STOA Disclosure Statement

April 2025

Operating Principles for Impact Management

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INFRA & ENERGIE

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This Disclosure Statement* affirms that all assets of STOA are managed in alignment with the Operating Principles for Impact Management (the "Impact Principles") (set out below for reference). These principles provide a benchmark against which the impact management systems of funds and institutions can be evaluated. The principles draw on emerging best practices from a range of asset managers, asset owners, asset allocators, and development finance institutions.

Total assets under management in alignment with the Impact Principles amount to EUR 547,5 million as of December 31st, 2024[1]

DocuSigned by:

Marie-Laure Mazaud

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Marie-Laure Mazaud

STOA Chief Executive Officer, April 15, 2025 .

The sole purpose of this Disclosure Statement is to fulfill STOA's obligations pursuant to Principle 9 of the Principles. This document shall not constitute and should not be construed as an offer, solicitation, or invitation to buy or sell any securities, financial instruments or services whether described herein or otherwise, or as any prospectus or investment-related advice in relation thereto, nor is it intended to form the basis of a decision to participate in any investment. STOA makes no guarantee or other promise as to any outcomes, including any financial or development impact results that may be obtained from the practices disclosed in this statement. While past performance may be analyzed in this Disclosure Statement, past performance should not be considered indicative of future performance. Accordingly, STOA shall not have any liability to any of the recipients of this Disclosure Statement, nor to any other party in connection with or arising in any way from, or in relation to, the information or any opinions expressed in this Disclosure Statement, and STOA does not accept any responsibility whatsoever for any action taken, or omitted to be taken by any party on the basis of any matter contained in, or omitted from, the Disclosure Statement.
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Principle 1 – *Define strategic impact objective(s), consistent with the investment strategy:* The Manager shall define strategic impact objectives[2] 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.

STOA is an infrastructure fund created in 2017 by AFD (Agence Française de Développement) and CDC (Caisse des Dépôts et Consignations) aiming at building long-term partnerships in strategic sectors to meet people's needs for essential infrastructure in emerging markets, thereby promoting sustainable and resilient economies. As a result, the fund was thought to be an impact investing financial instrument at its creation. AFD and CDC decided in end 2023 to launch a second phase and increase the funds allocated to STOA by 300 million euros bringing them to 900 million. In 2019, the French Parliament passed the Pacte Act on the growth and transformation of French companies. It encourages them to include a purpose ("raison d'être") in their articles of association. By declaring this purpose, the company

[1] It is the capital called up and released. Equivalent to USD 593.95 million (as of December 31st, 2024).
[2] Impact objectives can be defined as the intended impact that contributes to financial, institutional, social, environmental, or other benefits to a society, community, or group of people via one or more investment. Adapted from OECD-DAC (www.oecd.org/dac/).

sets out “the principles for which it abides by and for which it intends to allocate resources in the course of its business”.

Defining our purpose has led us to clarify the principles that guide our action, so that we can better pass them on to those who will join us in the years to come. The purpose we have chosen – and the common approach we have adopted – is:

“Financing and supporting the development of sustainable and resilient infrastructure for future generations in Africa, Latin America and Asia.”

Our purpose is based on three axes of reflection encompassing all aspects of our core business. These three axes are operationalized in the form of targets that define the trends of our investments and define our strategy.

Several targets (to be achieved by 2024, based on portfolio dated 31st of December 2023), were defined at the creation of STOA’s Purpose. They are listed in the tables below, for each axis.

Sustainable and resilient infrastructures
STOA’s goal has been clear since its creation in 2017: to finance essential infrastructure projects in order to meet the needs of people in Africa, Latin America and Asia. Infrastructure sustainability and resilience are at the heart of our investment choices.
- Finance 50% of climate co-benefit projects by the end of 2024
- Finance the production of 1,500 megawatts of renewable energy capacity, to cover the energy access needs of 20 million people.
- Reduce greenhouse gas emissions by 2 million tons of CO_2 equivalent per year by 2024.
- Engage in dialogue with our investments to minimize gross CO2 emissions.

Impact for future generations
As an impact fund, STOA is committed to ensuring that its investments generate long-term economic, social, and environmental benefits for societies. Our goal is to foster the development of sustainable and resilient economies.
- Commit EUR 600 million in financing to essential infrastructure by 2024.
- By 2024, a minimum of 50% of projects financed will be in Africa.
- At least 60% of projects financed will be high impact.
- Fill at least 90% of vacancies with national employees (average over all STOA investments)
- Measure direct, indirect and induced jobs in all our business sectors by 2024.

Responsible support
We view our investments as long-term support and not just as financing. Our aim is to maximize the impact of each project while controlling the risks associated with their implementation.
- Implement a workforce and skills management policy by 2022 (maintained in 2023).
- Align all financed projects with International Finance Corporation performance standards.
- Have our impact achievements and targets verified by a qualified third-party auditor every two years.
- At least a 12-fold leverage effect (total amount of financing raised relative to STOA’s investments)

After 3 years of implementing our Purpose developed in 2021 following the Pacte law, STOA voluntarily engaged an independent audit in 2024, which confirmed that STOA has achieved 100% of its purpose targets (Verification statement available in the public domain on STOA website here). These targets, based on 16 key indicators including climate and social KPIs (see table below), represent our commitment and that of all stakeholders in our portfolio projects to responsible and sustainable management. The three commitments made around the 3 pillars of Our Purpose clearly reflect STOA's concern to create a positive impact on both environmental and social levels.

Indicator	Results as of 31 December 2023[1]	Status
Financing 50% of climate co-benefit projects by 2024	75%	Achieved
Financing the production of 1,500 megawatts of renewable energy by 2024 covering the energy access needs of 20 million people by 2024[2]	2.219 MW 13.816.538 people	Achieved
Connect 400,000 homes to an internet network	488.229 homes connected	Achieved
Reduce greenhouse gas emissions by 2 million tonnes of CO2 equivalent per year by 2024	2.870.900 tons of CO2 avoided	Achieved
Engage in dialogue with our investees to minimise gross CO2 emissions	12.683 tonnes gross emissions reported for the investment portfolio on energy and fuel consumption	Achieved
Commit €600m of funding for essential infrastructure by 2024	€588m committed (all projects)[3]	Achieved
Finance at least 50% of projects in Africa by 2024	58%	Achieved
Finance at least 60% of high-impact projects according to STOA impact framework (accessibility, functionality, sobriety)	67%	Achieved
Measure direct and indirect employment in all our business sectors by 2024	Direct employment measured (12.147 jobs created)	Achieved
Support direct employment in emerging countries, with a national hiring target of 90%	95% local hiring on average for all investments	Achieved
Finance a majority of "greenfield" projects (at least 60%)	70%	Achieved
Recruit an HR manager within STOA	A HR manager was hired part-time	Achieved
Align the totality of our projects with the International Finance Corporation Performance Standards	100% of projects aligned	Achieved
Have our Impact Report validated by a competent evaluator every two years	Impact report validated	Achieved
Leverage effect of at least 12 (ratio 1-12 between direct STOA funding and other funders)	12.6	Achieved

[1] Numbers reflect the assets under management at 31 December 2023 (exited projects not counted).

[2] Due to an update to a more conservative calculation methodology, energy access data is below the target. However, the target has not been adjusted according to the updated methodology. If the original methodology used to set the target had been applied, the target would have been achieved in December 2023.

[3] Operational costs are not included; therefore, this indicator is deemed achieved.

Extract from Stone Soup Verification Letter

In 2024, new Purpose targets to be met by 2028 have been defined. These targets were presented to our Purpose committee and our shareholders. With these new objectives, STOA confirms its mission for essential and sustainable infrastructure in line with its purpose. The objectives, based on the same 3 axes to ensure continuity of our mission, are presented below.

IMPACT FOR FUTURE GENERATIONS

- Provide **access to essential services** (health, education, food safety, sustainable mobility, telecom) for populations in Africa and Latin America
- Finance at least **50% of projects in Africa**
- Measure **direct and indirect employment** across all our business sectors including national employment
- Prioritize projects with **high impact**
- Engage in dialogue with our investments to **encourage positive actions** on key social issues such as gender, vocational training and road safety

SUSTAINABLE AND RESILIENT INFRASTRUCTURE

- Finance **50% or more of climate co-benefit projects**
- Finance the production of **4,000 megawatts of renewable energy capacity** to meet the needs of 20 million people[1]
- Avoid **6 million tonnes of CO_2 equivalent emissions** per year[2]
- **Engage in dialogue with our investments** to minimise gross CO_2 emissions and to address physical risks due to climate change
- Monitor impact on **biodiversity**

[1] Total amount since 2017.

[2] Modelled *ex ante* according to AFD's Carbon Footprint method, based on total installed capacities and estimated projections over the entire project lifespan.

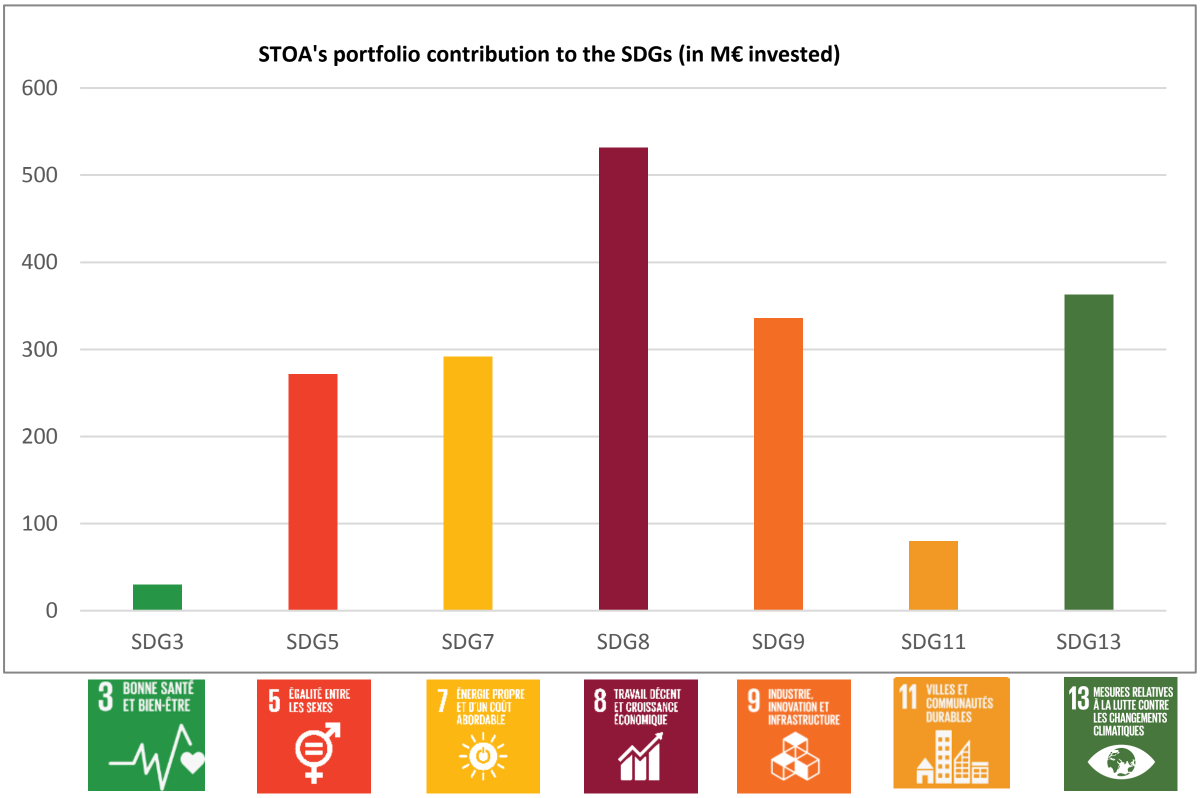
RESPONSIBLE SUPPORT

- Implement a **workforce and skills management policy**
- Align all projects financed with **International Finance Corporation (IFC) performance standards**
- Have our **alignment with the Operating Principles for Impact Management (OPIM)** approved by a qualified evaluator every two years
- Create at least a **9-fold leverage effect***

* Total amount of financing raised compared to STOA's investment, since 2017.

The overarching impact goal for STOA is to "promote sustainable and resilient economies", hence contributing to the SDGs while aligning with the Paris Agreement and the Performance Standards of the International Finance Corporation.

The graph below shows our contribution to the SDGs, based on STOA's portfolio end 2024 (projects closed by 31st of December 2024).



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.

STOA was created by AFD and CDC to bridge the gaps of infrastructures needs in emerging countries and frontier markets. Following its intrinsic motivation to make an impact with its capital, STOA has implemented an impact framework to inform its decision-making process and steer on maximum positive effects in portfolio. This means incorporating impact as a strategic factor in screening, selecting, monitoring and reporting the fund's investments. As a signatory of the Operating Principles for Impact Management since 12 April 2019, STOA ensures that its approach to impact management is both functional and efficient across the whole investment cycle. Within this framework, STOA aligns incentives with impact. To this end, STOA has built an impact framework that informs the organization on the potential contribution of pipeline projects. The impact objectives as well as the projected and achieved impact of projects in portfolio are also assessed.

To ensure exemplary support of our investments, we undergo biennial audits by an independent and qualified third-party auditor to verify our impact achievements and targets. The 2022-2023 independent verification was completed in April 2024 by the international consultancy firm, Stone Soup. They confirm that "STOA total assets under management in alignment with the OPIM Principles amount to €450 million as of December 31st, 2023 which represents 100% of STOA's active portfolio" (Verification statement available on the public domain on STOA website).

The report concluded that STOA has a strong commitment to creating a positive impact in the countries in which it invests. This is demonstrated by:

- The impact framework analysis, including a robust analysis of country needs.
- The pre-investment additionality framework.
- The establishment of a purpose.

STOA uses impact metrics that can be aggregated across the full portfolio to show the socio-economic effects (jobs supported, economic value added) as well as the environmental effects generated (GHG emissions avoided, reduced country CO_2 footprint). To further align STOA's investment processes with Principle 2, STOA monitors its objectives on a regular basis and includes the impact score in its global scoring tool for each project at the time of the investment decision.

Impact assessment throughout the investment cycle requires the involvement of the E&S and investment teams. STOA ensures that all investment team members are trained and updated regarding STOA's ESG & Impact methods.

Thus, regular E&S & Impact monitoring and reporting of the portfolio is carried out throughout the life of the project through:

- Regular E&S committees (frequency varies depending on the company, minimum is every quarter).
- Half-yearly reporting on key performance indicators (health and safety, social, gender, environmental, biodiversity). STOA E&S team monitors these ESG monthly KPI from the companies and then present the consolidated version to STOA Board twice a year.
- Monitoring of ESAP implementation (external and/or internal, depending on the company).
- Periodic site visits to ensure that E&S risks are being addressed by the company. For STOA, site visits are an important instrument to collect impact data and verify improvement in social/ environmental outcomes for beneficiaries and other stakeholders for investment projects.
- Regular E&S audits.

The E&S committee acts solely as a platform for making the best use of the E&S expertise of the various investors in order to ensure E&S risk management and impact achievement by the company or project.

The E&S committee is an advisory body responsible for advising the company/project's E&S manager, management and board of directors on E&S and Impact related issues (this role is defined in shareholders' agreements). Thus, through its role as a long-term shareholder, STOA ensures that impact is achieved through shareholder engagement.

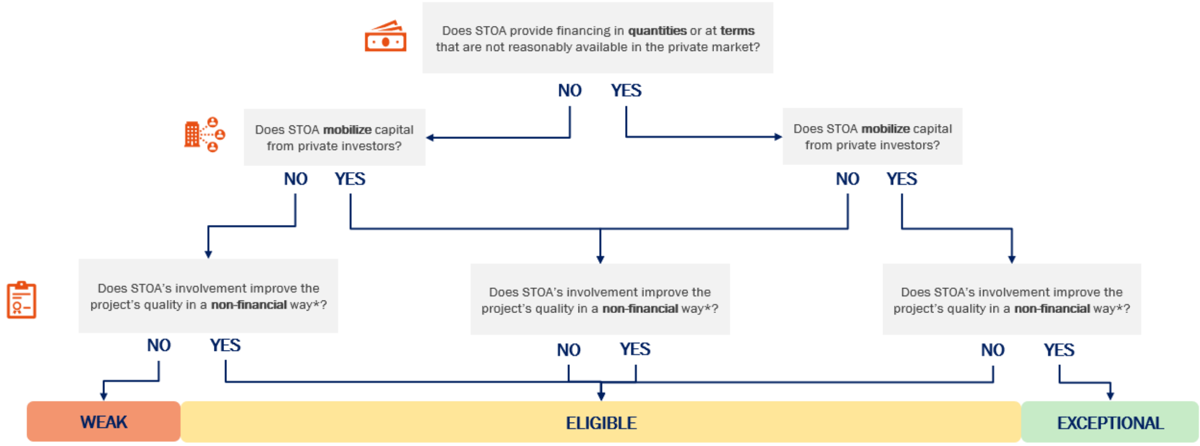
Principle 3 – *Establish the Manager's contribution to the achievement of impact:* The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels[3].The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

STOA is an additional impact fund, meaning that it makes a unique financial and extra-financial contribution to its infrastructure projects. Additionality means a unique, differentiated contribution. STOA seeks to multiply the benefits of its investments, whether they are economic, social, or environmental. This involves promoting high standards on environmental, social and governance issues (ESG) and in terms of business integrity.

Beyond our mandate for long-term investments and our active role in the companies in which we invest, STOA is an additional impact investor that creates added value through its intentionality and internal expertise.

STOA's non-financial support provided to the portfolio companies can take several forms: access to E&S expertise and advice through the E&S committees, support for recruitment, capacity building and experience sharing. For instance, if the investee company does not yet have an E&S/impact manager, STOA will play a role in selecting a suitably qualified person and will then strive to strengthen the necessary internal capacities.

Each new investment opportunity is analyzed thanks to this tool, to obtain an additionality degree that is integrated into our decision-making process. See the exhibit 2 below:



This information produces an additionality score that is subsequently integrated into our decision-making process at the time of the investment decision.

[3] For example, this may include: improving the cost of capital, active shareholder engagement, specific financial structuring, assisting with further resource mobilization, providing technical/market advice or capacity building to the investee, and/or helping the investee to meet higher operational standards.

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?[4] 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[5] and follow best practice.[6]

STOA tracks whether the investments achieve the effects STOA expects to deliver. At each stage of the investment cycle, from projects screening to selection, monitoring, and reporting, STOA assesses the expected impact of each investment, based on a systematic approach. Indeed, STOA has developed a framework and Impact toolkit with the support of the impact specialist Steward Redqueen to promote rigor and candor in STOA's assessment.

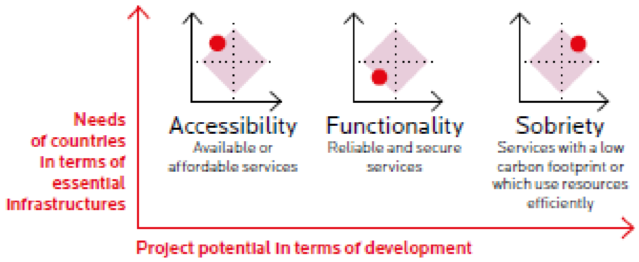
- At the screening stage, a high-level assessment is conducted at first, which flags that the project matches at least one of the criteria (Accessible, Functional, Clean).
- At the selection stage, the project is scored considering the project impact potential and country need. The score is submitted as part of other decision-making information, to the investment committee, for final go/no-go decision.
- STOA's investment decision is based on a prior review of the environmental and social assessment documentation and risk assessment. STOA requires the company to adhere to an Environmental & Social Action Plan (ESAP) in order to ensure alignment with environmental and social performance standards of the International Finance Corporation.

The likelihood of achieving the investment's expected impact is closely linked to the operational risk assessment and depends mainly on the good execution of the construction and operation of the infrastructure and associated facilities. Infrastructure projects support socio-economic impact during their construction phase, but most importantly support the so called "enabling effects", on both an economic and environmental level once the infrastructure becomes operational.

We have been using an impact framework, defined by our teams, to measure our own impact since 2020. This tool enables us to select our projects based on three criteria:

- Accessibility: will the financed infrastructure provide an available or affordable service?
- functionality: will the service be reliable and secure?
- sobriety: will it have a low carbon footprint?

[4] Adapted from the Impact Management Project (www.impactmanagementproject.com).
[5] Industry indicator standards include HIPSO (indicators.ifipartnership.org/about/); IRIS (iris.thegiin.org); GIIRS (b-analytics.net/giirsfunds); GRI (www.globalreporting.org/Pages/default.aspx); and SASB (www.sasb.org), among others.
[6] International best practice indicators include SMART (Specific, Measurable, Attainable, Relevant, and Timely), and SPICED (Subjective, Participatory, Interpreted & communicable, Cross-checked, Empowering, and Diverse & disaggregated), among others.



In 2024, STOA commissioned TAMEO Impact Fund Solutions SA (Tameo) to update its impact tool, developed in 2020, in order to:

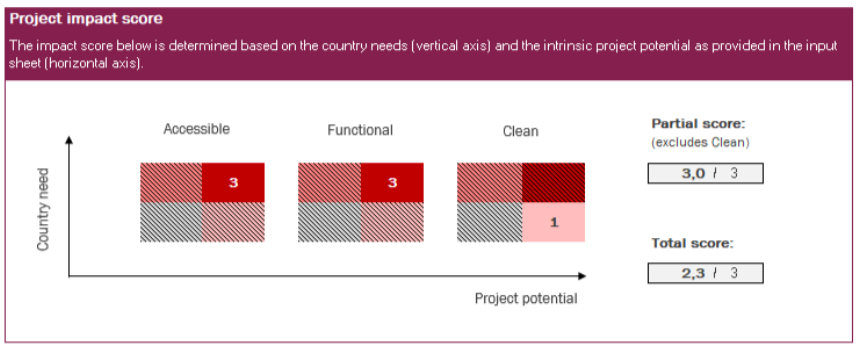
- Align it with best practices in the impact investing sector;
- Extend the scope of the possible assessment to new investment sectors;
- Improve the technical aspects of the tool so that it can be used more effectively.

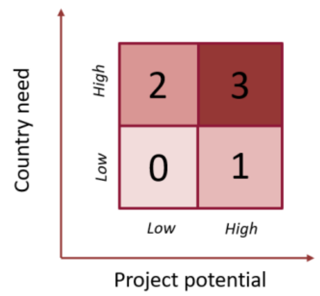
STOA's impact framework remains unchanged.

With this methodology, our results for our investments in 2024 are presented below. 62% of our projects were high-impact investments.

Categorization of our investment by type of impact (% of net commitments) [6]		
High-impact investments 62%	Medium-impact investments 25%	Low-impact investments 13%

The impact score is calculated based on (i) the country needs and (ii) the intrinsic project potential. These are assessed across the three outcomes area of STOA's impact strategy: accessible, functional, clean, with a number of indicators. A project impact score is calculated as indicated on the graph below (score 0 to 3) and a project is considered as having a high impact if it scores above 2.





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)[7] 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.[8] As part of portfolio

[7] The application of good ESG management will potentially have positive impacts that may or may not be the principal targeted impacts of the Manager. Positive impacts resulting from ESG matters shall be measured and managed alongside with, or directly embedded in, the impact management system referenced in Principles 4 and 6.

[8] Examples of good international industry practice include: IFC's Performance Standards (https://www.ifc.org/performancestandards); IFC's Corporate Governance Methodology

management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

STOA is involved in operations comprising E&S risks. A second opinion formalizing the compliance risks is also mandatory. Participations are subject to compliance with our policies and reporting requirements through contractual provisions to manage and reduce risks. STOA has chosen to follow an analysis and management approach that integrates the 8 IFC Performance Standards, the international labour standards of the International Labour Convention (ILO), the EDFI common principles, the UN principles for Responsible Investments and an I exclusion list. This approach is applicable to every project STOA might consider investing in. Hence, STOA goes beyond local regulation to make sure the highest ESG standards are applied (for more details click here).

STOA relies on a robust Environmental and Social Management system with an experienced and dedicated ESG head: ESG risks are managed at each stage of the investment cycle. In summary, a preliminary analysis is carried out with the aim of identifying compliance with the exclusion list at the screening phase. STOA then carries out a preliminary environmental and social analysis of the project based on information gathered from partners during the investment decision. A project E&S risk matrix is drawn up for each project. An E&S due diligence is then carried out by external consultants in collaboration with STOA's ESG team. During the due diligence phase, an Environmental and Social Action Plan (ESAP) is formalized between the target and STOA in order to consolidate the material measures and actions that are necessary for the project to comply with the environmental and social performance standards applied by STOA. The ESAP is an integral part of the contractual documentation (such as the Shareholder Agreement) and thus, legally binding. During asset management phase, regular and operational monitoring of the ESAP is carried out through regular meetings, E&S monitoring reports independent audit reports, site visits using external consultants where necessary and regular E&S Committees.

Exhibit 3 reads from top to bottom and shows STOA's E&S risk management at each stage of the investment cycle.

		Procedures / Activities		Roles & responsibilities	
		Description	References & Tools	Operational	Oversight
Investment stage	Screening	• CDC & AFD's exclusion lists' compliance • Carbon footprint assessment • Identification of the main E&S risks / Categorization (A, B, B+, C)	• Exclusion lists / Intervention framework • Stoa's E&S Policy • Selectivity matrix (CO_2 emissions) • E&S risk matrix	• The E&S department carry out the E&S and climate assessment of the proposed project.	• Investment Committee : • Discussing key issues (Climate, E&S) • Due diligence budget approval
Investment stage	Investment Decision	Provided inputs for the Investment Committee : • Carbon footprint (+ climate analysis) • Impact narrative and quantitative scenarios • Assessment of E&S risks and opportunities.	• AFD's set of tools for climate footprint, vulnerability assessment, carbon lock-in risks and consistency vis-à-vis sectors & countries' low-carbon / resilient trajectories.	• The E&S department is accountable for the deliverables. • Investors and E&S officers collaborate to produce a consistent impact strategy.	• Investment Committee approves or rejects the proposed investment. • The Investment Comittee may suspend its decision until Board's decision.
Investment stage	Due Diligence	• Internal (or External) due diligence based on available information and project risk categorization • Definition of an E&S Action Plan (ESAP)	• Site visits and due diligence checklists. • ToRs for consultants. • IFC's Performance Standards and associated Guidelines	• The E&S department writes the ToR with the help of the legal department. • The E&S department selects and oversees the E&S studies and due diligence.	• E&S head oversees due diligences.
Investment stage	Investment Agreement	• If required, incorporation of E&S terms in the legal agreement (ESAP, CPs, …)	• Legal template / drafting guide for E&S terms.	• The E&S Head is accountable for the deliverables. • The investor is responsible for the inclusion of E & S clauses in the legal documentation	• The Board approves or rejects the proposed binding offer.
Investment stage	Ownership & Monitoring	• Monitoring ESAP and project's E&S performance.	• E&S dashboard / questionnaires based on series of defined KPI. • E&S monitoring reports • Governance KPI defined by the STOA board representative	• The E&S department is in charge of the project's monitoring. • STOA board representative of the project ensures the monitoring of governance indicators.	• Regular reporting to senior management • The Investment Committee shall be informed of any significant issue.
Investment stage	Exit	• Prepare credible E&S material and collate data showing the extent to which improvements have been achieved. • Ensure the ESMS is self-sustaining. • Answer questions that might be asked.	• Any material on ESG issues (reporting, …) • ESDD and every documents that the potential buyers and their technical advisors might want to see.	• The E&S department and STOA board representative help preparing the data room, providing ESG information to be included in the financial model	• The E&S head and STOA board representative shall ensure that prospective buyers cannot use ESG factors to negotiate a lower price
Ext. Stakeholder Engagement		• Annual reporting on the company's E&S performance to Stoa's shareholders.	• UN's principles for responsible investment • CDC's online reporting form.	• The E&S department is responsible for the reporting to the shareholders. • An independent committee is responsible for the verification of the impact report.	• The senior management reviews and contributes to the reporting campaign.

Exhibit 3: ESG risk management system.

(http://www.ifc.org/cgmethodology), the United Nations Guiding Principles for Business and Human Rights (https://www.unglobalcompact.org/library/2); and the OECD Guidelines for Multinational Enterprises (http://mneguidelines.oecd.org/themes/human-rights.htm).

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.[9] The Manager shall also seek to use the results framework to capture investment outcomes.[10]

To track whether the investments achieve the effects STOA expects to deliver, STOA measures progress against 65 metrics, selected from standard catalogues (HIPSO[11] and IRIS[12]). This set of metrics provides a pragmatic framework to give substance to the different levels of the Theory of Change. A total of 50 ESG and Impact-related KPI are monitored by STOA at investment level (monthly data) and then reviewed by STOA's Board twice a year:
At the activity level, STOA quantifies for example the financing provided or the efforts made towards climate adaptation. STOA follows the Common Principles compatibilization method by disaggregating the activities and associated costs.

- At the output level STOA quantifies the direct results of projects, such as the renewable energy capacity installed.
- At the outcome level STOA aims at measuring to what extent the infrastructure brings concrete benefits for the population reached.
- Finally, with key metrics at the impact level, STOA quantifies the socio-economic and environmental impacts supported, such as the jobs and value added supported as well as the GHG emissions avoided. Potential negative impacts are also monitored through metrics such as health and safety or environmental incidents.
- To ensure exemplarity, STOA has carried out an extensive review of its methodologies and impact KPIs with the third-party auditor I Care
- The company is responsible to manage and oversee its E&S risks and opportunities, including relevant E&S policies and implementation of the ESAP. For each of its investment, STOA requires the establishment of an E&S Committee (composed of E&S specialists from the company and from the investors, with at least one E&S specialist from STOA). This E&S committee provides a good platform for the various investors to be timely informed about E&S developments, incidents, E&S performance, ESAP implementation progress, hence an efficient platform (from both a company and an investor perspective) to monitor the investment from an E&S perspective.

Moreover, each year, STOA publishes its Impact Report on its website to review the outcomes of the past year (2024 Impact report available on the public domain here)

Principle 7 – *Conduct exits considering the effect on sustained impact:* When conducting an exit,[13] 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.

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[9] Actions could include active engagement with the investee; early divestment; adjusting indicators/expectations due to significant, unforeseen, and changing circumstances; or other appropriate measures to improve the portfolio's expected impact performance.
[10] Outcomes are the short-term and medium-term effects of an investment's outputs, while the outputs are the products, capital goods, and services resulting from the investment. Adopted from OECD-DAC (www.oecd.org/dac/).
[11] https://indicators.ifipartnership.org/indicators/
[12] https://iris.thegiin.org/metrics/
[13] This may include debt, equity, or bond sales, and excludes self-liquidating or maturing instruments.

STOA's goal is to be a medium to long-term investor and to improve the performance of the project on the long run.

For its projects in portfolio and future projects, STOA will be able to rely on key performance indicators, documents relating to impacts, as well as E&S risk and opportunity management systems to evaluate impact outcomes. Moreover, the structural integration of high standards into the projects contributes to maintaining best practice beyond the investment horizon.

STOA's exit process and conditions were formalized in October 2022 (in its Procedure for portfolio monitoring) through the establishment of an "Asset Manager Committee" to review the strategy and the prospective disposal plan for each investment. According to this, in the event of a sale opportunity, STOA will conduct various relevant studies and analyses (market, competition, audit, due diligence) and provide an opinion on the risks inherent in the transaction, including an analysis of AML-FT risks (KYC form), ethical risks and risks of conflicts of interest in application of STOA procedures.

Thus, STOA would consider the timing, the structure, and the choice of the buyer in a concerted manner with its portfolio companies' needs and preferences as these can have an instrumental effect on sustaining development impact.

Concerning STOA's exits :

- A first exit happened in February 2020. This exit happened too early after its investment (less than one year) for STOA to demonstrate the positive outcomes of the impacts and E&S policy on the value of the company.
- In December 2022, STOA finalized the sale of 100% of its shares in a provider of renewable energy for commercial and industrial (C&I). STOA actively contributed to its strategic orientation towards larger-scale projects intended primary for industrial customers. Within a few years, the provider has become the leader of this industrial segment, bringing reliable energy to businesses that reduces power costs and pollution. The new buyer, a lead player in the energy sector, will be able to support the company in its new stage of growth (presence in 7 countries, 400 systems in operation totalling 53 MWdc installed capacity.
- In 2023 we exited a renewable energy project in Asia. Our project partner, a world leader in energy & utilities, wanted to buy out our shares.

A dedicated policy for responsible exits is being drafted. The responsible exit principles are articulated around key commitments which are highlighted as follows:

- Commitment 1 – Proper selection of the investee and alignment of co-investor
- Commitment 2 – Monitor and use leverage during investment
- Commitment 3 – Evaluate achievement and sustainability of targeted impacts
- Commitment 4 – Address ESG issues
- Commitment 5 – Conduct a risk assessment
- Commitment 6 – Select the right buyer

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.

Each project is analyzed with regards to the impact it will generate. STOA has built a reporting tool in 2020 that integrates ESG and Impact monitoring. In 2024, STOA commissioned Tameo to update its impact tool.

Quarterly and monthly monitoring are performed to manage E&S risks for projects in portfolio with the inclusion of regular E&S committees.

During 2024, STOA was able to structure and systematize its analysis and consideration of E&S and governance risks. The process of launching studies now follows a systematic procedure. Lessons learnt from the previous years in terms of due diligence process helped in making the process more systematic and facing the high number of new projects entering the portfolio in 2024.
In addition, STOA held 115 hours of E&S committees over the year. E&S Committees' monitor the compliance with, and implementation of, the environmental & social action plan (ESAP), if applicable by the relevant Group Companies, as well as, to the extent deemed relevant, any Environmental and Social matter which may arise from time to time. E&S committees shall also make recommendations to the Board in relation to E&S matters. These committees are an opportunity to share lessons from a project to another one.

Each year, the impact and ESG performance of each investment is presented in a transparent and documented way to the Board (with AFD and CDC representatives). The impact performance of each investment is compared to the expected and actual impact. The E&S risks are also presented. The findings are used to improve operational and strategic investment decisions, as well as management processes.

In order to share lessons learnt with the E&S managers of the investee companies, STOA organized in October 2024 an E&S peer-to-peer event. These two days of exchanges and conversations were an amazing opportunity to share knowledge, methodologies and case studies on specific topics. Case studies covered various sectors (hydropower, solar, wind, transport and logistics, health…) and countries (Uganda, Cameroon, Morocco, Malawi, Brazil). International standards (IFC Performance Standards) and European standards (European regulations on sustainable finance) were also discussed. Each participant found some inspiration and is bringing back home some useful insights to implement on the ground (see post on LinkedIn here).

Last but not least, the independent verification conducted in 2024, which confirmed our alignment with the OPIM, was also an opportunity for STOA to identify areas for further improvement in terms of impact management. After this audit, an action plan was developed by STOA and presented to our Purpose committee. Its implantation is starting in 2025.

Principle 9 – *Publicly disclose alignment with the Impact Principles and provide regular independent verification[14] 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 Note re-affirms the alignment of STOA's procedures with the Impact Principles and will continue to be updated annually.

Our alignment was audited in 2024. The independent assurance report on the alignment of STOA with the Operating Principles for Impact Management is available at https://www.stoainfraenergy.com/en/stoa-releases-its-2024-disclosure-statement/

The verification will be replicated once every two years. The next audit will therefore take place in 2026.

Information on the current independent verifier is as follows:
Name and Address:
Stone Soup

[14] The independent verification may be conducted in different ways, i.e., as part of a financial audit, by an independent internal impact assessment committee, or through a portfolio/fund performance evaluation. The frequency and complexity of the verification process should consider its cost, relative to the size of the fund or institution concerned, and appropriate confidentiality.

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STONE SOUP is a private limited liability company which main activity is to strengthen the institutional framework of Third Sector institutions and initiatives, meaning, private entities with public utility incorporated within the civil society.

For more information on Stone Soup, please visit the website: https://stone-soup.net/

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Progress Builder

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