Disclosure Statement, Operating Principles for Impact Management

Cassa Depositi e Prestiti (CDP) is a founding signatory to the Operating Principles for Impact Management ("Impact Principles"). The Impact Principles provide a reference point against which the impact management systems of funds and institutions may be assessed. They draw on emerging best practices from a range of asset managers, asset owners, asset allocators, and development finance institutions.

This Disclosure Statement affirms that CDP's core/client business, including (a) impact management systems; (b) policies and practices; and (c) investment services, with respect of activities promoted by its "Cooperazione Internazionale allo Sviluppo" (International Development Cooperation) department and funded with CDP's own resources, are managed in alignment with the Impact Principles.

The information contained in this report is updated as of November 14th, 2024.

With reference to CDP Cooperazione Internazionale allo Sviluppo operations, the total assets under management is USD 6.2 billion as of December 31, 2023[1], of which USD 1.8 billion are financed using CDP's own resources.

Director of International Cooperation	**Director of Administration, Finance, Control and Sustainability**
Paolo Lombardo	Fabio Massoli

[1] The total assets under management as of December 31, 2023 includes the commitments not yet disbursed at that time. It includes assets financed i) from CDP own resources as well as ii) from resources deriving from the Italian public budget dedicated to International Development Cooperation activities. Exchange Rate as of December 29, 2023 (EUR 1 = USD 1.1050).

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PRINCIPLE 1 - Define strategic impact objective(s), consistent with the investment strategy
The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- Cassa Depositi e Prestiti S.p.A. (CDP) is the Italian Financial Institution for International Development Cooperation, designated by the provision of Law n. 125/2014 on international development cooperation, with a mission to invest in the developing countries and emerging markets included in the OECD DAC list of ODA recipients. CDP contributes to the achievement of the National Development Cooperation objectives established by the three-year Programming and Policy Planning Document, working together with the other main players in the Italian Cooperation system, which include the Italian Ministry of Foreign Affairs and International Cooperation (MAECI), the Italian Agency for Development Cooperation (AICS) and the Italian Ministry of Economy and Finance (MEF). The governance is designed to guarantee the maximum level of inter-institutional coordination, accountability, and transparency, and closer involvement of public and private players in development activities to achieve sustainable and inclusive growth in line with the UN 2030 Agenda and the European Consensus on Development.
- According to Law 125/2014, CDP finances, with its own resources, development cooperation initiatives in support of both public and private recipients, also partnering with European, multilateral and international financial institutions and blending with other public or private resources, subject to the favorable opinion of the Joint Development Cooperation Committee; and provides financial advisory to the development cooperation institutions (e.g. the Ministry of Foreign Affairs and International Cooperation and the Italian Development Cooperation Agency).
- The Joint Development Cooperation Committee is chaired by the Ministry of Foreign Affairs and International Cooperation or by the Deputy Minister of Development Cooperation and composed of (i) the General Director for Development Cooperation; (ii) the Director of the Italian Development Cooperation Agency; and, for specific initiatives, (iii) the Director General of the Treasury of the Minister of Economy and Finance.
- At the Group level, CDP has structured its own process for identifying specific priorities with respect to the promotion of sustainable development nationally and internationally. CDP's 2022-2024 Strategic Plan has identified four major challenges to tackle, in line with the UN 2030 Agenda for Sustainable Development: climate change and protection of the ecosystem, inclusive and sustainable growth, digitization and innovation, and rethinking value chains. These 4 challenges have resulted in the establishment of 10 areas of operation designed to better focus CDP's activities on potential contributions and impacts on the 17 Sustainable Development Goals (SDGs).

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- In addition, on June 2022 CDP's Board of Directors approved the first ESG Plan, which represents the first piece of the 2022-2024 plan for the definitive integration of sustainability into the Group's everyday operations. In line with the sustainability Framework, it establishes goals and commitments based on the UN 2030 goals, the requirements of the market and of Italy's National Recovery and Resilience Plan (NRRP), consistent with the Strategic Plan. In line with the 2022-2024 Strategic Plan, which identifies the fight against climate change as one of the country's main challenges and given the fundamental role of finance in achieving the objectives of the Paris Agreements, the Board of Directors in the first half of 2023, approved the first target for reducing the intensity of portfolio emissions. Specifically, the target, part of the ESG Plan, sets a 30% reduction target in the emission intensity (tCO_2e/Mln€) of portfolio by 2030 compared to the 2022, in line with the STEPS (Stated Policy Scenario) scenario of the IEA. This target concerns the portfolio of direct financing managed by CDP and, in particular, direct financing to enterprises, infrastructure and international cooperation.
- Compared to the ESG Plan objectives, in 2023 the Group made considerable progress in line with the trajectories for achieving the commitments undertaken. At the end of 2023, the loan portfolio under analysis, equal to about 42.8 billion, recorded a decrease of about 7% in the overall emission intensity compared to the 2022 baseline. To facilitate the achievement of the target, CDP is working for the full integration of variables related to CO_2 emissions in internal evaluation, monitoring and reporting processes to support decision-making choices.
- Following strategic and ESG Plan, CDP's initiatives are guided, according to a risk-return-impact model, by clear strategic guidelines that identify the priority areas of action to bridge the country's gaps and by (general and sectoral) lending and investment policies that define the ways in which CDP integrates sustainability into its action. These policies govern CDP's functioning, in order to achieve the above mentioned strategic and operating goals organization and further integrating ESG factors into its operations, including the business. The contents of the policies are defined, as mentioned within each of them available on the website, in compliance with statements and conventions, standards, principles, guidelines and recommendations generally accepted at the international level. The process to define the policies involves all internal resources identified as significant based on the content and purpose of the document, as well as consultation with sustainability experts and representatives from civil society before their approval by the Board of Directors. It should also be noted that the objective of having at least 10 sustainability policies in the timeframe of the Plan (2022-2024) has been achieved one year in advance and during 2023 and the first half of 2024 the Board of Directors has approved the following sustainability policies: i) the Transport Sector Policy; ii) the General Stakeholder Grievance Mechanism Policy; iii) the General Responsible Procurement Policy and the Supplier Code of Conduct annexed to it; iv) the General

Stakeholder Engagement Policy; and v) the Agrifood, Wood and Paper Industries Sector Policy; vi) General Internal Footprint Policy .

- The promotion of sustainable development is also designed to ensure the engagement of both internal and external stakeholders - through a structured approach involving listening, dialogue, and discussion, aimed at anticipating and managing their expectations within CDP's operating context. Through stakeholder engagement[2], CDP establishes a long-term relationship with its stakeholders to identify and understand their concerns and expectations regarding the sustainable development path, main including their opinion on the most relevant economic, social, environmental, and governance issues for CDP embedded in the Materiality Matrix and key for our Plans. CDP's commitment to transparency and dialogue is also demonstrated in the engagement initiatives it carries out with its stakeholders throughout the year.
- To conclude, the alignment of CDP-supported activities with respect to SDGs is verified in the ex-ante impact assessment and it is detailed in CDP's annual integrated report, which, along with financial information, describes CDP's contribution to SDGs.
- The SDGs mapping evidenced the way in which the Goals fully match the Group's mission, strategy and operations. Through the application of a methodology that adopts the principle of the impact generation chain, the mapping between the resources committed by the Group in the year and their potential contribution to the SDGs was accurately reported.
- Moreover, CDP, through its International Development Cooperation department, manages, according to Law 125/2014, the public Revolving Fund for Development Cooperation, endowed with over € 5 billion, which operates with sovereign concessional loans and loans to support the private sector; and manages, on behalf of the Italian Ministry of Environment and Energy Security, according to Law 234/2021, the public Italian Climate Fund, a revolving fund endowed with over €4 billion (plus €40 million per year for non-financial contributions and management expenses). The Fund encompasses an extensive range of financial tools, including loans for initiatives promoted by companies, (either through corporate structures or project finance vehicles); loans to the public sector, (such as governments, central banks, and state public bodies of partner countries); and loans and guarantees in favor of financial institutions; investments in funds.

  For both the above-mentioned public funds managed by CDP, investment decisions are made by interministerial committees of which CDP, in its role as fund manager, is not a member. The impact principles and objectives of the two funds — aimed at achieving positive and measurable social or environmental outcomes — are set out in the relevant regulatory frameworks governing the

[2] To foster purposeful collaboration and create shared value, in 2023 CDP issued the Stakeholder Engagement Policy outlining specific listening and dialogue channels to ensure ongoing involvement of its key stakeholders. Further specific initiatives or involvement, among which the multistakeholder forum and ESG Community, are available in the Integrated Report.

instruments and defined by the competent public authorities. CDP operates in full compliance with the guidance received and is not competent to comment on the definition of such principles and objectives.

PRINCIPLE 2 – Manage strategic impact on a portfolio basis
The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- CDP International Development Cooperation strategic priorities, having at its core the sustainable development of developing countries and emerging markets, are included in the overall CDP Strategic Plan approved by the Board of Directors in November 2021.
- The impact of each transaction of CDP International Development Cooperation with its own resources is assessed internally.
- The variable remuneration is structured as an MBO incentive system involving the assignment of corporate objectives, mainly of an economic and financial nature and specific individual objectives for each recipient resource of the system, in relation to the activity they perform and their responsibility area. In addition, the rewarding system includes CDP's ESG targets, which are closely linked to the commitments defined in the ESG Plan 2022-2024 and which represents more than 30% of the overall objectives.

PRINCIPLE 3 - Establish the Manager's contribution to the achievement of impact.
The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- In each investment proposal financed with CDP's own resources, a detailed sustainability evaluation process is included. In this section, the expected outcome is aligned with the priorities defined by the Italian International Cooperation three-year Programming and Policy Planning Document and the CDP's impact strategy.
- The Joint Development Cooperation Committee, which oversees the final decision regarding the initiatives proposed with CDP's own resources, receives from CDP a detailed analysis that includes the contribution of CDP in terms of additionality and the outcomes expected within the impact value chain generated.
- The main priority of this process is the CDP's transformation from a traditional "risk-return" approach to a "risk-return-impact" approach, typical of the large international financial institutions with relevant implications both in strategic and operational terms described in the Monitoring and impact evaluation methodological guidelines. In 2024, internal processes were enhanced to incorporate

impact assessment into the selection phase of financing operations. This approach aims to evaluate each project based on its potential impact, with progress tracked over time through specific KPIs.

- Additionality is one of the pillars of CDP's mandate, both at the national and international levels. Therefore, additionality is one of the domains considered in the ex-ante impact evaluation assessment. Additionality elements considered in this analysis are related to the ability to intervene in market gaps/failures and to mobilize additional financial and non-financial resources, both private and public.

PRINCIPLE 4 - Assess the expected impact of each investment, based on a systematic approach
For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice

- CDP applies a proprietary ex-ante impact assessment model based on a quality/quantitative approach and designed to assess the expected economic, social, and environmental impacts both in terms of positive and negative effects deriving from each funding proposal, with a view to raising awareness and focusing efforts on the areas and actions of greatest potential impact.
- The model produces a score on a scale from 0 to 10, where 10 identifies funding proposals with the greatest expected impacts. Proposals are then classified according to five assessment levels, based on the score obtained.
- CDP's ex-ante impact assessment model focuses on evaluating three key dimensions: (i) the quality of the counterparty/client, particularly in terms of ESG performance; (ii) the expected outcomes of the assessed funding proposal, including its potential contribution to the SDGs and the associated environmental, economic, and social benefits for targeted communities; and (iii) the economic and financial additionality assessing: (a) the potential to address market failures or investment gaps, (b) the capacity to attract additional public and private financial resources, and (c) whether the funding proposal could have secured the same financial support on similar terms without CDP's intervention. The model includes a strategic alignment component to assess the coherence of the initiative with CDP's mission.
- The model is periodically updated to ensure alignment with the latest developments in internationally recognized impact frameworks and methodologies adopted by other Public Development Banks and Development Finance Institutions. Most recent updates relate to refining a set of quantitative

indicators to assess the socio-economic and environmental impact potential of funding proposals as well as to integrating the lessons learned from ex-post impact monitoring.

- The ex-ante assessment process considers the specific characteristics of each business line including the nature of counterparties, the type of financial instrument, as well as the targeted areas of the intervention.
- For CDP's International Development Cooperation interventions financed with CDP's own resources, the ex-ante impact assessment is mandatory at key decision-making stages: prior to the final approval by CDP's Board and by the interministerial committees for the operations financed by the Italian Climate Fund.

PRINCIPLE 5 - Assess, address, monitor, and manage potential negative impacts of each investment
For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- CDP conducts the assessment of the potential environmental and social impacts of International Development Cooperation activities financed with CDP's own resources in accordance with all the relevant internal procedures and principles. In particular, the methodology regarding the identification and assessment of risks and environmental impacts complies with the criteria and guidelines expressed in CDP's Risk Regulation and related documents.
- In screening the potential environmental and social risks and impact of these activities, CDP will consider and include direct and indirect, induced, long-term and cumulative impacts and will take into account the activities' areas of influence including associated facilities and third-party impacts.
- The Identification and Assessment of ESG risks and impacts comprises: (i) ex-ante analysis of the projects, consisting of the screening of the preliminary information about the transaction and assignment of the risk category; (ii) identification of the necessary mitigation and compensation measures; (iii) monitoring, through the examination of the documents produced by the project, to identify critical situations and propose corrective actions.
- The E&S Assessment procedure is defined in a specific policy.
- In addition, in May 2023 CDP's Board of Directors approved the "Stakeholder Policy Grievance Mechanism", the mechanism for reporting the environmental and social impacts, both potential and actual, of projects financed by CDP within the International Development Cooperation business line.

The Policy aims to improve the projects' impact by reducing their risks and promoting accountability of CDP's actions.

PRINCIPLE 6 - Monitor the progress of each investment in achieving impact against expectations and respond appropriately
The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

- CDP has implemented a monitoring system able to identify progresses and evolution of each investment financed with CDP's own resources with respect to impact expectations.
- CDP has implemented a framework based on different KPIs, to monitor progresses and evolution of each investment with respect to output expectations. The data needed to provide periodically information on the targets reached and development KPIs are collected directly from the counterparts/clients. Furthermore, the same data are used also in the impact assessment analysis. More in detail, the CDP's monitoring framework is a participatory process (involving internal structures and clients) and foresees exchanges/feedback not only to measure expected and achieved results but also to understand the reasons, if any, of the discrepancies. Thus, from a learning perspective, monitoring allows investments to be recalibrated to generate greater impact. Monitoring reports will be issued twice a year to guarantee transparency. Finally, benchmarks used in the impact evaluation exercise are built on data coming from the main international sources such as HIPSO, IRIS+ and Joint Impact Indicators (JII).

PRINCIPLE 7 - Conduct exits considering the effect on sustained impact
When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

- Principle 7 applies to CDP International Development Cooperation's activities, and more specifically to its indirect investment activities i.e. equity investments made via investment funds financed with CDP's own resources. This is because i) to date, CDP International Development Cooperation has not engaged in direct equity investment activities and ii) Principle 7 does not materially apply to CDP International Development Cooperation's lending activities, given debt and guarantees are typically structured as self-liquidating instruments, with no requirement to conduct active divestment/ exit.
- When it comes to its indirect investment activities, CDP International Cooperation is committed to ensure compliance of each investment with Principle 7 by way of i) prior to making any fund

investment, verifying ex-ante compliance of each potential fund opportunity as well as of each fund manager with the Principle (or similar requirement) as part of the due diligence phase and ii) for managers that are signatories to the Impact Principles, regularly assessing compliance of each fund investment within its portfolio with Principle 7, securing Disclosure Statements from each fund manager, which confirm that all divestment activities were conducted in line with the Principle.

PRINCIPLE 8 - Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.
The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- CDP uses its own system for impact scoring to analyze the expected outcomes of its new commitments financed with CDP's own resources on a portfolio basis. At the same time, ex-post evaluations are conducted in order to assess the gap between the outcomes effectively reached and the ex-ante expectations.
- In line with the Strategic Plan 2022-2024, where actions are set to generate positive impacts, ex-post evaluations quantify i) to what extent CDP investments are additional and ii) the alignment of outcomes/impact with the strategic priorities defined by the Strategic Guidelines. An annual impact assessment report of all CDP activities gives evidence of CDP's contribution to promoting economic and sustainable growth. Measurement helps to make better investments decision as the systematic collection and contextualization of impact numbers allow continuous learning and understanding of the assumptions made.
- Monitoring and evaluating the impact of CDP's activity requires a significant amount of available data and information about the supported projects (i.e. on the physical output progress of the projects supported), which are not among those generally collected in ordinary funding or investment transactions based on a risk-return approach. The application of the physical indicators to be collected depends on the type of counterparty, the size of the transaction and the type of financial instrument used. To ensure the availability of the information required to monitor the physical progress of the result projects, CDP operational activities have been updated. The data collection activities respond to procedures that must ensure the accuracy, transparency, accessibility and usability of information and centralised accessibility to all the structures concerned. This need must be balanced with the need to minimise the costs of producing and collecting information from CDP counterparties.
- In its Integrated Annual Report, CDP gives evidence of the results of its activities at the portfolio level and provides examples at the single-investment level. In a specific section of the Report, CDP's

financial contribution to SDGs is presented ("SDG mapping"). This contribution is estimated through a methodology internally developed, following the Theory of Change approach.

PRINCIPLE 9 - Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment
The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

- This Disclosure Statement affirms the alignment of CDP Cooperazione Internazionale allo Sviluppo approach to the Impact Principles and will be updated annually.
- The latest independent verification has been conducted on this disclosure statement by PricewaterhouseCoopers Business Services S.r.l., Piazza Tre Torri, 2 - 20145 Milan, Italy and is available on the website https://www.cdp.it/sitointernet/en/cooperazione_internazionale.page. PwC has conducted a Limited Assurance engagement on CDP's Disclosure Statement in accordance with International Standards on Assurance Engagements - Assurance Engagements other than Audits or Review of Historical Information ("ISAE 3000 revised"), in order to achieve a general understanding of the reporting processes in use to prepare the Disclosure Statement, as well as of the procedures supporting the production, aggregation, processing and transmission of data and information to the department responsible for drawing it up. For more information, please refer to the relevant assurance report issued by PwC.
- CDP will conduct the independent verification of its impact management systems on a regular basis, indicatively every three years.