cdp

SUMMARY DOCUMENT OF THE GUIDELINES TOWARDS NON-COOPERATIVE JURISDICTIONS FOR TAX PURPOSES

Contents

Introduction and purposes of the document

This document is drafted in line with the internal regulations approved by Cassa Depositi e Prestiti S.p.A.'s (hereinafter "CDP" or "Company") competent bodies on Tax Integrity and Reputational Risk Assessment which are applicable to CDP and **summarizes the guidelines** adopted by CDP to mitigate:

- the "**Tax Integrity Risk**" in the context of the management of the European Commission funds ("EU Funds") or other supranational funds, in line with the provisions of the relevant regulation, also taking into account the guidelines and principles identifiable on the basis of internationally adopted best practices; as well as
- The "**Tax and Financial Transparency Risk**" of business counterparties, which constitutes an essential evaluative element of the overall "Reputational Risk Assessment of Transactions" framework, intended as a **safeguard to mitigate the Reputational Risk** associated with the potential involvement of CDP and Group Companies, even unaware and unintentional, in illicit activities carried out or attempted by third parties with whom they have direct or indirect relationships of any purpose or nature (including other than those involving European or other supranational funds).

Summary of the guidelines on tax integrity risk, for transactions carried out by CDP related to the management of European resources and other supranational funds

Within the scope of transactions carried out by the Company involving European Commission resources[1] or other supranational funds[2], CDP, with reference to tax-related matters, operates on the basis of the regulations set forth in Regulation (EU, EU-RATOM) 2018/1046 of the Parliament and Council of July 18, 2018 (so-called "Financial Regulation").

In particular, it does not undertake specific projects or activities[3] that:

i) support, even potentially, tax avoidance, tax fraud or tax evasion;
ii) or that have, as counterparties, entities incorporated or established in jurisdictions listed under the relevant Union policy on non-cooperative jurisdictions or that do not effectively comply with Union or internationally agreed tax standards on transparency and exchange of information. A derogation from this criterion is only possible if the action is physically implemented in one of those jurisdictions and, does not present any indication that the relevant operation falls under any of the categories mentioned in point (i).

[1] Funds granted by the European Commission ("EC"), typically in the form of financing or guarantees, referred to in this document as "EU funds".
[2] Public/governmental funds, or proprietary funds disbursed by European or non-European institutions (e.g., EIB/EFSI), for which the funding entity contractually imposes similar obligations on CDP as those imposed by EU funds regulations.
[3] Refer to Article 155, paragraph 2, of the Financial Regulations.

For the purposes mentioned above, CDP has adopted guidelines that define criteria, roles and responsibilities by which, depending on the cases, the Company – or its counterparties – are required to operate within the context of the relevant operations.
With this aim, the Company operates on the basis of the principles and clarifications outlined in Communication from the European Commission C(2018)1756, dated March 21, 2018, concerning "*new requirements against tax avoidance in EU legislation governing in particular financing and investment operations*".

In relation to point (ii) above, the Company regards Non-cooperative Jurisdictions for tax purposes as those included:

- in Annex I of the European Council Conclusions on the EU list of non-cooperative jurisdictions for tax purposes.
- In Annex II of the European Council Conclusions on the EU list of non-cooperative jurisdictions for tax purposes
- In the OECD/G20 list of jurisdictions that do not meet international standards concerning transparency and exchange of information, as identified, and assessed periodically (a) by the OECD Global Forum, and (b) by the OECD G20 in the "*List of Jurisdictions which have not made satisfactory progress in implementing the international tax transparency standards*".

Summary of the guidelines on tax integrity risk in the context of transactions involving EU resources

In the context of a transaction, the Company assesses ex ante the tax integrity risk considering possible:

- involvement in the transaction of counterparties[4] incorporated, established, or otherwise located in Non-Cooperative Jurisdictions for tax purposes, as identified above.
- Presence in the transaction of elements of tax avoidance, tax evasion, or tax fraud, as identified under Article 155, paragraph 2, of the Financial Regulations, also considering the clarifications provided on the basis of the Communication and those periodically provided by competent authorities.
- Presence of significant final tax judgements, or in some cases, non-final judgements, involving the counterparty/counterparties.
- Presence of the hallmarks relevant to the DAC6 Directive[5].

Additionally, CDP requires beneficiaries of EU resources to comply with the requirements under Articles 136, 137, and 139 of the Financial Regulations regarding the absence of exclusion criteria, specifically concerning cases where CDP is involved in a direct relationship with such beneficiaries.

In cases where CDP does not have a direct relationship with the ultimate beneficiaries of EU resources, CDP transposes the requirements referred to in this paragraph into the relevant agreements with financial intermediaries (and any sub-financial intermediaries).

[4] This includes (i) CDP's contractual counterpart, as well as (ii) any entities belonging to the same corporate group, up to the ultimate beneficiary of the resources disbursed by CDP, involved in the financial flows related to the project.
[5] Directive (EU) 2018/822 of the Council of 25 May 2018, amending Directive 2011/16/EU regarding mandatory automatic exchange of information in the field of taxation concerning reportable cross-border arrangements.

Summary of the guidelines on operations put in place by CDP involving other supranational funds

Regarding operations conducted through the use of supranational funds other than those of the European Commission, in cases where the counterparty, from which these funds originate, contractually imposes on CDP tax eligibility requirements on the recipient entities, akin to aspects outlined in Article 155, paragraph 2, and Article 136 of the Financial Regulations for European funds, the Company implements its measures to mitigate tax integrity risks concerning potential requirements set by the funding entity or, if applicable, shares the relevant verification methods with the funding entity.

Summary of the guidelines for tax and financial transparency risk

As part of the due diligence process applicable to business operations, CDP assesses the Tax and Financial Transparency Risk of its counterparts as a **fundamental evaluation element within the overall framework of "Reputational Risk Assessment of Transactions"**.

The "Reputational Risk Assessment of Transactions" activity:

- Aims to ultimately **provide the consultative and decision-making bodies with information about the level of potential Reputational Risk** associated with the operation under evaluation, in order to facilitate an informed risk assumption.
- Is conducted based on an **objective methodology** that identifies specific risk indicators to be considered. The risk indicators considered for the assessment of Reputational Risk encompass Country Risk, Counterparty Risk, and Economic Sector Risk. These indicators are analysed based on individual metrics that allow for an objective evaluation of the company's overall potential exposure to Reputational Risk related to the specific operation under evaluation.

With specific reference to the tax and financial transparency risk, it is assessed both in relation to the **Country Risk Index**[6] (countries listed in the Non-Compliant and Partially Compliant categories based on OECD standards for tax transparency are considered higher risk, other risk factors being equal) and the **Counterparty Risk Index** (assessing the transparency level of the ownership structure and identification of the actual ownership of the counterparty).

The necessary information for evaluating tax and financial transparency risk is gathered by **consulting reputational databases** used by major market players, as well as through the **submission of specific questionnaires and forms** available on the CDP website[7].

[6] Country Risk refers to the geographic area most exposed to Reputational Risk among:
- The country of legal domicile or residence of the potential counterparty.
- The country where the predominant business activity of the potential counterparty is conducted or, in any case, where business is carried out.
- The country to which the operational scope of the transaction relates (e.g., the destination or origin country of the funds).

[7] Specific reference is made to the Integrated Enhanced Due Diligence Form (IEDD Form) and the Compliance and Anti Money Laundering Due Diligence Form (CAML DD Form). The IEDD Form includes a section dedicated to Tax Transparency, in which the client is required to declare whether the Company, Ultimate Beneficial Owner, or controlling shareholders are domiciled or resident in a so-called Blacklist Country (countries presenting deficiencies in both anti-money laundering and tax aspects). In the case of an affirmative response, the Client must declare whether there are valid commercial reasons, other than fiscal reasons,

The outcomes of the "Reputational Risk Assessment of Transactions" activity can, based on the level of identified risk (including tax and financial transparency risk), potentially lead to, as illustrative and not exhaustive examples:

- the **inability to proceed with the operation**, unless the relevant business units authorize, through submission of a reasoned opinion, to proceed with the operation.
- The option to continue with the operation, subject to the **implementation of appropriate mitigation actions**.
- The initiation of **deliberative escalation mechanisms** to the Board of Directors.

In addition to the above, CDP, as an obliged entity according to the anti-money laundering regulations, adopted an Anti-Money Laundering Policy that entails the application of **enhanced customer due diligence measures** when high-risk factors are identified. This includes instances where there is involvement of so-called High-Risk Third Countries. This risk factor thus becomes significant where the Client or its Ultimate Beneficial Owner is based in a high-risk third Country characterized by low tax transparency or insufficient adherence to tax obligations, as well as where the business relationship or the transaction involves such Countries.

When applying AML enhanced due diligence measures, the following aspects are taken into consideration, among others:

- Whether the observed localization is aimed at **exploiting technical aspects of a favourable tax system or misalignments** between two or more tax systems to reduce tax burden or transparency[8].
- Whether the relevant specialized business functions have identified the presence of distinctive elements (so-called hallmarks) representing indicators of **significant tax avoidance or evasion risk under the reporting obligation as per the DAC6 Directive (Directive 2018/822/EU)**, resulting in the obligation to report the suspicious transaction to the Financial Intelligence Unit (FIU).

for such location, and whether there are actual elements of physical presence in that country. Furthermore, the absence of decisions, disputes, or proceedings related to: (i) non-compliance with obligations regarding tax payments or contributions to social security and welfare; (ii) the establishment of an entity in any jurisdiction with the intention of evading tax, social security, or other legal obligations, is declared. In the CAML DD Form (mainly administered to clients in business lines with a distinct international character), the completion of a specific section regarding Tax Transparency is required, in which the counterparty declares to recognize and uphold the highest standards and principles established internationally concerning transparency and the exchange of information for tax purposes.

[8] In such cases, further investigations may be undertaken, which could include obtaining on-site tax opinions or involving third-party entities.