

Invitalia Social Financing Framework

June 2025

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Social Financing Framework

Invitalia S.p.A. (“the Issuer”, or “Agency” or “the Group”) is responsible for the preparation and fair presentation of this Social Financing Framework (“Framework”) as at June 2025. This Framework refers to a structured approach used to assess and manage the social impacts of activities or investments. It provides guidance for identifying, measuring, and communicating Invitalia’s social impacts and helps ensuring greater transparency, accountability, and responsibility in investments and social initiatives.

1. Introduction to Invitalia

1.1. Overview on the business

Invitalia is the Italian national agency for inward investment and economic development, entirely owned by the Italian Ministry of Economy (“MEF”). Invitalia aims to boost Italy’s economic growth, focusing on strategic sectors for development and employment.

Committed to reviving areas under economic distress and operating mainly in the South of Italy, Invitalia manages national incentives that promote the creation of new companies and innovative startups. The Agency finances small to large projects, targeting entrepreneurs with concrete development plans, especially in innovative and high added value sectors. It also provides services to the public administration for timely disbursement of European Union (“EU”) and national funds, as well as promoting cultural heritage. Invitalia’s process of creating value is based on a business model which above all develops the capital available to the Group, while simultaneously determining strategic guidelines and pursuing environmental, social, and economic objectives associated with the United Nations Sustainable Development Goals (“UN SDGs”).

Invitalia is an impact-oriented development policy actor, able to contribute to the achievement of material and immaterial impacts for the communities involved in its activities. In particular, Invitalia is working to achieve positive impacts on:

- sustainable and modern access to energy (SDG 7)
- sustainable economic growth (SDG 8)
- inclusive and sustainable industrialization and innovation (SDG 9)
- reducing inequalities between Northern and Southern areas (SDG 10)
- inclusive, safe, resilient and sustainable cities and human settlements (SDG 11)
- fostering sustainable consumption and production patterns (SDG 12)
- building effective, accountable and inclusive institutions at all levels (SDG 16).

2. Sustainability Commitment at Invitalia

Invitalia was set up to contribute to the growth and strengthening of the national economy and increase the country’s competitiveness, particularly in the South, by integrating the economic, social and environmental dimensions into every project, supporting businesses, individuals and communities. In addition, it is committed to maximising the environmental, social and economic

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impacts of its activities. This is why sustainability is the common factor and the main feature of the Group's operations. In order to strengthen its sustainability path, in 2023, Invitalia defined the Strategic Sustainability Plan.

Invitalia's 2024-26 Strategic Sustainability Plan defines the commitments and objectives to be pursued to maximise the environmental, social and governance impacts produced by the Company's activities, in line with the evolution of the Corporate Sustainability Reporting Directive ("CSRD") and the SDGs of Agenda 2030. Adopting the Plan allows the Company to go beyond the reporting approach and engage in a path of innovative social responsibility, not only by making its internal processes more sustainable, but also by responding to the real environmental, social and governance needs of its stakeholders.

The Plan is the result of an inclusive process that actively involved company management and the most relevant stakeholders during the panel held on the 4th of April 2023, which was attended by approximately 51 high-level stakeholders. Early evidence from the panel and assessment contributed to the definition of the strategic guidelines set out in the Sustainability Policy, such as strengthening the monitoring and assessment of the environmental, social and governance impacts of business activities, directing stakeholders towards a culture of sustainability, and ensuring equal opportunities and a work environment that values skills.

The Plan identifies three development lines to address the objectives and action programmes to be implemented to make internal processes more sustainable, orient business activities towards sustainability and introduce new sustainable business services.

The Plan envisages 13 commitments and 34 goals, with specific targets in the period 2024-2026, which will act on the Agency's sustainability areas: integrity, accountability and transparency, promotion of sustainable environmental practices, people's wellbeing, support to communities and territories, strengthening of public institutions and support to businesses for sustainable growth. In particular:

- in terms of environmental impacts, Invitalia is committed to reducing paper and plastic consumption, monitoring emissions, and promoting sustainable supplies and eco-sustainable investments
- in terms of social impacts, the goal is to reduce the gender pay gap, foster labour inclusion, and promote social responsibility projects
- in terms of governance impacts, the aim is to adopt innovative technologies to monitor abnormal behaviour, train employees on ethical issues and digitise monitoring activities, as well as spread a culture of sustainability among stakeholders.

The drawing up and monitoring of the Strategic Sustainability Plan programmes falls under the responsibility of Invitalia's Strategy, Industrial Policies and Sustainability organisational unit, which collaborates with the other organisational units to ensure their implementation and six-monthly reporting on the progress of objectives to the ESG, Risks and Related Parties Committee, which plays an advisory role to the Board of Directors. Moreover, the Strategic Sustainability Plan and its updates are approved by the Board of Directors. Concerning the management of sustainability issues, the process of monitoring impacts, risks and opportunities involves various bodies and organizational structures of the Agency.

The Chief Risk Officer ("CRO") is responsible for the management of corporate risks that may have an influence on the strategic objectives set by top management. The CRO reports to the ESG, Risk, and Related Parties Committee, acts as a direct report to the CEO, and supports top management and the

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CEO himself in the strategy-setting stages. The CRO ensures a view of key business risks, including ESG risks and their impacts on strategic targets, integrating strategy definition with the proposal of appropriate risk appetite thresholds (“Risk Appetite”), identifying any risks implicit in planning, and ensuring awareness and dissemination of risk culture within the strategic process.

The organizational unit Strategy, Industrial Policies and Sustainability, in collaboration with the Chief Financial Officer (“CFO”), ensures the monitoring of the ongoing assessment of impacts, risks and opportunities.

Top management assesses the significance of all actual and potential positive and negative impacts that Invitalia generates on stakeholders.

2.1. Invitalia Social Bond 2022

In November 2022, Invitalia placed its first Social bond with a size of € 350 million, 3- year maturity and annual fixed rate of 5.250%. The contribution made by the Invitalia Social bond to sustainability and its alignment with the Social Bond Principles 2021, issued by the International Capital Market Association (“ICMA”), has been confirmed by DNV, in its capacity as Second Party Opinion Provider.

An amount equivalent to the net proceeds (€ 349,209,000) has been used for general corporate purposes of Invitalia and to cover the structural costs deriving from the management of the orders. Considering the type of business model and the fact that the general purpose of Invitalia is to pursue social interest, the analysis of eligible projects has focused on the projects in which Invitalia acts as Managing Entity, where it is directly involved for the impacts produced, together with the Public Administrations that commissioned the projects.

Starting from the categories of eligible projects defined in the Social Bond Framework 2022, Invitalia took into consideration projects classified according to one or both categories provided below:

- **Employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises:** commitments/disbursements designed to support the country's economic growth and employment generation, including the provision of financing and microfinancing addressed to:
 - Micro, Small and Medium Enterprises (“MSMEs”) in areas that are economically underperforming or affected by natural disasters
 - Women- or youth-owned enterprises (under 36)
 - Areas affected by industrial sector crises
 - Non-profit organizations and social enterprises
 - Supporting technological transformation and business competitiveness.
- **Socioeconomic advancement and empowerment:**
 - Support for local development and competitiveness through the promotion and management of programmes and actions aimed at enhancing and disseminating research, technological development, and innovation, with the aim of revitalizing low-income areas with low growth rates
 - Programmes and initiatives aiming to support local economic and social growth through the enhancement of cultural heritage, nature, landscape, and the regeneration of areas affected by natural disasters.

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Among the projects where Invitalia plays the role of Managing Entity, 19 eligible projects have been selected according to the envisaged criteria of the Social Bond Framework (for further information regarding the 19 eligible projects, see tab. 3, page 11 of the Social Bond Report 2024¹).

For each of the two categories are provided the following details in relation to the projects selected:

- **Investment proposals:** number of proposals that have received Invitalia's funding
- **Enabled investments:** total investments that would not have been undertaken without Invitalia's contribution, made up of proponent's own money and grants and subsidized loans provided by Invitalia
- **Incentives:** share of enabled investments eligible for subsidies from Invitalia
 - **Subsidized loan:** share of the investments to be repaid at a subsidised rate
 - **Non-repayable grant:** share of the investments that will not have to be repaid
- **Payment disbursement:** share of the investments disbursed to the beneficiary over time.

2.2. Rationale for issuance

The establishment of a Social Financing Framework is fully complementary with Invitalia Group's commitment and ESG strategy, aimed at providing a positive social impact and promoting the transition towards a more sustainable and socially inclusive environment. It allows Invitalia to issue Social debt instruments in compliance with this Framework and its ESG strategy ambitions.

Through the establishment of this Framework, Invitalia aims at attracting dedicated funding for loans and investments that embed social benefits and providing fixed-income investors with an opportunity to support the Issuer's sustainability goals while aiding them in achieving their own responsible investment objectives.

Under this document, Invitalia can issue Social debt instruments in various formats, tenors and currencies.

¹ https://www.invitalia.it/sites/invitalia.it/files/2024-12/INVITALIA_Social_Bond_2024.pdf

3. Social Financing Framework

Invitalia's Social Financing Framework is aligned with the ICMA Social Bond Principles 2023² ("SBP") and structured according to the following four core components:

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

Invitalia commits to update the Framework accordingly to the most recent market best-practices in the Social debt instruments market, as well as the reference regulations. Any subsequent version 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 Social Assets and reporting requirements.

² <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf>

3.1. Use of Proceeds

An amount equal to the net proceeds raised from any Invitalia's Social debt instrument issued under this Framework will be exclusively allocated to finance and/or re-finance, in whole or in part, new and/or existing assets ("**Eligible Social Assets**" or "**Eligible Assets**"), creating a significant social impact with the aim of accelerating the country's social transition.

The key areas of interventions refer to the reduction of territorial, generational and gender gaps, supporting investments for young people and women, with particular focus on the less economically developed areas of Italy, the Southern regions.

Target populations are defined below for each specific category of assets. They include MSMEs, start-ups, unemployed people, those unable to access financial services, businesses located in economically underperforming regions and businesses led by women.









Eligible Social Assets may include assets, capital expenditures ("CapEx") or operating expenditures ("OpEx"). Examples are direct investments, grants, loans and subsidised loans.

Eligible Social Assets qualify as eligible in line with the criteria described in the "Social Eligible Categories" section of this Framework, without a specific look-back period.

Invitalia intends to disclose the expected allocation to the Social Eligible Categories, as well as the percentage of proceeds that will be used to finance and/or re-finance new and/or existing assets, prior to the issuance of its Social debt instruments.

The combination of all the Eligible Assets identified by Invitalia and booked on the Issuer's own balance-sheet will represent the Eligible Asset Portfolio ("**Portfolio**").

3.1.1. Social Eligible Categories

Social Eligible Category	Eligibility Criteria	Target Populations	Impacted SDGs
Employment Generation	<p>Financing and/or refinancing to support Italian economic growth and employment generation, including programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises.</p> <p>The beneficiaries may include:</p> <ul style="list-style-type: none"> • Micro, Small- and medium-sized (MSMEs³) in areas economically underperforming⁴ • MSMEs in areas affected by natural disasters • Companies run by female entrepreneurship⁵ • Companies run by young people under 36 years old • Areas affected by natural disasters and industrial sector crises • Non-profit organisations • Social enterprises⁶ • Support technological transformation and competitiveness of enterprises 	<ul style="list-style-type: none"> • Self-employed • Unemployed or jobseeker • Workers of SMEs from economically disadvantaged areas • Vulnerable population due to crises and natural disasters • Female entrepreneurs • Unemployed young people • Vulnerable populations⁷ 	   
Affordable Basic Infrastructure	<p>Financing and/or refinancing aimed at improving the infrastructure, reducing the gap between Italian regions.</p> <p>The category may include:</p> <ul style="list-style-type: none"> • Improvement of infrastructure to promote enhanced connectivity • Programmes and initiatives aimed at reducing the digital division between Italian regions 	<ul style="list-style-type: none"> • Disadvantaged areas⁸ • People without access to fair and effective telco infrastructures • Vulnerable population • Population in economically underperforming regions 	   

³ MSMEs defined according to the European Commission categorisation: https://ec.europa.eu/growth/smes/sme-definition_en.

⁴ Economically underperforming areas are defined as the Italian regions with GDP per capita lower than the national GDP per capita, according to the ISTAT (Istituto Nazionale di Statistica).




⁵ Companies run by female entrepreneurship include: (i) cooperatives or partnerships with at least 51% female members; (ii) joint-stock companies with at least two-thirds of the shares owned by women and at least two-thirds of the administrative bodies be composed by women; (iii) sole proprietorships with female owners; (iv) self-employed women with VAT number.

⁶ Social enterprises as defined in the Decreto Legislativo (D.Lgs.) 3 July 2017, n. 112, established in the form of a company; social cooperative (Legge 8 November 1991, n. 381 and subsequent changes) and related consortia; cooperative society with the ONLUS qualification (D.Lgs. 4 December 1997, n. 460 and subsequent changes and integrations).

⁷ People living below the poverty threshold, migrants/refugees, women, internal areas population and communities living in less development areas, young people, and in general those who have difficulties in accessing credit.

⁸ Disadvantaged areas concern lagging areas such as impoverished, underprivileged, deprived, struggling and/or industrial crisis areas.

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Socioeconomic Advancement and Empowerment	<p>Financing and/or refinancing to support local development and competitiveness by promoting and managing programmes and actions aimed at enhancing and disseminating research, technological development, and innovation, with the aim of reviving areas with low income and underperforming growth rate.</p> <p>Programmes and initiatives to support local economic and social growth by enhancing cultural heritage, nature, landscape and regeneration of areas affected by natural disasters.</p>	<ul style="list-style-type: none"> • Population in economically underperforming regions • Excluded and/or marginalised populations and /or communities • Vulnerable populations • Vulnerable youth • People living in areas affected by natural disasters 	  
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Invitalia may, at any time, update the Framework to expand the list of Eligible Categories and include new Eligible Categories in alignment with the Issuer's lending and financing strategies.

3.1.2. Excluded Categories and Limitations

Invitalia will not allocate proceeds received from the issuance of Social debt instruments under this Framework to any kind of activities in the following sectors for which negative impacts on the environment and/or society have been demonstrated:

- Exploration, production and transport of fossil fuels
- Nuclear energy
- Mining
- Deforestation and forest degradation
- Armaments and defense
- Tobacco, gambling, or arms
- Activities violating the rights of indigenous populations or activities in protected areas.

3.2. Process for Project Evaluation and Selection

The selection process of the Eligible Social Assets will be compliant with Invitalia's commitment to improve the portfolio's social performance and more globally with its business and sustainable strategy.

An Internal Social Working Group (the "Internal Working Group") has been established to create this Social Financing Framework, manage any future updates to the Framework, including expanding the list of Eligible Categories and overseeing its implementation, including the evaluation and selection of the Eligible Assets.

The Internal Working Group is composed of representatives from the following departments - Finance, Risk and Strategy, Investor Relations, Legal – and will meet on at least an annual basis, and as and when the situation requires.

The Internal Working Group's responsibilities include:

- overseeing the establishment of the Framework, reviewing its content and updating it in line with market or regulatory developments and Invitalia's sustainability strategy

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- carrying out the process of assets selection and evaluation, approving the final Eligible Social Assets
- monitoring the portfolio of Eligible Social Assets on a regular basis, ensuring they remain aligned with the eligibility criteria of the Framework and are not subject to major ESG controversies
- excluding projects that no longer comply with the eligibility criteria, are exposed to major ESG controversies or have been disposed of, and replacing them as soon as reasonably practicable
- overseeing the internal processes to identify known material risks of negative social and/or environmental impacts associated with the Eligible Social Assets and appropriate mitigation measures where feasible
- overseeing the process of producing the allocation and impact reports and validating the final documents
- monitoring the compliance of eligible categories with appropriate national and international sustainability taxonomies and legislation, reviewing any impact on Invitalia's strategy.

3.3. Management of Proceeds

The net proceeds from the Social debt instruments issued under this Framework will be managed on a portfolio basis. Invitalia will allocate an amount equivalent to the net proceeds to Eligible Social Assets in line with the eligibility criteria described above.

A Register will be established for all the Social debt instruments issued under this Framework and the Eligible Social Assets enabling their recording and regular tracking.

Invitalia 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 the total outstanding Social debt instruments issued under this Framework.

Invitalia, on a best effort basis, commits to reach full allocation of proceeds within two years after the issuance of the relevant Social debt instruments.

In case of divestment or if a loan/asset no longer meets the eligibility criteria listed above, Invitalia intends, on a best effort basis, to reallocate the funds to other Eligible Assets during the term of the relevant Social debt instrument.

Invitalia will ensure that there will be no double counting of Eligible Assets between Invitalia and MCC Social debt instruments, and those of any other subsidiaries.

Any balance of issuance proceeds not allocated to fund Eligible Assets will be temporarily invested in cash, deposits, and short-term liquid money market instruments, in accordance with Invitalia's treasury policy. Unallocated proceeds will not be invested in any greenhouse gas intensive activity or in any controversial activity.

An external auditor appointed by Invitalia will verify, on an annual basis, the proceeds allocated to Eligible Assets and the remaining balance of unallocated proceeds.

The Internal Working Group will oversee the management of the Social debt instruments' proceeds and their proper allocation.

3.4. Reporting

Invitalia commits to report annually, and until full allocation, on the allocation of the proceeds of the Social debt instruments issued under this Framework and the relative impacts of the assets, at least at category level.

The Allocation and Impact Reports will be verified by an external auditor and will be made publicly available on the Issuer's website⁹.

3.4.1. Allocation reporting

Invitalia will report approximately one year from the date of issuance, and annually thereafter until full allocation, on the use of proceeds, including at least the following information:

- The amount of Social debt instruments issued and outstanding
- The total amount of the Eligible Portfolio broken down per Eligible Social Category
- Aggregate amounts of net proceeds allocated to each Eligible Category of the Portfolio, where appropriate
- Geographical distribution of the allocated amounts (i.e., by region)
- The balance of unallocated proceeds at the time of reporting, if any
- The amount or the percentage of new financing and refinancing.

3.4.2. Impact reporting

Invitalia also intends to report annually on the social benefits (see Annex 1) resulting from the Portfolio disbursed from the Social debt instruments issued, until full allocation.

On a best effort basis, Invitalia will align the impact report with the approaches described in the ICMA "Harmonised Framework for Impact Reporting for Social Bonds" dated September 2024¹⁰.

When reporting on the identified outcomes, Invitalia may select alternative quantitative or qualitative Key Performance Indicators ("KPI"), to remain relevant to the selected Eligible Social Assets. For all Eligible Assets, Invitalia may integrate additional qualitative or quantitative indicators as considered appropriate to disclose relevant performances or details.

⁹ <https://www.invitalia.it/investor-relations/social-bond-invitalia>

¹⁰ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/ICMA-Handbook-Harmonised-Framework-for-Impact-Reporting-for-Social-Bonds-September-2024-250924.pdf>

4. Verification – External Review

4.1. Pre-issuance verification

Invitalia has mandated DNV as Second-Party Opinion provider to perform an evaluation of the Framework's validity and its general alignment with the ICMA SBP 2023.

4.2. Post-issuance verification

Starting one year after issuance, a verification or assurance of the reporting may be released on an annual basis, until the complete allocation of proceeds, by a third party ESG agency or financial auditor, including: proceeds allocation, the compliance of the allocated assets with the selection process, the social benefits and impacts generated.

The Social Financing Framework and the pre-issuance and post-issuance verification reports will be available on Invitalia's website¹¹.

¹¹ <https://www.invitalia.it/investor-relations/social-bond-invitalia>

Annex 1: Reporting on Social Benefits per Eligible Category

Social Eligible Category	Indicative Impact Metrics
Employment Generation	<ul style="list-style-type: none"> • Value of grants and subsidized loans aimed to support the start-ups and growth of MSMEs • Value of grants and subsidized loans aimed to support the start-ups and growth MSMEs owned by women/youngster (under 36 years old) • Jobs created and/or retained • Number of MSMEs that receive support for equipment and facilities and technological modernization¹² • Value of grants and subsidized loans aimed to support energy efficiency • Number of enterprises supported with grants and subsidized loans aimed to support reconversion of the production according with the principle of circular economy
Affordable Basic Infrastructure	<ul style="list-style-type: none"> • Number of residents/households benefitting from new/upgraded basic infrastructure which is otherwise not accessible (e.g., 5G connection, 1GB connection in disadvantaged areas) • Kms of fibre cables installed in disadvantaged areas • Number of municipalities connected with fibre cable in economically deprived areas • Number of schools and hospitals connected with fibre cables
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> • Number of beneficiaries in vulnerable and low-income territory (e.g., enterprises created in the least developed areas of the country) • Investments in areas affected by natural disasters

¹² Along with the social impacts, Invitalia will strive, whereas possible, to report also on the environmental impacts and benefits of its investments, as considered within the KPI table