such as "Civiprestito" and "Civiprestito Scuola" interest-free and commission-free financing products respectively, designed to facilitate student families in dealing with the purchase of school equipment (books, computers, and musical instruments). Another initiative aimed at supporting studies is the "Honor Loan" for university students, which provides for a disbursement, free of interest, of up to euro 2,000 per year.

Concerning insurance products, the Bank's offer on pure risk products includes three areas: personal protection, asset protection and debt protection. Personal protection products provide protection in the event of accidents and serious or disabling illnesses, with various options for compensation, ranging from coverage of medical expenses to the payment of a capital or an annuity in the event of serious events that affect health and the working capacity. Asset protection insurance products concern civil liability and home protection, the latter often constitutes the main consistency of family assets and must therefore be adequately protected, with guarantees aimed both at possible direct damage (e.g. fire or other events) and indirect (e.g. theft or damage to the content). Finally, debt protection aims to keep the debtor and his family members harmless from events that may affect the ability to meet the payment commitment; that kind of insurance products range from temporary safeguards, such as the payment of installments in the event of job loss or temporary incapacity to work, up to guarantees that pay off the debt in serious cases such as permanent disability or the death of the debtor.

### **Civibank's commitment to support to the community in coping with Covid-19 emergency**



CiviBank has always supported SMEs in their business and increasingly also towards international markets that allow the inflow of additional financial resources to the productive sectors of the area in which the Bank operates. 2020 was an exceptional and unpredictable year, with radically changed needs for families and businesses. However, CiviBank confirmed its support to its clients, with + 8.4% of loans disbursed compared to 2019, for a total amount of euro 661 million.

CiviBank offers all banking services to support foreign activities for small and medium-sized enterprises, guaranteeing the tools to protect against commercial and / or currency risks. The Bank also boasts a network of strategic partnerships and corresponding institutions capable of supporting commercial operations in all countries of the world. In particular, companies in the Northeast have found valid support in CiviBank to tackle the pandemic: + 19.3% of new loans to SMEs, for a total amount of euro 485 million (of which 170 million are loans linked to the Covid-19 emergency benefiting from the public guarantee of the SME Guarantee Fund). CiviBank has adhered to all the initiatives adopted by the Friuli Venezia Giulia and Veneto Regions to help citizens and businesses cope with the emergency (suspensions, moratoria, support for the action of Confidi, interest-free funds), constantly collaborating with the Institutions to financial support measures for customers.

Moreover CiviBank, according to its mission as a local bank, gave timely advice to the companies that were preparing to complete the requests to obtain support from the Regions and subsequently provided with assistance in the verification and inspection activities. CiviBank contributed to the development and growth of local businesses also through the collaboration with the Confidi system and the agreement with the European Investment Bank, which allowed to get new resources of funding at competitive interest rates and to boost subsidized credit in Friuli Venezia Giulia and Veneto regions, mainly through the “Rotation Funds”. In Friuli Venezia Giulia the long-lasting experience in the management of the Rotation Fund for Economic Initiatives (“Fondo di Rotazione per le Iniziative Economiche” or “FRIE”) and the Fund for the Development of SMEs and Services, has allowed CiviBank to reach a leading position, with applications for a total of euro 99 million of new subsidized credit operations.

## **G - Governance**

CiviBank’s Code of Ethics identifies the moral values and fundamental principles that should inspire the Chairman, the Board of Directors, the Board of Statutory Auditors, the Top Management and all CiviBank’s staff in carrying out their professional activity. Integrity, ethics, transparency, fairness, impartiality, legality and responsibility are some of the general principles established in the Code of Ethics, on which CiviBank bases the conduct of company activities.

In CiviBank, the whole process of human resources management, starting from selection, up to the entire evolution of the employment relationship, is based on compliance with the principles of non-discrimination and the implementation of policies and strategies of equal opportunity. In order to mitigate the risks of discrimination and the respect for human rights, CiviBank has adopted a Diversity and Human Rights policy. CiviBank believes that the enhancement of the professional skills and experiences of employees is a pivotal key, especially in a constantly changing market context. For this reason, CiviBank pays great attention to continuous training and professional updating. The initiatives aimed at improving the quality of life of employees are above the average of the banking system and go far beyond the responsibilities set out in employment contracts.



## **Green, Social and Sustainability Funding Framework Overview**

CiviBank's Green, Social and Sustainability Funding Framework has been structured in accordance with the 2021 edition of the Green Bond Principles ("GBP"), the 2021 Social Bond Principles ("SBP") and the 2021 Sustainability Bond Guidelines ("SBG") published by ICMA and consists of the key four recommended core components:

1. **Use of Proceeds**
2. **Project Evaluation and Selection**
3. **Management of proceeds**
4. **Reporting**

CiviBank's Framework also adopts the recommendations outlined under the ICMA Sustainability Guidelines regarding External Review<sup>5</sup>.

CiviBank will commit to update the Framework accordingly to the most recent market best-practices in the Green, Social and Sustainability Bond Market as well as the reference regulations. Any subsequent versions of this Framework will either keep or improve the stringency of the eligibility criteria and the level of transparency regarding the process adopted to evaluate and select Green, Social, Sustainability Loans/Projects ("Eligible Assets") and reporting requirements.

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<sup>5</sup> <https://www.icmagroup.org/sustainable-finance/external-reviews/>





## 1. Use of Proceeds

An amount equal to the net proceeds raised from of any CiviBank's Debt Instruments issued under this Framework will be exclusively allocated to finance and or re-finance, in whole or in part, new and/or existing loans/projects ("**Eligible Green Assets**" and/or "**Eligible Social Assets**", together "**Eligible Assets**") as defined within the following list of Eligible Categories, aligned to the ICMA Green Bond Principles or Social Bonds Principles or the Sustainability Bond Guidelines, as the case may be.

The Green Eligible Categories are:

- Renewable energy
- Pollution and Prevention Control / Eco-Efficient and/or Circular Economy Adapted Product
- Green Buildings
- Clean transportation
- Energy Efficiency
- Environmentally sustainable management of living natural resources

The Social Eligible Categories are:

- SME financing
- Third and Public Sector
- Social Housing
- Healthcare

The combination of all the Eligible Assets earmarked by CiviBank and booked on the issuer own balance-sheet will compose the Eligible Asset Portfolio ("**Portfolio**").

CiviBank will strive to maintain, over time and on a best effort basis, an aggregate amount of the Portfolio that matches or exceeds the balance of net proceeds of all outstanding Green, Social and Sustainability Debt Instruments issued under the Framework.

Existing Eligible Assets to be selected from the Issuer's Portfolio will be initiated up to 2 calendar years prior to the year of execution of any Green, Social, Sustainability Debt Instruments issued under this Framework. CiviBank may, at any time, update the Framework to expand the list of Eligible Categories and include new Eligible Categories in alignment with the Issuer lending and financing strategies.


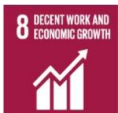


Each CiviBank Green, Social, Sustainability Debt Instrument under the Framework may focus on one or more or even all the above-mentioned Eligible Categories.

The Eligible Assets will primarily aim at contributing to the following UN SDGs:



## 1.1. Green Eligible Categories

Green Eligible Categories are defined as follows:






Green Eligible Categories	Eligibility Criteria	Benefits & Target Populations	ICMA GBP Project Category	Impacted Sustainable Development Goals
1. Renewable energy	<ul style="list-style-type: none"> <li>New and/or Existing Loans to finance and/or refinance the construction, acquisition, development, and maintenance of facilities generating and/or distributing energy from renewable sources such as: <ul style="list-style-type: none"> <li>Photovoltaic;</li> <li>Biomethane<sup>6</sup> (methane produced by the fermentation of organic matter);</li> <li>Cogeneration of heat and power from bioenergy (e.g. biomass heat generators)<sup>7</sup></li> <li>Hydro power (acquisition, construction, upgrade and refurbishment of hydro power plants with a power density above 5W/m<sup>2</sup> or operating at life cycle emissions lower than 100gCO<sub>2</sub>e/kWh)<sup>8</sup>.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Provide benefits for the environment through reduction of greenhouse gas (GHG) emissions and consequent global warming</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change Mitigation</li> <li>Renewable Energy</li> </ul>	   

<sup>6</sup> Technical Screening Criteria of Taxonomy Regulation delegated act-2021-2800-annex-1 (Taxonomy Regulation and the EU Taxonomy Climate Delegated act, formally adopted on 4 June) described in section 4.13 “Manufacture of biogas and biofuels for use in transport and of bioliquids” (1. Agricultural biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. 2. The greenhouse gas emission savings from the manufacture of biofuels and biogas for use in transport and from the manufacture of bioliquids are at least 65 % in relation to the GHG saving methodology and the relative fossil fuel comparator set out in Annex V to Directive. 3. Where the manufacture of biogas relies on anaerobic digestion of organic material, the production of the digestate meets the criteria in Sections 5.6 and criteria 1 and 2 of Section 5.7 of this Annex, as applicable)

<sup>7</sup> Technical Screening Criteria of Taxonomy Regulation described in section 4.20 “Cogeneration of heat/cool and power from bioenergy” (1. Agricultural biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. 2. GHG emission savings from the use of biomass are at least 80% in relation to the GHG saving methodology and the relative fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001)

<sup>8</sup> Technical Screening Criteria described in sections 4.5 of Taxonomy Regulation delegated act-2021-2800-annex-1





	Only hydropower plants with a scale of power production below <100MW are eligible.			
2. Pollution and Prevention Control / Eco-Efficient and/or Circular Economy Adapted Product	<ul style="list-style-type: none"> <li>• New and/or Existing Loans to finance and/or refinance the construction and maintenance of waste treatment systems, such as waste recycling, waste-to-energy facilities<sup>9</sup>, reuse maximization, environmental remediation.<sup>10</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Contribute to reduction of environment pollution</li> <li>• Contribute to the good health of the communities and population</li> </ul>	<ul style="list-style-type: none"> <li>• Pollution Prevention and Control</li> <li>• Environmentally sustainable management of living natural resources and land use</li> <li>• Eco-efficient and/or circular economy adapted products, production technologies and processes</li> </ul>	  
3. Green Buildings	<p>New and/or Existing Loans to finance and/or refinance:</p> <p><u>Construction of new buildings (residential and commercial):</u></p> <ul style="list-style-type: none"> <li>• The primary energy demand (PED) at least 10% lower than the nearly zero-energy</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute to the development of sustainable cities and efficient buildings, reducing greenhouse gas (GHG) emissions and electricity consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Green Buildings</li> <li>• Climate Change Adaptation</li> <li>• Climate Change mitigation</li> <li>• Renewable Energy</li> </ul>	 


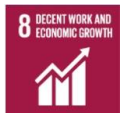



<sup>9</sup> Biofuels generation from waste. First and Second Generation. Technical Screening Criteria described in sections 5.7 of Taxonomy Regulation delegated act-2021-2800-annex-1.

<sup>10</sup> "reuse maximization" refers to projects/loans granted aimed at financing, for example, waste collection services for municipalities; while "environmental remediation" refers to projects aimed at investing soil remediation and water purification



	<p>building (NZEB) threshold</p> <p><u>Acquisition of new buildings (residential and commercial):</u></p> <ul style="list-style-type: none"> <li>• For buildings built before 31 December 2020, the building has at least Energy Performance Certificate (EPC) class A, or, as an alternative, the building is within the top 15% of the most carbon efficient buildings (kg CO<sub>2</sub>e/sqm). Buildings (residential and commercial) that have received third-party sustainable certifications or verification such as LEED Gold or Platinum, BREEAM very good, HQE – very good/excellent, CASBEE – A(very good) / S(excellent) or equivalent</li> <li>• For buildings built after 31 December 2020, the primary energy demand at least 10 % lower than the NZEB threshold</li> </ul> <p><u>Renovation of existing buildings (residential and commercial):</u></p> <ul style="list-style-type: none"> <li>• the building renovation complies with the applicable requirements for major renovations or, alternatively, leads to a reduction of primary energy demand (PED) of at least 30%</li> </ul>			
4. Clean transportation	<p>New and/or Existing Loans to finance and/or refinance:</p> <ul style="list-style-type: none"> <li>• Passenger Public Land Transport to improve public electricity-based/sustainable transportation (e.g. convert public bus fleets to alternative fuels:</li> </ul>	<ul style="list-style-type: none"> <li>• Provide benefits to the environment and support sustainable cities by contributing to reduction of greenhouse gas emissions</li> <li>• Improve air quality by</li> </ul>	<ul style="list-style-type: none"> <li>• Clean Transportation</li> <li>• Pollution Prevention and Control</li> <li>• Climate Change Mitigation</li> </ul>	 



	<p>electric, biofuel, hybrid and electric bus fleets)<sup>11</sup></p> <ul style="list-style-type: none"> <li>Commercial and passengers vehicles (e.g. electric vehicles, hybrid, truck fleets, automobiles)<sup>12</sup>, charging stations and supporting electric infrastructure<sup>13</sup> for electrification of public and private passenger transport</li> </ul>	reducing air pollution		
5. Energy Efficiency	<ul style="list-style-type: none"> <li>New and/or Existing Loans to finance and/or refinance the development and distribution of and/or upgrades to equipment or technology such as installation of <ul style="list-style-type: none"> <li>smart meters;</li> <li>smart thermostats;<sup>14</sup></li> <li>Efficient LED lighting appliances and systems.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Provide benefits to the environment and support sustainable cities by reducing energy consumption</li> </ul>	<ul style="list-style-type: none"> <li>Climate change mitigation</li> <li>Energy Efficiency</li> </ul>	  
6. Environmentally sustainable management of living natural resources	<ul style="list-style-type: none"> <li>New and/or Existing Loans to finance and/or refinance projects that promote sustainable management of natural resources in the agriculture, forestry, farming or fishing sectors such as: <ul style="list-style-type: none"> <li>Use of systems for water irrigation savings (e.g. drip irrigation systems);<sup>15</sup></li> <li>purchase and use of efficient mechanical equipment;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Provide benefits to the environment by sustainably managing consumption of living natural resources.</li> </ul>	<ul style="list-style-type: none"> <li>Climate change adaptation</li> <li>Climate change mitigation</li> <li>Environmentally Sustainable management of living natural resources and land use</li> <li>Environmentally sustainable agriculture</li> </ul>	 

<sup>11</sup> Manufacturing and purchasing of light vehicles, personal cars and commercial vehicles with zero direct tailpipe CO2 emission (electric) or specific emissions of CO2 lower than 50gCO2/km (Hybrid, eligible until Dec2025). Technical Screening Criteria described in sections 6.3 and 6.5 of Taxonomy Regulation delegated act-2021-2800-annex-1.

<sup>12</sup> Manufacturing and purchasing of light vehicles, personal cars and commercial vehicles with zero direct tailpipe CO2 emission (electric) or specific emissions of CO2 lower than 50gCO2/km (Hybrid, eligible until Dec2025).

<sup>13</sup> Technical Screening Criteria described in sections 4.9 of Taxonomy Regulation delegated act-2021-2800-annex-1.

<sup>14</sup> Technical Screening Criteria described in sections 3.5 of Taxonomy Regulation delegated act-2021-2800-annex-1.

<sup>15</sup> Technical Screening Criteria described in sections 5.1 and 5.2 of Taxonomy Regulation delegated act-2021-2800-annex-1.





	<ul style="list-style-type: none"><li>- reuse of agricultural waste<sup>16</sup></li><li>- sustainable use of forests, contributing to enhancing biodiversity, halting or preventing the degradation of soils and other ecosystems, and deforestation<sup>17</sup></li><li>- sustainable fishing.<sup>18</sup></li></ul>			
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<sup>16</sup> Ref. note 7


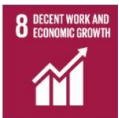


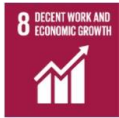
<sup>17</sup> Certifications such as FSC and PEFC or any equivalent certificate

<sup>18</sup> Related Certifications: MSC or any equivalent certificate



## 1.2. Social Eligible Categories

Social Eligible Categories are defined as follows:

Social Eligible Categories	Eligibility Criteria	Benefits & Target Populations	ICMA SBP Project Category	Impacted Sustainable Development Goals
1. SME financing	<ul style="list-style-type: none"> <li>New and/or Existing Loans to finance and/or refinance SMEs<sup>19</sup> that include SMEs located in disadvantaged areas<sup>20</sup> or in areas impacted by natural disasters<sup>21</sup> / health emergencies (such as COVID-19 pandemic<sup>22</sup>, etc.) and the related social and economic downturn. Loans granted to SMEs run by female entrepreneurship<sup>23</sup></li> </ul>	<ul style="list-style-type: none"> <li>SMEs and Companies affected by COVID-19 pandemic</li> <li>Female Entrepreneurship to promote Gender Equality and Inclusion</li> </ul>	<ul style="list-style-type: none"> <li>Socioeconomic advancement and empowerment</li> <li>Employment generation</li> </ul>	  
2. Third and Public Sector	<ul style="list-style-type: none"> <li>New and/or Existing Loans to finance and/or refinance companies partly State-owned (whose financial statements are included in the Government budget) and to the Third Sector (Associations, NGOs, Social enterprises, Social Cooperatives, Foundations etc.) dedicated to financing projects aiming at having a positive social impact</li> </ul>	<ul style="list-style-type: none"> <li>Provide social benefits to communities and Population. (e.g. improving social aggregation, especially to disadvantaged/ vulnerable people (i.e. low-income population, young people, elderly people, people with disabilities) at risk of social exclusion)</li> </ul>	<ul style="list-style-type: none"> <li>Access to essential services</li> <li>Socioeconomic advancement and empowerment</li> <li>Affordable basic infrastructure</li> </ul>	 

<sup>19</sup> SMEs definition according to EU: [https://ec.europa.eu/growth/smes/sme-definition\\_en](https://ec.europa.eu/growth/smes/sme-definition_en)



<sup>20</sup> Identification of disadvantaged areas based on per capita GDP vs national average

<sup>21</sup> Loans are granted for natural disasters (i.e. floods, storms, hail, landslides, earthquakes) to beneficiaries who fall within the affected areas which are always identified based on a declaration of emergency for natural calamity issued by a public authority

<sup>22</sup> When related to the Covid19 crisis, these financings fall under Government's SME guarantee scheme, as per Law Decree no. 23 of 8 April 2020 (the "Decreto Liquidità") and Law no. 27 of 24 April 2020, the "Decreto Cura Italia")

<sup>23</sup> SMEs selected on the basis of female leadership: a business in which the majority of shares are owned by women; a cooperative business in which the majority of partners are women; a sole proprietorship in which the owner is a woman; a limited partnership in which the general partner is a woman and a general partnership in which the female partner is the legal representative of the company



	<p>on the society in the following sectors:</p> <ul style="list-style-type: none"> <li>- Education;</li> <li>- Art, culture and recreational activities (including also amateur sport, touristic activities of social and cultural interest, etc.);</li> <li>- Solidarity and Social Activities<sup>24</sup>.</li> </ul>			
3. Social Housing	<ul style="list-style-type: none"> <li>• Loans to finance the construction, development and acquisition of social housing to provide decent housing to low-income population<sup>25</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Increase the accessibility to affordable housing for disadvantaged/vulnerable people</li> </ul>	<ul style="list-style-type: none"> <li>• Affordable housing</li> <li>• Affordable Basic infrastructure</li> </ul>	
4. Healthcare	<ul style="list-style-type: none"> <li>• Loans to finance the construction, development, maintenance, renovation of hospitals, healthcare facilities, medical equipment and technologies (e.g. medical diagnostic devices, software for diagnostic purposes) that strengthen the capacity to provide free or subsidized healthcare services</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute to facilitating access of the population to hospitals and healthcare facilities</li> <li>• Improvement and protection of public health</li> </ul>	<ul style="list-style-type: none"> <li>• Access to essential services</li> <li>• Socioeconomic advancement and empowerment</li> </ul>	

<sup>24</sup> Loans will be granted to Onlus (Non-Profit Organisation of Social Utility) in compliance with the requirements of Legislative Decree 460/1997 that will cease to exist following the entry into force of tax provisions according to Title X of the “Codice Terzo Settore” (CTS) Legislative Decree No 117 of 3 July 2017. The main legislative reference will be the CTS together with the registration to the “Registro Unico Nazionale del Terzo Settore” (RUNTS)”

<sup>25</sup> Selection according to income poverty line set by ISTAT: <https://www.istat.it/it/dati-analisi-e-prodotti/contenuti-interattivi/soglia-di-poverta> and/or according to criteria defined by the Region or other institutions with reference to individual social housing initiatives



### **1.3. Excluded Categories and Limitations**

CiviBank will not allocate proceeds received from the issuance of Green, Social and Sustainability Debt Instruments under the Framework to any kind of investment in the following sectors for which negative impacts on the environment or society have been demonstrated:

- Alcoholic beverages and Tobacco;
- Environmental Damage / Deforestation;
- Mining of non-ferrous metal ores;
- Nuclear Energy;
- Extraction and distribution of natural gas, crude oil and other products deriving from oil refining;
- Gambling and betting / Sex Industry;
- Explosives, weapons and ammunition;
- Chemicals;
- Fur Industry and Animal maltreatment;
- Plastic industry;
- Tires reconstruction industry;
- Intensive Agro/Hydro activity;
- Coal.

## **2. Project Evaluation and Selection**

In October 2021, CiviBank set up an internal Committee (“the Committee”), in charge of, inter alia, overseeing the activities relating to sustainability and coordinating corporate initiatives linked to the management of ESG risks. The Committee manages the principles and guidelines, defining the selection and evaluation of the Eligible Projects.

The process for projects evaluation and selection is as follows:

- the credit and/or the corporate lending department of CiviBank carries out a pre-selection of potential Eligible Assets (as detailed in the Use of Proceeds and Reporting sections of this Framework);
- the potential Eligible Projects are collected by the Treasury and Funding office which verifies the alignment of the pre-selected assets to the Eligible Project criteria;
- the Treasury and Funding offices submit the Eligible Projects to the Committee which verifies the alignment of the pre-selected assets to the Eligible Assets criteria, confirming the correctness and compliance of the whole process

The Committee, based on the information provided by Treasury and Funding and/or credit department, has also the responsibility to exclude financing in sectors with relevant negative impact on environment and society as defined in the “Excluded Categories and Limitations” section of this Framework. If any Eligible Project are subject to an ESG controversy, the Committee will decide to exclude the asset from the Portfolio.



### **3. Management of proceeds**

The proceeds from any Green, Social, Sustainability Debt Instruments issued under this Framework will be managed on a portfolio basis.

The Committee will be in charge for allocating the proceeds from the Green, Social and Sustainability Debt Instruments issued under this Framework to the identified loans/projects that meet Eligibility Criteria.

Treasury & Funding will track the amount of net proceeds from the issuance of the Green, Social and Sustainability Debt Instruments issued under this Framework, allocated to Eligible Assets.

CiviBank will establish the Register for all the Green, Social, Sustainability Debt Instruments issued under the Framework and the Eligible Assets enabling their recording and tracking, which will include a sub-register of Green Eligible Projects and a sub-register of Social Eligible Projects. The Register will include the following information:

1. Green, Social and Sustainability Debt Instruments details: ISIN, pricing date, maturity date, etc.
2. Portfolio: Eligible Category utilized; Aggregated amount of Eligible Loans outstanding per Eligible Category; Country, nature and maturity of the Eligible Loans allocated to the Portfolio; Expected social and/or environmental benefits.

The proceeds of the Green, Social and Sustainability Debt Instruments issued under the Framework will be dedicated to green or social projects directly from CiviBank.

Until full allocation, any balance of issuance proceeds not allocated to fund Eligible Assets in the Register will be held in accordance with CiviBank normal liquidity management, including treasury liquidity portfolio, cash, time deposits with Banks or other form of available short term and medium / long term funding sources with a preference for Green or Social bonds, that do not include Excluded Categories as reported in this Framework.

In case of divestment or if a loan/project no longer meets the eligibility criteria listed above, CiviBank intends to reallocate the funds to other Eligible Assets during the term of the relevant Green, Social and Sustainability Debt Instrument.

Any payment of principal and interest on any Green, Social, or Sustainability Debt Instruments will be made from CiviBank general corporate account and will not be linked to the performance of any Eligible Asset.

CiviBank will monitor the investments of the proceeds allocated to Eligible Assets through the review of the external auditor.

### **4. Reporting**

In accordance with the recommendation of ICMA Green Bond Principles 2021, Social Bond Principles 2021 and Sustainability Guidelines 2021, CiviBank will report annually on the allocation of the proceeds of the Green, Social and Sustainability Debt Instruments issued under this Framework and the relative impact of the projects at category level, in accordance with the portfolio approach.





#### 4.1. Allocation reporting

CiviBank will report approximately one year from the date of issuance and annually thereafter, until full allocation, on the use of proceeds via a Green, Social and Sustainability Debt Report (the “Report”) which will be published on the company website. (see Annex 1)

The Report will be verified by an external auditor.

The allocation report will include:

- The total amount of Green, Social, Sustainability Debt Instruments outstanding
- The total amount of the Portfolio broken down per Eligible Category
- Aggregate amounts of net proceeds allocated to each Eligible Category of the Portfolio
- The balance of unallocated proceeds at the time of reporting
- The amount or the percentage of new financing and refinancing.

#### 4.2. Impact reporting

CiviBank also intends to report annually on the environmental and social benefits (see Annex 2) resulting from the Portfolio disbursed from the Green, Social and Sustainability Debt Instruments issued, until full allocation.

The impact report may indicatively provide:

- a description of the Eligible Assets;
- the breakdown of Green and Social Assets by nature of what is being financed (financial assets);
- Environmental and Social Metrics, such as the ones described below:
  - Output:** annual estimates and/or assessment of major outputs disclosed per Eligible Category of the Portfolio level;
  - Impacts:** annual estimates of ex-ante and/or ex-post impacts (where feasible) based on specific indicators developed by CiviBank, disclosed per Eligible Category at the Portfolio level.

On a best effort basis, CiviBank will align the impact reporting with the portfolio approach described in the “ICMA Harmonized Framework for Impact Reporting” dated December 2020. When reporting on the identified outcomes, CiviBank may select alternative quantitative or qualitative Key Performance Indicators, to remain relevant to the selected Eligible Assets, in line with the methodology of calculation adopted by the Issuer.

For all Eligible Assets, CiviBank may integrate additional qualitative or quantitative indicators as considered appropriate to disclose relevant performances or details on loans management in line with the methodology of calculation adopted.

### 5. Verification – External Review

#### 5.1. Second-Party Opinion

CiviBank will mandate a leading second party opinion Provider to perform an evaluation of the Framework’s validity and its general alignment with ICMA’s Green Bond Principles, Social Bond Principles and the Sustainability Bond Guidelines.



The Second Party Opinion on this Green, Social and Sustainability Funding Framework will be published as and when CiviBank's Framework is updated. For the avoidance of doubt, Green and/or Social Asset Categories not reviewed by an independent second party opinion provider, either in whole or in part, would require an updated version of the Second Party Opinion on the Green, Social and Sustainability Funding Framework before their insertion in CiviBank's single common pool of Eligible Green and Social Assets.

CiviBank will, if and when appropriate, review and update the Framework to incorporate new eligible categories or amend current categories.

The Second Party Opinion will be available on CiviBank's website.

## **5.2. Post issuance external verification of the reporting**

Starting one year after issuance, a verification or assurance of the reporting may be released on an annual basis by a third party ESG agency or financial auditor, including bond proceeds allocation, the compliance of the allocated loans with the selection process, the environmental and social benefits obtained.

**Annex 1: Reporting on funds allocation per Eligible Categories**

Criteria	Indicative Reporting Indicators at Category Level
Use of Proceeds	<ul style="list-style-type: none"><li>• Number of loans</li><li>• Amounts invested (in EUR)</li><li>• Loan Maturity</li><li>• Direct or Indirect funding</li><li>• Total Allocated amount vs total amount proceeds (in %)</li><li>• Balance of unallocated proceeds (in EUR and %)</li><li>• Description of the unallocated proceeds management</li><li>• Overall refunding amount vs new funding (in % of allocated amount and in % of total amount)</li><li>• Geographical distribution of the assets (at country level)</li></ul>



## Annex 2: Reporting on Environmental and Social Benefits per Eligible Category: Output and Impacts

### Annex 2.1: GREEN

Green Eligible categories	Green benefits	Output reporting indicator	Indicative Impact reporting indicators	Methodologies and assumptions
1. Renewable energy	<ul style="list-style-type: none"> <li>Climate Change Mitigation</li> <li>Renewable Energy</li> </ul>	<ul style="list-style-type: none"> <li>Installed capacity (MW)</li> <li>Estimated renewable energy production (MWh, future projects)</li> <li>Renewable energy produced (MWh, past and future projects, where feasible)</li> </ul>	<ul style="list-style-type: none"> <li>CO2 emissions avoided (tons)</li> </ul>	<ul style="list-style-type: none"> <li>GHG Protocol</li> </ul>
2. Pollution and Prevention Control / Eco-Efficient and/or Circular Economy Adapted Product	<ul style="list-style-type: none"> <li>Pollution Prevention and Control</li> <li>Environmentally sustainable management of living natural resources and land use</li> <li>Transition to a circular economy, waste prevention and recycling</li> </ul>	<ul style="list-style-type: none"> <li>Amount of avoided waste products (tons)</li> <li>Amount of recovered materials (tons)</li> </ul>	<ul style="list-style-type: none"> <li>Waste prevented, minimized, reused or recycled</li> <li>Energy recovered from waste (minus any support fuel) in MWh/GWh/KJ</li> </ul>	<ul style="list-style-type: none"> <li>SWM-GHG Calculator</li> <li>EPA's Waste Reduction Model</li> </ul>



3. Green Buildings	<ul style="list-style-type: none"> <li>• Green Buildings</li> <li>• Climate Change Adaptation</li> <li>• Climate Change mitigation</li> <li>• Renewable Energy</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Certifications/EP C labels obtained (for buildings, #)</li> </ul>	<ul style="list-style-type: none"> <li>• CO2 emissions avoided (tons)</li> </ul>	<ul style="list-style-type: none"> <li>• GHG Protocol</li> </ul>
4. Clean transportation	<ul style="list-style-type: none"> <li>• Clean Transportation</li> <li>• Pollution Prevention and Control</li> <li>• Climate Change Mitigation</li> </ul>	<ul style="list-style-type: none"> <li>• Deployment of clean transportation</li> <li>• Avoidance or reduction of transport use</li> </ul>	<ul style="list-style-type: none"> <li>• CO2 emissions avoided (tons)</li> <li>• Number of clean vehicles deployed (e.g. electric)</li> <li>• Estimated reduction in fuel consumption</li> </ul>	<ul style="list-style-type: none"> <li>• GHG Protocol</li> </ul>
5. Energy Efficiency	<ul style="list-style-type: none"> <li>• Climate change mitigation</li> <li>• Energy Efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Energy savings in MWh (future projects: ex-ante estimation, past projects: ex-post annual measurement, where feasible)</li> </ul>	<ul style="list-style-type: none"> <li>• CO2 emissions avoided (tons)</li> <li>• Annual energy savings in MWh/GWh (electricity)</li> </ul>	<ul style="list-style-type: none"> <li>• GHG Protocol</li> </ul>
6. Environmentally sustainable management of living natural resources	<ul style="list-style-type: none"> <li>• Climate change adaptation</li> <li>• Climate change mitigation</li> <li>• Environmentally Sustainable management of living natural resources and land use</li> <li>• Environmentally sustainable agriculture</li> </ul>	<ul style="list-style-type: none"> <li>• Ecologically sustainable agricultural production per hectare (tonnes)</li> <li>• Additional forestation areas converted</li> <li>• Area of natural landscape preserved</li> </ul>	<ul style="list-style-type: none"> <li>• CO2 emissions avoided (tons)</li> <li>• Number of people and/or enterprises (e.g. companies or farms) benefitting from measures to mitigate the consequences of floods and droughts</li> </ul>	<ul style="list-style-type: none"> <li>• GHG Protocol</li> <li>• Business reports</li> </ul>





## Annex 2.2: SOCIAL

Social Eligible categories	Social benefits	Output reporting indicator	Indicative Impact reporting indicators	Methodologies and assumptions
1. SME financing	<ul style="list-style-type: none"> <li>Socioeconomic advancement and empowerment</li> <li>Employment generation</li> </ul>	<ul style="list-style-type: none"> <li>Number of SMEs financed</li> </ul>	<ul style="list-style-type: none"> <li>Number of Jobs retained on the financed SMEs benefitting from intervention</li> </ul>	<ul style="list-style-type: none"> <li>Organizations' Social impact reporting tools</li> <li>Report from Public bodies</li> </ul>
2. Third and Public Sector	<ul style="list-style-type: none"> <li>Access to essential services</li> <li>Socioeconomic advancement and empowerment</li> <li>Affordable basic infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Number of educational institutions funded – location and type</li> <li>Number of organizations funded</li> </ul>	<ul style="list-style-type: none"> <li>Number of beneficiaries with gained access to education and/or vocational training opportunities</li> <li>Number of vulnerable people and other target populations receiving assistance</li> <li>Number of jobs created among vulnerable people and other target populations</li> </ul>	<ul style="list-style-type: none"> <li>Organizations' Social impact reporting tools</li> </ul>



3. Social Housing	<ul style="list-style-type: none"><li>• Affordable housing</li><li>• Affordable Basic infrastructure</li></ul>	<ul style="list-style-type: none"><li>• Number of houses constructed or renovated</li></ul>	<ul style="list-style-type: none"><li>• Number of residents benefitting from intervention on houses</li><li>• Number of new social, affordable and shared ownership homes</li></ul>	<ul style="list-style-type: none"><li>• Organizations' Social impact reporting tools</li><li>• Report from Public bodies</li></ul>
4. Healthcare	<ul style="list-style-type: none"><li>• Access to essential services</li><li>• Socioeconomic advancement and empowerment</li></ul>	<ul style="list-style-type: none"><li>• Number of hospitals and other healthcare facilities built/upgrade</li></ul>	<ul style="list-style-type: none"><li>• Number of reached people with improved health care</li><li>• Number of residents benefitting from healthcare</li><li>• Number of places and beds</li></ul>	<ul style="list-style-type: none"><li>• Organizations' Social impact reporting tools</li><li>• Report from Public bodies</li></ul>