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 International Cooperation department are managed in alignment with the Impact Principles.

With reference to CDP Cooperazione Internazionale allo Sviluppo operations, the total assets under management in alignment with the Impact Principles is USD 5,414 million as of December 31, 2021.¹

¹ The total assets under management refers to the Covered Assets as of December 31, 2021, and it includes the commitments not yet disbursed at that time and the Revolving Fund for Development Cooperation, managed by CDP. Exchange Rate as of December 31, 2021 (EUR 1 = USD 1.1326).
Cassa Depositi e Prestiti S.p.A. (CDP) is the Italian Financial Institution for the 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 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 Document, working together with the other main players in the Italian Cooperation system: The Ministry of Foreign Affairs and International Cooperation (MAECI), the Italian Agency for Development Cooperation (AICS) and the 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, the CDP manages the public Revolving Fund for Development Cooperation, including concessional loans and financing to support the private sector; 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.

Alongside with the country’s strategic objectives, CDP has structured its own process for identifying specific priorities with respect to the promotion of sustainable development at the national and international levels. This process is designed in order to ensure the engagement of stakeholders - both internal and external - through a structured approach of listening, dialogue, and discussion, aimed at anticipating and managing their expectations within the context in which CDP operates. Through stakeholder engagement, CDP establishes a long-term relationship with its stakeholders to
identify and understand their concerns and expectations regarding sustainable development targets. The result of this process is the definition of the Materiality Matrix which underlines the most relevant economic, social, environmental, and governance issues relevant to CDP.

- At the same time, CDP priorities and objectives are also set with respect to the potential contributions and impacts generated by CDP’s business on the 17 Sustainable Development Goals (SDGs). The alignment of CDP-supported activities with respect to SDGs is verified in the ex-ante impact assessment and it is detailed in the annual integrated report that, along with financial information, describes CDP’s contribution to SDGs.

- It is important for CDP to include stakeholder engagement and alignment with the Sustainable Development Goals in its strategic plan, and to this end, it constantly verifies the consistency of its financing initiatives with the materiality matrix and the SDGs through the ex-ante evaluation of financed operations (General Responsible Lending Policy).

- CDP transparently reports annually on its contribution to achieving the Sustainable Development Goals through SDGs mapping in the sustainability report (Integrated Report 2021) and recently approved its ESG Plan with related targets and commitments, consistent with the Strategic Plan (CDP’s Board of Directors Approves Sectoral Strategic Guidelines ESG Plan).

**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 Cooperazione Internazionale allo Sviluppo 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 Cooperazione Internazionale allo Sviluppo is assessed internally and most of them are also approved by the aforementioned Joint Development Cooperation Committee.

- Staff incentives are also calibrated with respect to the transactions closed during the year and being all the transactions impactful there is an objective alignment of interest between the staff and the impact performance of the portfolio.

- CDP has developed a monitoring framework based on KPIs to assess performances at project and portfolio level, being able to monitor the progress of each investment in terms of output generated compared to what is expected. The monitoring framework and related KPIs allow for ongoing and final performance assessment.
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.

- 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. In the near future, the Additionality Pillar will be integrated with a technical contribution value provided by CDP to counterparts.

- In each investment proposal, a detailed sustainability evaluation process is included. In this section, the expected outcome is aligned with the priorities defined by the Italian International Cooperation Governance and the CDP’s impact strategy.

- The Joint Development Cooperation Committee, which oversees the final decision regarding the initiatives proposed, 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.

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 has an evaluation model based on a quality/quantitative approach and designed to assess the expected positive outcome and potential negative impact produced by initiatives eligible for financing.

- In detail, the ex-ante assessment phase produces a score associated with each initiative, which summarizes the sustainability overall performance. This assessment follows two levels of analysis. The first one is focused on verifying the alignment of the initiative with the priority areas identified by the Group in terms of Material Matrix and SDGs. The second level is based on three dimensions of analysis: (i) counterpart/client with respect to sustainability issues; (ii) project expected outcomes; (iii) additionality.

- The ex-ante assessment takes into account the specific characteristics of each business line, considering the nature of the counterparties, the financial instruments, and the areas of operation.
For International Development Finance activities of CDP, the ex-ante assessment is required in both the decisional steps needed to reach the final approval of the operation. These are the CDP’s Internal Investment Committee and the Joint Development Cooperation Committee.

**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 Finance activities 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 adverse impacts identified in the assessment will be managed according to the principles of Mitigation Hierarchy which prioritize avoidance, followed by minimization, restoration, and compensation.

- The Identification and Assessment of E&S 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 internal policy ([Sustainability Assessment Framework in the International Cooperation](#)).
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 is working in order to implement a monitor system able to identify progresses and evolution of each investment with respect to impact expectations. In this respect, CDP has started to ask to its counterparts/client to provide periodically specific information regarding target reached and development KPIs useful for internal analysis.

- 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/feedbacks 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. At least once per year, monitoring reports will be prepared 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.

- When evaluating an exit, CDP Cooperazione Internazionale allo Sviluppo is committed to considering the effect of its decisions over the persistence of the development impact reached. This can affect the exit timing, structure, and buyer selection. CDP is in any case obliged to evaluate the impact of its decision on the economic and financial outcomes of each operation.
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. 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 evaluation both quantify to what extent CDP investments are additional and 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.

- In its Integrated Annual Report CDP gives evidence of the results of its activities, both at the portfolio and at the single-investment level. In a specific section of the Report, CDP’s financial contribution to SDGs is presented. 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.

- CDP will conduct the independent verification of its alignment with the Impact Principles every second year. The next assessment will therefore take place in September 2023.