



Impetus

To address the environmental,
economic and social challenges
of a moving world

Consolidated Non-Financial Statement 2020
Pursuant to Italian Legislative Decree no. 254/2016

GRUPPO

CREDEM



*The creative project of the 2020 Non-Financial Statement was created in collaboration with the **National Dance Foundation**, which has always promoted shows for the company **Aterballetto**, which focuses on wide-ranging design and research to spread the art of dance worldwide.*

*A multi-year partnership between Credem and the Foundation has consolidated the **similar values** that find expression and identity in the key words of the Report: **Impetus, Discipline, Harmony, Involvement, Balance, Preparation, Performance.***

Palazzo Spalletti Trivelli, site of the Group's Head Offices but also a place of art and culture, serves as the backdrop for the virtuosity and style of all the dancers, retracing the year 2020 also through images.

The photo shoot was carried out in compliance with the prevention and safety protocols adopted by Credem (in compliance with current regulations and category agreements) and the National Dance Foundation to combat and limit the spread of COVID-19 infection.

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Discipline

Directing behaviours and attitudes towards a common goal: generating value.

Our steps:

- +128%** Stakeholders involved (vs 2019)
- 11 SDGs** Contribution of the Group to the UN 2030 Agenda
- +12.5%** ESG board induction sessions (vs 2019)

Letter to Stakeholders



Dear Stakeholders,

I write to each of you at the end of this year characterised by suffering and difficulty, but which has also shown us many constructive responses full of passion, ingenuity, learning. Our Group has responded with an entrepreneurial spirit, readiness and responsibility, continuing to promote:

- a healthy, robust and widespread risk culture. In fact, during the epidemiological emergency, the timely activation of the Crisis Committee and the immediate sharing of the impacts and measures adopted with the Risk Committee and the Board of Directors allowed us to oversee business continuity, define adequate intervention plans and optimise reaction times;
- attention to the expectations of all our stakeholders, because the prosperity of our company depends to a large extent on each of you. The fiduciary relationship with our employees has been fundamental, who continued to carry out business while working remotely and/or physically under conditions of maximum safety, but also the relationship with shareholders, customers and suppliers, who continued to choose and support us.

Even more so during this historic moment, corporate sustainability must be based on the set of behaviours, attitudes and values that guide the sense and meaning of work and allow to generate value for society as a whole.

In 2020 we translated this aim with the expression “Well-banking People”, “Doing things well, for your well-being”, which also refers to the concept of “good finance”, a formidable tool to ensure the correct operation of our Group because it allows us to:

- aggregate savings in order to use them efficiently and allocate them to profitable uses;
- implement insurance mechanisms that reduce exposure to risks;
- promote the meeting between those who have financial means and those who have a vision, but require the means to give it concrete expression.

Without this meeting, the creation of a community’s economic value would always remain a mere potential.

We are aware that important economic and financial decisions weigh on each of you. We feel and accept this responsibility, which translates into the commitment to guarantee you support:

- by providing good advice, capable of interpreting expectations and needs, guiding, directing;
- by investing in the training of our employees throughout their professional life cycle, to ensure the development and quality of human and intellectual capital;
- by promoting financial education, to contribute to the development of skills and values that constitute the lifeblood for healthy civil coexistence.

The market must continue to be efficient in producing wealth and ensuring sustainable growth, but it must also be at the service of integral development, in harmony with every dimension of human life.

This is the spirit of our new Non-Financial Statement, which summarises our way of doing business and our willingness to positively impact the company and future generations.

The Chairman
Lucio Igino Zanon di Valgiurata

A handwritten signature in dark ink, appearing to read 'L. Zanon di Valgiurata', written in a cursive style.

1.1

Methodological Note

The Consolidated Non-Financial Statement (hereafter also “Non-Financial Statement” or “NFS”), prepared pursuant to Italian Legislative Decree no. 254/16, ensures a clear understanding of the Group's activities, its performance, its results and the impact it produces by reporting on the relevant topics provided for by Articles 3 and 4 of Italian Legislative Decree no. 254/16 with reference to the 2020 financial year (from 1 January to 31 December).

As provided for by Article 5 of Italian Legislative Decree no. 254/2016, this document constitutes a separate report from the Report on Operations and is indicated with appropriate wording.

The content of the report was selected based on the **materiality analysis**, which allowed to identify **the sustainability topics deemed most relevant to the Group and stakeholders**.

Information relating to the use of water resources (Article 3.2a of Italian Legislative Decree 254/2016) were not considered significant for **the purpose of understanding the impacts generated**, considering the negligible amount of water consumption relating to hygienic-sanitary purposes and the low relevance for the banking sector and Credem's business model, also confirmed by the comparison with the data collected by the ABI Lab Consortium, which shows significantly lower consumption compared to the average detected for the banking sector¹.

For more information on the materiality analysis, refer to the *Materiality Analysis* chapter, an integral part of this report².

The parent company and its subsidiaries fully consolidated in the consolidated financial statements of the Group were included in the reporting boundary³: any changes are appropriately reported in the document.

The exclusion of one or more companies does not affect the understanding of the Group's activities, performance, results and general impact.

This report has been prepared in accordance

with the GRI Standards: Core option. The specific standard GRI 403 (Occupational Health and Safety) was adopted in its most recent version of 2018.

The *Financial Services Sector Disclosures* defined by the GRI in 2013 were also taken into consideration, as well as the “Guidelines on the Banking Application of the GRI Standards (Global Reporting Initiative) in Environmental Matters” published by ABI Lab in the January 2020 and December 2019 versions.

In order to guarantee the reliability of the report, the content and quality standards provided by the Global Reporting Initiative were considered, which include:

- **stakeholder inclusiveness;**
- **sustainability context;**
- **materiality and completeness;**
- **accuracy, balance, clarity, comparability, reliability, timeliness.**

In order to enable the comparison of data over time, data relative to 2019 and 2018 has also been reported.

The reclassification of previously published comparative data is clearly indicated.

The use of estimates has been kept to a minimum and, where applicable, is duly indicated in the document.

This report was subject to review by the **Group Risk Committee** on 4 February and 8 March 2021 and was approved by the **Board of Directors** on 11 March 2021.

The report was subject to a **verification of compliance** by the **Internal Audit** department.

The NFS was subject to a *limited assurance engagement* review according to the criteria envisaged by the standard ISAE 3000 Revised by the Independent Auditors EY S.p.A. which, at the end of the work carried out, issued a report on the compliance of the information provided in the Consolidated Non-Financial Statement of the Credem Group pursuant to Italian Legislative Decree no. 254/16.

Drawn up on an annual basis, the 2020 Non-Financial Statement represents the fourth report of the Group and is published on the website www.credem.it in the Sustainability section (<https://www.credem.it/content/credem/it/gruppo-credem/sostenibilita.html>).

The following table illustrates the correlation between the material topics necessary to ensure the full understanding of the Group's business, its performance, its results and the impact of the same and the topics cited in Article 3 of Italian Legislative Decree no. 254/2016¹:

Material topics	Scope of Italian Legislative Decree 254/2016
Environmental impacts	Environmental aspects
Sustainable finance Innovation, technology and digital culture Health and safety Data security Customer satisfaction	Social aspects
Inclusion and equal opportunities	Human rights
Wellness and digital working place Skills and expertise	Staff-related aspects
Ethics and identity	Anti-corruption

1. See the Environmental disclosure survey according to the GRI Standards - 2019 published on the ABI Lab website (accessible upon registration to the Consortia).

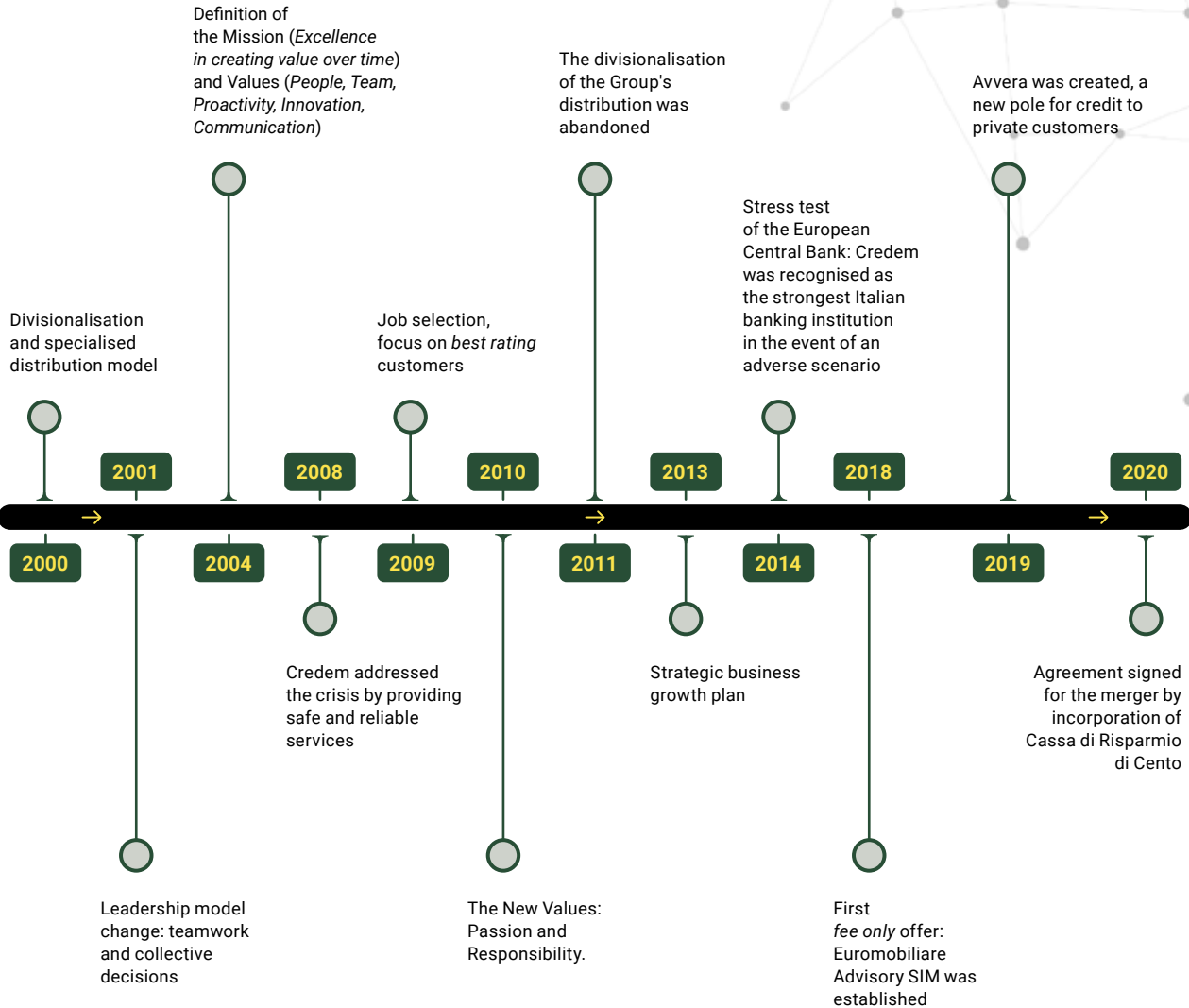
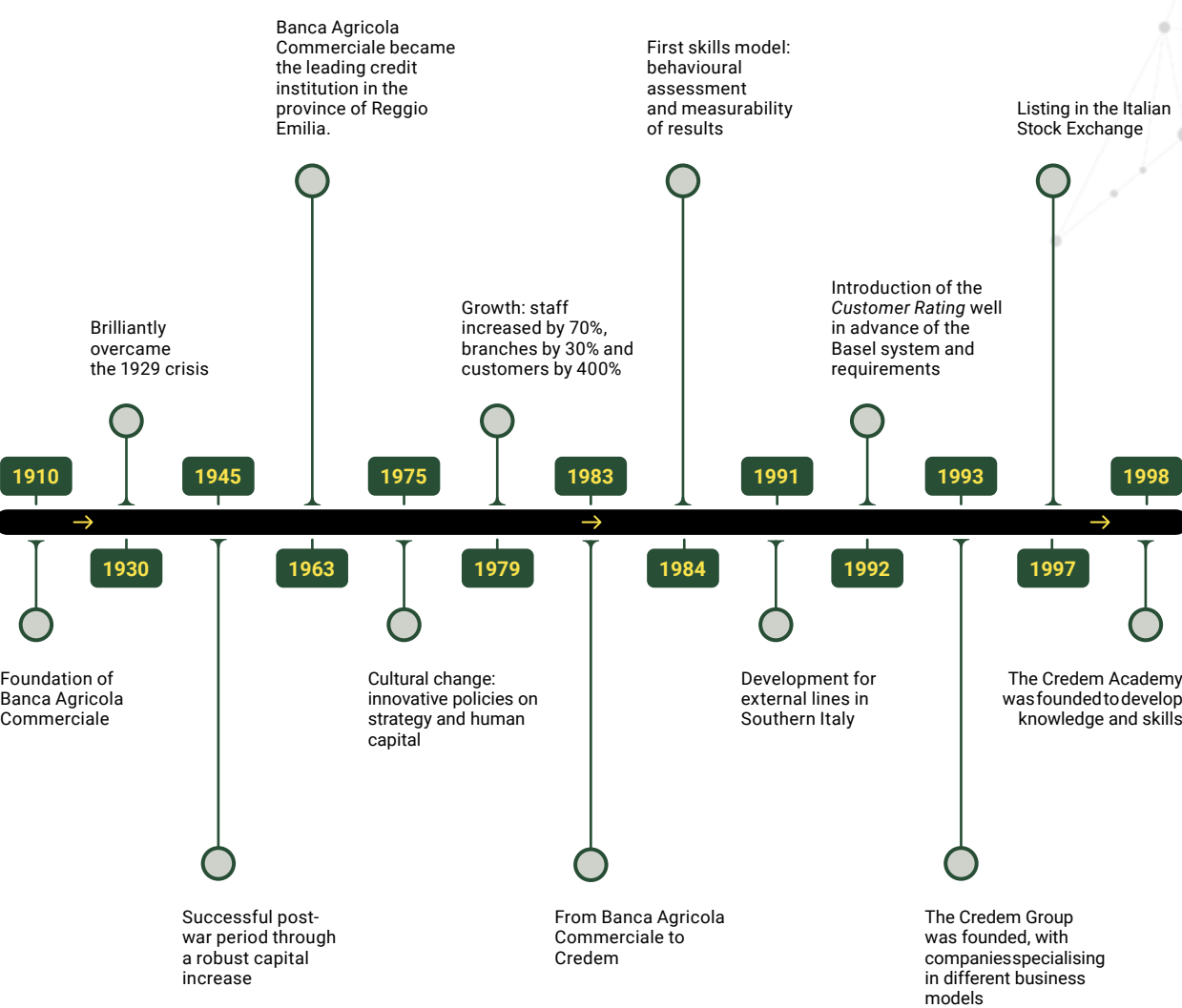
2. See the *Materiality Analysis*.

3. For the list of fully consolidated Group companies refer to Section 3 - Scope and methods of consolidation - of the Explanatory notes to the Consolidated Financial Statements of the Credem Group.

1. For a complete description of the material topics, please refer to the section Key Performance Indicators.

1.2 Business Model

Credem is a modern entrepreneurial bank, characterised by a centuries-old tradition:



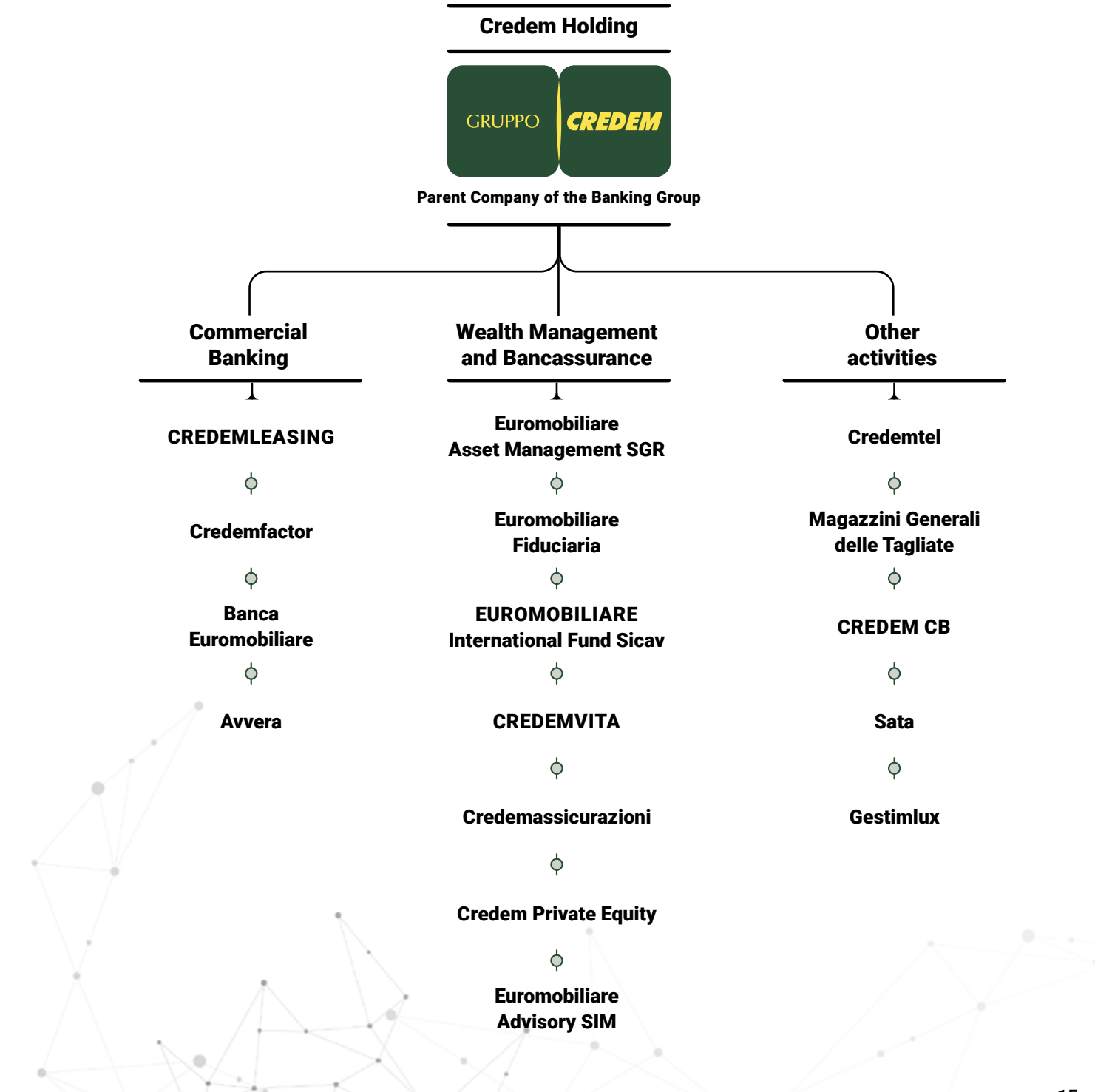
Credem is currently present nationally in 19 regions with 429 branches:











Regions	Branches	Regions	Branches
Abruzzo	3	Molise	1
Basilicata	1	Sicily	14
Calabria	28	Piedmont	39
Campania	38	Apulia	6
Emilia Romagna	98	Sardinia	53
Friuli-Venezia Giulia	4	Tuscany	25
Lazio	22	Trentino-Alto Adige	2
Liguria	7	Umbria	4
Lombardy	52	Veneto	25
Marche	7		

1.3 Group Structure

The activity of the banking Parent Company is supported and completed by 16 companies specialised in commercial banking, wealth management, bancassurance and consumer finance:



The following table provides a **brief description** of the business activities of Credem Group companies consolidated on a line-by-line basis:

Group Companies	Description
	Credem SpA is the Parent Company of the Credem Group, and specialises in commercial banking through the provision of services aimed at retail, corporate and private customers ¹ . www.credem.it
	Consumer credit company specialising in the brokerage of mortgages, the provision of personal loans and the placement of salary-backed products. www.avverafinanziamenti.it
	A company specialising in factoring that offers a diversified range of services: commercial credit management, continuous risk monitoring, credit guarantees and advances, credit management towards Public Bodies and development of agreements with suppliers. www.credemfactor.it
	A company specialising in the development and commercialisation of leasing packages. The company is active in all financial leasing sectors including vehicle, asset, real estate and shipping leases. www.credemleasing.it
	A company authorised to provide collective investment management services, carrying out investments in venture capital through the establishment and management of closed-end mutual investment funds. www.credempriveq.it
	A company specialising in the provision of telematic services to banks, businesses and public authorities. www.credemtel.it
	An insurance company operating in the life insurance and pension sectors which operates exclusively through the distribution networks of the Credem Group. www.credemvita.it
	An insurance company focusing on non-life insurance, which operates exclusively through the distribution networks of the Credem Group ² . www.credemassicurazioni.it
Credem CB S.r.l.	A special purpose vehicle established pursuant to Italian Law no. 130 of 30 April 1999 to support the structuring of specific issuing programmes of Covered Bonds ³ .

Group Companies	Description
	A financial company specialising in financial advice for integrated asset management and corporate finance services for domestic and foreign groups, family companies and financial investors. www.bancaeuro.it
	A company that offers a complete range of investment solutions and strategies, diversified by asset class, risk profile and geographical area. www.euromgr.it
	A trust fund pursuant to Italian Law no. 1966 of 23 November 1939 which carries out asset management services for trustors on the basis of a trust mandate. www.euromobiliarefiduciaria.it
	A Luxembourg variable capital investment company with a structured offer (equity, balanced, bond, flexible and liquidity) to meet different individual risk/return profiles. www.eurofundlux.lu
	A securities brokerage company that offers proxy and proprietary asset management services, independent consultancy and asset assistance to institutional and private customers. www.easim.it
	A company that carries out leasing and management services for owned or leased property in Luxembourg. Gestimlux S.ar.l.
	A company operating in the Parmigiano Reggiano and Grana Padano cheese ageing and storage sector. The wheels of cheese are used as collateral for loans to producers. www.tagliate.it
	An innovative company operating in the IT sector, specialising in developing software for electronic management, interoperability and dematerialisation of documents. www.satanet.it

1. Such services are also provided by networks of financial advisors enabled with off-site permissions through agency agreements.
2. The Company does not fall within the scope of reporting because it consolidates using the equity method.
3. Given its characteristics, the company is not included in the content of the NFS.

1.4 Governance

The Group's mission, ***Excellence in the creation of value over time***, translates into the following objectives:

- ensuring the conditions for continuing to generate value in the medium to long term;
- offering customers concrete and easily accessible solutions through caring and welcoming service;
- providing employees opportunities for professional growth in an environment characterised by equal opportunities, enhancing skills, listening, respect and team spirit;
- guaranteeing shareholders sustainable profitability, preserving the stability and reputation of the Group.

Credito Emiliano S.p.A., in its capacity as Parent Company of the Credito Emiliano Banking Group, has adopted a traditional governance and control model characterised by the following corporate bodies:

Shareholders' Meeting

The Shareholders' Meeting is an important opportunity for shareholders, Directors and management to meet. It expresses the corporate will in a binding manner and deliberates in ordinary and extraordinary sessions on topics reserved to it by law, the Articles of Association and secondary legislation. Those entitled to vote in accordance with the law may attend the Shareholders' Meeting; they are entitled to one vote for each share held and can be represented in accordance with the regulations in force by written proxy, which can also be conferred electronically.

The Board of Directors¹

The Board deliberates on strategic guidelines aimed at **the pursuit of sustainable success, i.e., the creation of long-term value for shareholders and other relevant stakeholders**, and verifies their implementation. Each member of the collegial body shall remain in office for no more than three years and can be re-elected until reaching the age of 75².

During the 2020 financial year, 24 sessions of the Board of Directors were held, with an average duration of 3.5 hours.

The composition of the Board of Directors guarantees the effective performance of the tasks entrusted by law, supervisory provisions and the Articles of Association: it is composed of Executive, Non-executive and Independent Directors, in compliance with a principle of **diversification in terms of gender, skills, age and geographical origin**³.

The composition **ensures the fulfilment of the requirements, gender balance and the presence of Independent Directors**, at least to the minimum extent required by current legislation, including regulations.

Executive Committee

The Committee is appointed by the Board of Directors, carries out its activities within the powers it is assigned by the Board and the second-level control functions with which it is attributed: Compliance with standards (Compliance), Risk control (Risk Management), Anti-money laundering and Validation.

Board of Statutory Auditors and statutory audit

The Board of Statutory Auditors oversees:

- compliance with the laws, regulations and Articles of Association;
- respect for the principles of correct administration, the suitability of the company's organisational structure in its various areas of competence;
- the internal control and administrative accounting system;
- the ability of the latter to accurately represent the management results and the methods of implementation of the Corporate Governance Code for listed companies, to which the Bank subscribes.

The Board of Statutory Auditors of Credito Emiliano also carries out the role of Supervisory Body pursuant to Italian Legislative Decree no. 231/2001 (so-called SB 231). The statutory audit is carried out by an Independent Auditor in line with current regulatory provisions.

The Board Committees

The following specialised committees have been established to support the Board of Directors:

- **Group Appointments Committee and Group Remuneration Committee:** these committees provide support in the form of proposals and advice to the Board of Directors and the other decision-making bodies of the Parent Company on matters concerning "Appointments" and "Remunerations" in cases with a high risk of conflicts of interest;
- **Group Risk Committee:** this committee provides a supporting role - entailing consultation, examination and the formulation of proposals and opinions - with a view to assisting the Board of Directors in its assessments and decisions relating to risk management and the internal control system, to **contribute to the Group's sustainable success**, guaranteeing adequacy in terms of the

characteristics of the business in relation to the development of the organisation and its operations, as well as of the relevant legislative scenario;

- **Committee of Independent Directors:** this committee expresses a prior opinion regarding the approvals of, and any amendments to, the procedures to identify and manage related party transactions. It examines transactions with related parties and associates before they are approved by the competent decision-making body and provides a prior-reasoned opinion on the Bank's interest in carrying out the transaction as well as on the convenience and substantial correctness of the related conditions.

1. The BoD is composed of 33.3% women and 66.7% men, in full respect of the legislative requirements currently applicable to the Bank with reference to the gender distribution criterion. 16.7% of all members are under 50 years old, 66.7% are between 50 and 65 while 16.7% are over 65.
2. A person who has reached the age of seventy-five years may not be elected Director.
3. For more information, please refer to the Report on Corporate Governance and Ownership Structure published on the Credem website in the Governance/Corporate Governance section.

1.5

Sustainability Governance¹

Organisational structure

The **Board of Directors of the Parent Company** is the management and strategic supervision body entrusted with specific tasks and responsibilities associated with the **Non-Financial Statement (NFS)**. In particular, these include:

- contributing to the definition and certification of the **materiality matrix**;
- defining the guidelines and **sustainability objectives** consistent with the materiality matrix;
- **approving the Non-Financial Statement** and authorising its publication in compliance with Italian Legislative Decree no. 254/2016;
- assigning the mandate to the Independent Audit Firm appointed to certify the NFS and issue a declaration of *limited assurance engagement*.

On the proposal of the Board of Directors, the **Group Risk Committee** monitors the non-financial disclosure process.

More specifically, by:

- analysing and evaluating the **materiality analysis** and the **materiality matrix**;
- carrying out adequate **evaluations and proposals** so that the Board of Directors can define the guidelines and **sustainability objectives**;
- overseeing risks and opportunities, also through a **quarterly comparison** with the **Institutional Relations and Sustainability** Department and the **Board of Directors**;
- when approving the document, **assisted by the Internal Audit Department**, examines the NFS and expresses an opinion to the Board of Directors on its **adequacy and completeness**.

In order to support the relevant departments of the Parent Company and Group companies during the preparation of the NFS, **Group Sustainability Regulations²** have been prepared, supported by a relative **Operating Manual**.

During 2020, the **Institutional Relations and Sustainability** Department:

- monitored the implementation of the **sustainability objectives** consistent with the **strategic guidelines** approved by the Board of Directors in 2019;
- **coordinated transversal work groups** operating with the Bank and the Group to define the activities to be carried out to reach the objectives;
- **supervised regulatory developments**, in synergy with the Compliance Department;
- received specific **training** on Corporate Sustainability³;
- **drafted the NFS** and **monitored the data quality** through the standard business process of **Information Governance (Data Quality)** to ensure that the information used for reporting corresponds to the requirements of **reliability, accuracy, credibility and comparability**.

The **relevant departments for the reporting process**:

- ensured the qualitative and quantitative update of the relevant sections;
- saw to the first-level control, including through special monitoring, and intermediate and final control points;
- monitored the established targets, in line with changes to legislation, benchmarking and industry best practices;

The contribution of the relevant departments to the preparation of the Non-Financial Statement has been associated with **fundamental performance indicators** through the **Internal Customer Satisfaction** questionnaire⁴.

The **Internal Audit** Department verified the adequacy of the reporting process, verified compliance with current legislation and ensured the consistency of the structure and type of data contained in the NFS through the selection of a sample of data and related verifications of compliance with the Global Reporting Initiative reporting requirements.



National Dance Foundation, *Improvisation*, Palazzo Spalletti Trivelli, Reggio Emilia.

The **Board of Statutory Auditors** supervised compliance with legislation and the adequacy of the organisational, administrative, reporting and control systems.

1. For more information on the Governance of the Group, refer to the "Report on Corporate Governance and Ownership Structure" available in the "Corporate Governance" section of the Group's website.
2. The Sustainability Regulations are published on the Credem website, in the Sustainability section (<https://www.credem.it/content/credem/it/gruppo-credem/sostenibilita.html>).
3. For more information, see the chapter *Sustainability as a Business Culture*.
4. Internal feedback questionnaire that helps define the overall satisfaction level of the service provided by the Commercial Business Unit, Corporate Services and Group companies.

1.6
UN 2030 Agenda

The Group's contribution
to the achievement of the 17 Sustainable
Development Goals

The 2030 Sustainable Development Agenda is a series of actions for people, the planet and prosperity signed in September 2015 by the governments of the 193 member states of the UN. It includes **17 shared** Sustainable Development Goals (SDGs) that affect all countries and individuals: no one is excluded from them, nor should they be left behind along the path necessary to take the planet on the path of sustainability. **The sustainability objectives were related to the UN 2030 agenda, integrated into the strategic business**

plan and approved by the Board of Directors. Compared to the strategic plan published in the 2019 NFS, specific targets have been integrated concerning:

- **Principles of Governance**, consistent with the publication of the Corporate Governance Code 2020;
- **Planet**, consistent with the Paris Agreement 2015 and the Supervisory Authority guidelines.

Monitoring of the expected results will be carried out annually and reported in the NFS for the years 2021, 2022 and 2023.

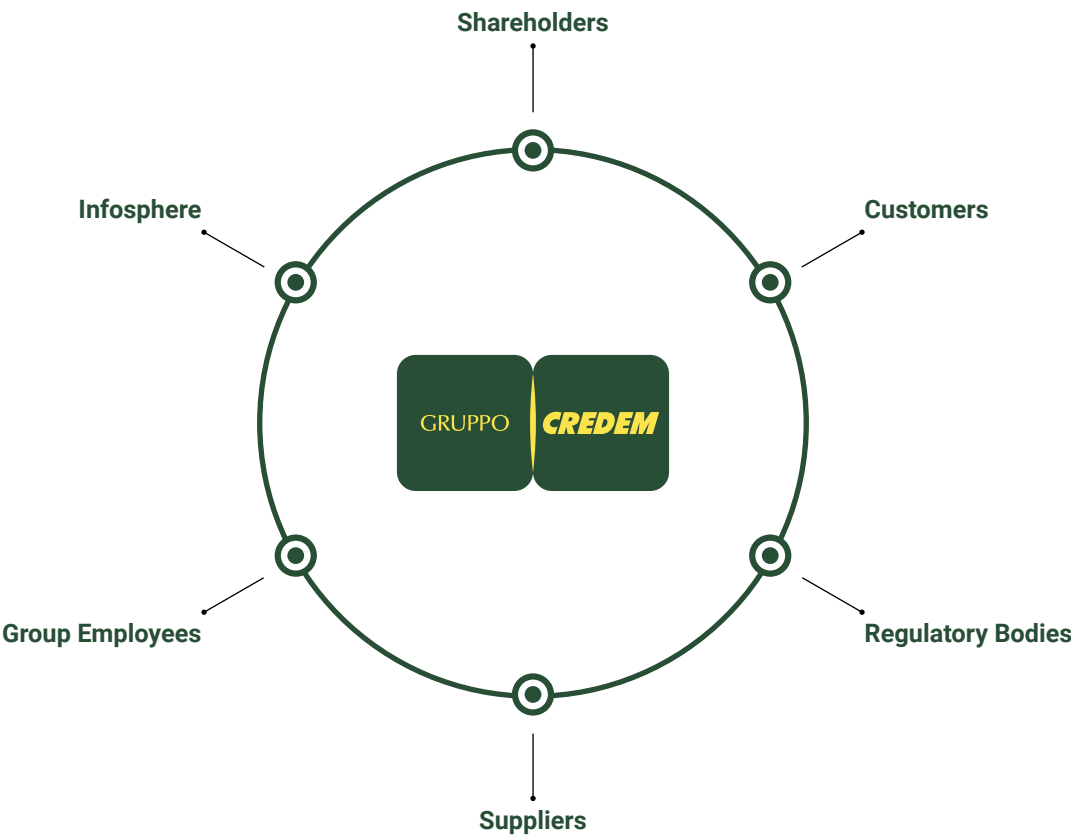


Area	Objectives	Target 2023 ¹	SDGs
Principles of Governance			
Stakeholder engagement	Increase in the number of people involved in stakeholder engagement activities	+20%	
MBOs related to material topics (ESG KPIs)	Implementation of an MBO system related to ESG KPIs identified on the basis of the Group's material topics	100% material topics covered	
Board Induction	Quota of ESG training sessions	20%	
Planet			
Circular economy	Waste disposed by recycling	98%	
	Use of recycled paper	98%	
	Reuse of hardware	100%	
Energy saving	Reduction of internal energy consumption for building use (GJ)	-10%	
	Energy consumption outside of the organisation (GJ)	-12%	
Carbon neutrality	Scope 1 emissions: direct GHG emission reductions from activities within the company (heating and company cars) (tCO ₂ eq)	-12%	
	Scope 2 location-based emissions: reduction of indirect GHG emissions resulting from the generation of purchased electricity (tCO ₂ eq)	-19%	
	Scope 3 emissions: reduction of indirect emissions due to the company's activity (business travel, paper consumption) (tCO ₂ eq)	-10%	
	Compensation of CO ₂ emissions through reforestation projects	100% in 2025	
People			
Corporate welfare	Increase in benefits/membership for services provided by the plan Welfare through enhanced engagement	+20%	
Lifelong learning	Quota of voluntary training in the total training provided	15%	
	Quota of e-learning training in the total training provided	70%	
Agile work	Remote work incentives	85%	
Equal pay for women and men	Equal salary certification	Maintaining certification	
Prosperity			
Recruitments	Increased recruitment, favouring younger generations	600 employees	
Monitoring of customer relations	Monitoring satisfaction with the level of service provided	82 ²	
Finance for SDGs	Increased ESG product range	+30%	
Financial education	Increase in customers, students and communities in financial literacy initiatives	+30%	

1. The data and information as of 31.12.2019 is considered as a baseline for the 2023 targets.
2. Overall satisfaction of customers with the service provided by Credem (score on scale 0 - 100).

1.7

Our Stakeholders



The **stakeholder engagement** process has resulted in a dialogue with all stakeholders, internal and external. The discussions have fostered the development of stable and fruitful relationships.

The relevant stakeholders were identified following **the Stakeholder Engagement** (AA1000 SES) guidelines issued by AccountAbility (2015) and based on three key principles:

- **Inclusiveness:** ability to understand expectations, points of view, needs and perceptions associated with concrete issues, in order to ensure their full involvement in the entire process and define a strategic and shared response;
- **Relevance:** definition of the relevance and significance of environmental and social topics, also for the Group;

- **Responsibility:** to ensure a coherent response to the expectations and concerns expressed through targeted decisions, actions and communications.

Listening to the needs of stakeholders has allowed the Group to identify emerging trends, understand relevant environmental and social aspects and assess the appropriate correlation of objectives and risks. The stakeholder engagement activities involved the following stakeholders:

- **Shareholders;**
- **Customers;**
- **Regulatory Bodies;**
- **Suppliers;**
- **Group Employees¹;**
- **Infosphere.**

To increase the sustainability of the business model with the progressive integration of environmental aspects, **environmental organisations** have been included in the **Infosphere** stakeholder, relevant interlocutors for ensuring the pursuit of the sustainability of the planet.

The stakeholders were directly involved through the use of specific online surveys that favoured participation in the definition of the material topics and the subsequent process of comparison and analysis by the Group. In 2020, **59,361 stakeholders¹** responded to the surveys.

Sustainability survey related to the materiality matrix ²	% response 2020	% response 2019
Shareholders	2.3%	9%
Board	33%	10%
Customers	100%	100%
Group Employees	14%	12%
Suppliers	6%	30%
Analysts and investors	3.2%	1%



Palazzo Spalletti Trivelli, Reggio Emilia, Credem's Head Offices.

1. Employees and Collaborators.

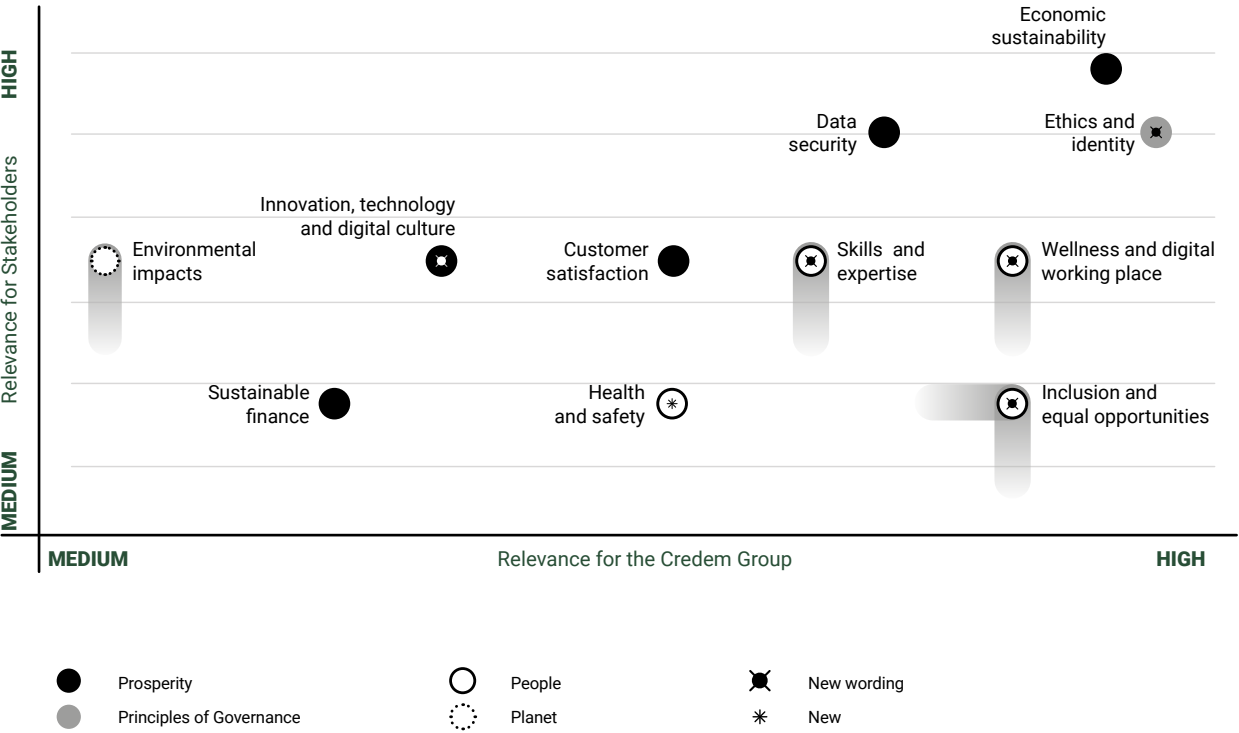
1. 57,104 customers were involved: 854 through the reputational risk questionnaire, 25,000 through the Customer Satisfaction Index, 800 through IB Satisfaction surveys, 900 through Call Centre Satisfaction surveys, 25,000 through the Net Promoter Score, 4,500 through Product Satisfaction surveys, 50 through a new Mobile Banking application.
2. 2,257 stakeholders responded to the sustainability survey.

Stakeholder register and dialogue tools:

Stakeholders	Topic	Main dialogue tools
Shareholders	<ul style="list-style-type: none">Economic sustainabilityBusiness strategiesCorporate governanceEnvironmental and social impacts	<ul style="list-style-type: none">Shareholders' MeetingConference callsInvestor ConferenceRoadshowsDirect reportsCompany websiteSustainability survey
Customers	<ul style="list-style-type: none">Customer satisfactionData securityRisk monitoringInnovation, technology and digital cultureSustainable financeEnvironmental and social impacts	<ul style="list-style-type: none">Satisfaction surveySustainability surveyCodesign of servicesConsultancyVirtual Contact CentreVirtual MeetingsCompany websiteSocial media
Regulatory Bodies	<ul style="list-style-type: none">Legality and regulatory complianceIndustry recommendations and best practicesEnvironmental and social impacts	<ul style="list-style-type: none">Information flowsMeetingsCompany website
Infosphere (Media, Territory, Financial Community, Trade Associations, Environmental Organisations)	<ul style="list-style-type: none">Economic sustainabilityBusiness strategyCorporate governanceEnvironmental and social impacts	<ul style="list-style-type: none">Media relationsRegional meetings and eventsAnnual meetings and updates with rating agencies and financial analystsInvestor ConferenceRoadshowsRepresentation on boards, participation in groups, working groups and technical committees of trade associationsWebinar on climate change with industry stakeholders and participation in questionnaires on environmental impactsCompany websiteSocial mediaSustainability surveyDirect reports
Group Employees	<ul style="list-style-type: none">Ethics and identitySkills and expertiseInclusion and equal opportunitiesWellness and digital working placeEnvironmental and social impacts	<ul style="list-style-type: none">Working environment surveyCorporate intranetTop Management communicationsConference callsCollective and second-level labour agreementsDiversity portalCorporate Welfare portal and newsletterSustainability surveySustainability newsletterSocial mediaCompany website
Suppliers	<ul style="list-style-type: none">Collaboration reportPerformance qualification and evaluationNegotiation of conditionsDevelopment of partnershipsEnvironmental and social impacts	<ul style="list-style-type: none">Supplier participation in online invitations to tenderMeetings and tendersCompany websiteSustainability survey

1.8
Materiality Analysis

Materiality Matrix



The results of the stakeholder engagement process have been incorporated into the **materiality matrix** which, in line with the reporting requirements of the **GRI Sustainability Reporting Standards**, defines the relevant economic, environmental and social impacts for the Group and for stakeholders¹.

In 2020, the Group included the theme **Health and safety**: the epidemiological emergency gave priority to protecting the health of people and all stakeholders who interface with management and the operational offices daily.

Somematerialtopics have been renamed to make them more consistent with the Group's strategies and refine the content expressed:

- **Ethics and identity**: includes company principles and values, which translate into actions and behaviours every day;
- **Skills and knowledge**: includes and expresses itself in the recognition and growth path of all Group employees;
- **Inclusion and Equal Opportunities**: defines the enhancement of diversity and ensures equal treatment and career opportunities;
- **Innovation, technology and digital culture**: stresses the importance of digital training as a primary vehicle for exploiting the full potential of innovation and technology;
- **Wellness and Digital Working Place**: enhances the characteristics, processes and objectives of agile work.

1. For the list of stakeholders involved in updating the materiality analysis, refer to the section *Our Stakeholders*.

The topic **Environmental impacts** continues to be relevant. Information relating to the use of water resources (Article 3.2a of Italian Legislative Decree 254/2016) were not considered significant for **the purpose of understanding the impacts generated**, considering the negligible amount of water consumption relating to hygienic-sanitary purposes and the low relevance for the banking sector and Credem's business model, also confirmed by the comparison with the data collected by the ABI Lab Consortium, which shows significantly lower consumption compared to the average of the banking sector.¹

The material topics have been divided into four areas which reflect the fundamental pillars defined by *"Measuring Stakeholder Capitalism"*, a report published by the World Economic Forum to facilitate the measurement and reporting of organisations' sustainable value:

- **Principles of Governance;**
- **Planet;**
- **People;**
- **Prosperity.**

In 2020, the **performance objectives of Top Management**, to which the provision of variable remuneration components is linked, were the subject of specific analyses, also in relation to the topics that emerged as material, so that they are aimed at **promoting sustainable success**, also including parameters of a non-financial nature.

The **material topics** are closely correlated with the **Management Business Objectives**, with the exception of **Sustainable finance** and **Environmental impacts**, which will be **included** with **effect from 2021**.

The materiality matrix was shared with the **Group Risk Board Committee**, approved by the **Board of Directors** upon the proposal of the aforementioned Committee and is reflected in the **integrated strategic plan**.



Palazzo Spalletti Trivelli, Reggio Emilia, Banquet Hall, Credem's Head Offices.

1. See the Environmental disclosure survey according to the GRI Standards - 2019 published on the ABI Lab website (accessible upon registration to the Consortia).

1.9

Sustainability Risks

The **Internal Audit** Department ensures the coverage and third-level control of the following processes, according to a risk-based logic:

Macro topics	Material topics	Risks
Principles of Governance	<ul style="list-style-type: none">Ethics and identity	<ul style="list-style-type: none">Reputational risk of non-compliance with regulationsReputational risk associated with product performanceReputational risk aimed at providing an estimate of the potential financial impact resulting from reputational damage (Corporate Governance, Bank-Customer relations, Internal incidents)Governance riskOperational risk: Conduct risk
Planet	<ul style="list-style-type: none">Environmental impacts	<ul style="list-style-type: none">Risk of non-compliance with environmental laws and/or regulationsReputational risk aimed at providing an estimate of the potential financial impact resulting from reputational damage (external incidents)

Monitoring methods

First-level risk monitoring is carried out by the following departments:

- General Secretariat, corporate governance, for conflicts of interest, management of insider information;
- ORGAN, by organisational model and operational governance mechanisms;
- COMPLIANCE, MiFID conflicts of interest, market abuse detection and personal transactions of significant subjects;
- ANTI-MONEY LAUNDERING, Commercial Business Unit and Finance Business Unit, for anti-money laundering, anti-terrorism and compliance with international economic sanctions;
- PEOPLE, for the internal code of conduct.

Direct second-level controls are also carried out on the above topics by COMPLIANCE, ANTI-MONEY LAUNDERING and SB 231 in relation to non-compliance risks.

Conduct risk is also monitored by the first-level departments of the commercial network: Preventive Controls and Network Monitoring Department, Operational Risk Control Department and Credit Controls Department and by ERISK as a second-level department.

The Analytics & Fraud Audit Department ensures the functionality (effectiveness and efficiency) of the internal control system to control the risk of internal fraud in the various phases of prevention, detection and investigation, also through the collaboration and support of the other AUDIT offices and the Group structures involved; it also carries out checks on potential abnormal behaviour by employees to verify compliance with the Internal Code of Conduct and the general and specific reference regulations (similar activities are envisaged for Mandated Agents).

The Manager of the Internal Audit Department also performs the role of Manager of the internal Whistleblowing reporting system. For Credem Banca, reputational risk is monitored and assessed through a method of mitigation and control that allows monitoring at an organisational level and produces an estimate of the "reputational loss" expressed in terms of lower expected revenues; monitoring is guaranteed by the ERISK Department.

The risk is monitored

- by the Property Governance and Control Department for the management of real estate and to ensure continuous operation in case of emergencies;
- by the Logistical Coordination Department for the collection and disposal of waste.

The above-mentioned departments constantly monitor the main environmental risks and represent Specialised Integrated Control Units for the second-level controls of compliance risk.

For Credem Banca, reputational risk is monitored and assessed through a method of mitigation and control that allows monitoring at an organisational level and produces an estimate of the "reputational loss" expressed in terms of lower expected revenues; the monitoring is ensured by the ERISK Department.

Macro topics	Material topics	Risks
People	<ul style="list-style-type: none">Inclusion and equal opportunitiesWellness and digital working placeSkills and expertiseHealth and safety	<ul style="list-style-type: none">Reputational risk aimed at providing an estimate of the potential financial impact resulting from reputational damage (internal incidents)Risk of non-compliance with occupational health and safety regulations and labour regulations

Prosperity	<ul style="list-style-type: none">Data securityCustomer satisfactionInnovation, technology and digital cultureSustainable financeEconomic sustainability	<ul style="list-style-type: none">Risk of non-compliance with regulations governing personal data protection and the transparent distribution of banking and financial servicesOperational risk: Conduct riskIT RiskStrategic riskReputational risk associated with product performanceReputational risk aimed at providing an estimate of the potential financial impact resulting from reputational damage (Bank-Customer Relations, Internal Incidents)
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Monitoring methods
<p>Risk monitoring is entrusted to the Safety and Prevention Department which ensures observance of regulations currently in force and also serves as a Specialised Control Unit for the second-level controls of compliance risk.</p> <p>The management of the Group's human resources is the responsibility of the PEOPLE Department (also appointed as a Specialised Integrated Control Unit for the second-level controls of compliance risk) which aims to ensure employee welfare and promote personal development.</p> <p>First-level controls regarding compliance with labour regulations, including corporate welfare measures, are carried out by the Human Resources Department of the Parent Company, which fulfils the role of Specialised Integrated Control Unit for the second-level controls of compliance risk.</p> <p>For Credem Banca, reputational risk is monitored and assessed through a method of mitigation and control that allows monitoring at an organisational level and produces an estimate of the "reputational loss" expressed in terms of lower expected revenues; the monitoring is ensured by the ERISK Department.</p>

<p>Compliance risk with regard to personal data protection is managed through specialist monitoring carried out by the Data Protection Officer. Conduct risk is also monitored by the first-level departments of the commercial network: Preventive Controls and Network Monitoring Department, Operational Risk Control Department and Credit Controls Department and by ERISK as a second-level department.</p> <p>The Analytics & Fraud Audit Department ensures the functionality (effectiveness and efficiency) of the internal control system to control the risk of internal fraud in the various phases of prevention, detection and investigation, also through the collaboration and support of the other AUDIT offices and the Group structures involved; it also carries out checks on potential abnormal behaviour by employees to verify compliance with the Internal Code of Conduct and the general and specific reference regulations (similar activities are envisaged on Mandated Agents).</p> <p>The Manager of the Internal Audit Department also performs the role of Manager of the internal Whistleblowing reporting system. Compliance risk with regard to product governance and the transparency of banking and financial services is managed through the direct second-level control of the COMPLIANCE Department.</p> <p>Information Technology Risk is overseen by the Information Security Governance Department with the support of the Operational Architecture and Logical Security Department and what is found is integrated in the reporting of Operational Risks and the Risk Appetite Framework. The product introduction process is structured according to deliberative procedures and involves the following departments:</p> <ul style="list-style-type: none">Product Management of the Parent Company and Group companies, who are responsible for introducing new products (or modifying existing products) and implementing the preliminary procedures aimed at the deliberative process; the preliminary procedures ensure the involvement and request for opinion of the process owners and the other relevant departments (e.g., competent legal department, Administration for tax-related matters, budgeting and supervisory reports, Finance Business Unit for the assessment of liquidity and financial risks, programming and control departments, etc.);ERISK, ANTI-MONEY LAUNDERING, COMPLIANCE and Data Protection Officer (as level-two controls), which express an opinion on the proposed resolution; the adoption of socio-environmental screening practices in asset management activities, which exclude investments in companies and institutions whose values are not compatible with those of the Credem Group; and on the development of products and services with specific environmental or social purposes. <p>For Credem Banca, reputational risk is monitored and assessed through a method of mitigation and control that allows monitoring at an organisational level and produces an estimate of the "reputational loss" expressed in terms of lower expected revenues; monitoring is guaranteed by the ERISK Department.</p>



Prospero Minghetti, *Apollo sul carro del Sole con il corteo delle Ore*, 1832-1833, detail, Palazzo Spalletti Trivelli, Reggio Emilia.

1.10

Ethics and identity



Alessandro Tiarini, *Deposition of Christ*, about 1615, detail, Credem art collection, Reggio Emilia.

The Group's activity is aimed at achieving **a sustainable and socially generative purpose: to do things well for the well-being of all our stakeholders.**

The value of our employees finds concrete expression in **behaviours**, which summarise **principles** consistent with the **corporate culture** inspired by integrity, diligence, concreteness. The **company values** represent the synthesis of the organisational identity:

- **Passion:** approach to work and professional experience characterised by **motivation** and **personal involvement**;
- **Responsibility:** embracing every aspect of work with proactivity and competence.

The **company values** are expressed in **skills**, in turn associated with specific **behaviours**: Since 2020, the **behaviours** of the Group's employees have been subject to **self-assessment** and **evaluation** by managers, also extended to colleagues and

Values	Skills	Behaviours
Passion	Common sense	<ul style="list-style-type: none">• Propose shareable and viable solutions
	Initiative	<ul style="list-style-type: none">• Take action to improve the situation, exceeding, if necessary, one's professional scope
	Positive thinking	<ul style="list-style-type: none">• Maintain a constructive attitude
	Teamwork	<ul style="list-style-type: none">• Collaborate constructively, considering the different points of view• Experience mistakes (own and others) as opportunities for learning and improvement
	Leadership	<ul style="list-style-type: none">• Energy and capacity for interpersonal involvement• Convey constructive and substantial feedback (of appreciation and improvement)
Responsibilities	Integrity	<ul style="list-style-type: none">• Take responsibility for one's own decisions, actions and consequences
	Coherence	<ul style="list-style-type: none">• Do what you say and say what you do
	Intellectual honesty	<ul style="list-style-type: none">• Act and communicate with sincerity and loyalty

collaborators on an optional basis. The assessment is part of Group employees' **performance objectives**, to which the provision of variable remuneration components is linked and which also includes **parameters of a non-financial nature**.

The **Internal Control and Risk Management System** contributes to the Group's **sustainable success** :

- **Compliance**, a second-level control function that contributes to ensuring the company's healthy and correct management, overseeing the management of non-compliance risk and promoting the spread of the **culture of compliance** and **correct behaviour**; In 2020, beyond the usual monitoring of regulatory changes, particular effort was dedicated to the following activities:
 - support in defining contingency processes for the COVID-19 emergency;
 - transparency, anti-usury, shareholder rights, anti-trust and unfair business practices;
 - European ESG (Environment, Society, Governance) framework.

- **Anti-money laundering**, a second-level control function responsible for **preventing and combating money laundering or terrorist financing operations** and continuously verifying the adequacy of the organisational structure, as well as its compliance with industry regulations. In 2020, as part of the usual customer operations monitoring activities, a specific monitoring activity was carried out on new products established and on State-guaranteed funding for the COVID-19 emergency. All Group employees participated in the mandatory course on *Anti-Money Laundering 2020: the novelties of the EU IV and V Directives*;
- **Internal Audit**, a third-level control function aimed at verifying the **correct application of internal regulations**, the overall system of internal controls and analysing any instances of internal/external fraud to identify the necessary measures to prevent recurrence. In 2020, the controls focused on:

- **emerging risks arising from the pandemic-related emergency situation**, with activities aimed at assessing the adequacy of new sales processes and remote customer relationships, in addition to impacts on credit risk. Particular attention was paid to cyber risk, carrying out analyses on the security of the remote access systems used by employees and verifying the correct management of the problems identified during simulations of cyber attacks and IT security incidents;
- **anti-money laundering**: through inspections carried out at individual points of sale, chosen from a risk-based point of view on the basis of money-laundering risk indicators, as well as transversal analyses concerning specific behavioural clusters (for example cash handling, use of digital payment services or cryptocurrencies) and analysis of the quality of the movements in the current account statements of the individual customer;
- **administrated collection**, through an important monitoring campaign aimed at monitoring the risks associated with the concentration of assets and to better understand the results of the figures on the operations carried out independently by customers of the evolved channels. A assessment of the indicators in use was also carried out with the implementation of new indicators to monitor the aforementioned issues;
- **internal fraud**: governance and risk mitigation actions were implemented, divided into:
 - prevention measures**: training snippets have been provided to private banking and financial advisory networks to raise awareness among managers of weak signals that may lead to unlawful conduct;
 - detection activities**, to anticipate the detection of fraud, with particular reference to the system of risk indicators and control campaigns on risky behavioural patterns capable of intercepting operations that may conceal fraudulent behaviour;
 - investigation activities** for any frauds suffered, with the aim of ascertaining the objective responsibilities of the various parties involved and collecting suggestions for

further and continuous improvement of the internal controls system;

- **governance**: through audits aimed at improving the processes relating to related parties and the application of the provisions envisaged for Independent Directors;
- **risk culture**: through specific advice on anti-money laundering and terrorism financing, on operational risks and credit, aimed at branch managers, small business centres and business centre owners;
- **Risk Management**, a department responsible for the **risks management** process and ensuring the separation between the definition of their management strategy, their measurement and control, verifying the adequacy of their measurement and management system. In 2020, the department participated in cross-departmental working groups on ESG risk monitoring¹ and intensified risk monitoring through **stress tests** on **specific adverse events** and joint movements of a set of economic-financial variables in **adverses scenario hypotheses**. The epidemiological emergency intensified the frequency of tests **from annual to monthly**, focusing on how to apply the scenarios for accounting purposes, quantification of risk tolerance, quantification of capital adequacy in adverse conditions, quantification of liquidity adequacy and simulation of the Group's approach to the *point of non-viability*, to assess the consistency of the thresholds and among the related escalation processes. Monthly forecasting activities were integrated into the aforementioned tests, both in baseline and adverse conditions. The scenario analyses were shared with the Board of Directors and contributed to the definition of the Group's strategy.

The **Internal Control System** is characterised by effective **mechanisms of interaction among all company departments** (including control departments), in order to create an integrated vision of the risks and to structure a dynamic process of adapting the control methods to the changing internal and external context. The **Board of Directors of the Parent Company** assesses the **completeness, adequacy, functionality and reliability of the Internal Control System** at least once

a year, and more generally assesses its compliance with regulatory requirements and internal regulations, periodically monitoring the results of the activities of the corporate control functions.

Internal policies and regulations contribute to ensuring **ethics and integrity** in business management:

- **Internal Code of Conduct**: this defines the **ethics, company values** and **rules of conduct** with employees and external collaborators, personal operations, internal organisation and customer relations;
- **Code of Ethics**: an integral part of the Organisational, Management and Control Model 231/2001 which explains the **principles and rules of conduct** governing internal relations and relations with stakeholders;
 - **Code of Ethics and Conduct for Financial Advisors authorised to offer off-site and agents**: includes principles aimed at ensuring **fairness, morality** and **honesty**;
- **Internal Whistleblowing System**: defines specific procedures for **reporting facts or acts that may constitute a violation of rules**:
 - governing banking activities;
 - governing financial activities;
 - related to the prevention of money laundering and terrorism financing;
 - related to the administrative liability of companies and entities or violations of the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/01;
 - governing the activities carried out by insurance companies and insurance intermediaries pursuant to the Private Insurance Code;
 - the rules on competition between companies.

The Parent Company and other Group companies, aware of the need to **ensure the conditions of correctness and transparency in the performance of its business and business activities**¹, have implemented the indications of Italian Legislative Decree no. 231/01 regarding the *Guidelines for the administrative liability of legal entities, companies and associations without legal responsibility* through the adoption of an **Organisational, Management and Control Model** aimed at preventing and combating the risk of the crimes

provided for in the Decree.

In 2020, within the *Special Part* of the Organisational, Management and Control Model, the areas potentially exposed to the risk of carrying out the types of crime, the activities at risk, the business processes impacted, the potential risks of committing crimes (according to a "risk-based" approach) are identified, together with the safeguards (control protocols) designed to prevent the occurrence of relevant unlawful conduct pursuant to Italian Legislative Decree 231/01 and the applicable penalties.

In the 231 Model, the attribution of a potential risk index (RI) related to the following has been introduced:

- potential impact of violations subject to financial penalties and/or disqualifications;
- probability of occurrence;
- professional judgement, a case-by-case reassessment that identifies the business relevance of the crime in question. The reassessment is aimed at reducing the RI by 60% in the case of "Non-business Relevant" crimes.

The 231 Model has been integrated with the adoption of a Code of Ethics aimed at communicating the principles and rules of conduct of the Group in relations with all internal and external stakeholders.

The General Part of the Model and the Code of Ethics are published in a special section of the website dedicated to Italian Legislative Decree 231/2001.

Confirmed incidents of corruption and actions taken.

In line with past years, no cases of non-compliance representing a confirmed incident of corruption were reported in 2020.

The **Board of Statutory Auditors** of each Group company that has adopted an Organisational, Management and Control Model has been allocated the role of Supervisory Body pursuant to **Italian Legislative Decree no. 231/01**, and is entrusted, inter alia, with the task of supervising the operation, efficacy and observance of the Model and ensuring its update, as well as coordinating **informative** and **training** activities regarding the Decree and the Model.

In line with the above approach, the Board of Directors has adopted the operating manual **Risks and Controls**

pursuant to Italian Legislative Decree no. 231/2001, the **Internal Code of Conduct, the Code of Ethics, and the Code of Ethics and Conduct for off-site financial advisors and agents** (the latter applies to Group companies which use off-site financial advisors and agents), and the **Disciplinary System** aimed at penalising breaches to the provisions indicated in the Model.

Transparency

To ensure the transparency of banking and financial services, the Group has a policy that incorporates the **guidelines of integrity and management ethics towards customers**, aimed at guaranteeing:

- **clarity of information and ease of access;**
- **comprehensibility of rights and costs related to services;**
- **comparability between the different market offers available.**

The company intranet includes the **Transparency portal**, which contains:

- operating instructions (sales and governance processes);
- dedicated exhibitors for branches and business centres;
- information sheets and advertising information in force;
- the contents of the Consumer Credit portal;
- merchandising for branches, small business centres and business centres;
- training: online course *The Bank and the Customer*.

To **ensure complete and accessible information**, the **Transparency section** is available on the **website** of the Parent Company, which contains:

- information sheets concerning the characteristics of Credem services;
- Key Information Documents relating to Over The Counter (OTC) derivatives traded by the Bank;
- Bank of Italy guides, to help consumers in their choice of services;
- notices, including the annual report on the **legality rating**;¹
- options trading promoted by Credem;
- a section dedicated to reports (toll-free number and

specific emails, company Facebook page, consultant availability in branches, useful indications for submitting a complaint and the annual reporting of the same) and open to receive advice and suggestions.

Mechanisms for communicating concerns about behaviour lacking respect for ethics and organisational integrity

The **Whistleblowing** reporting system² leads to an internal regulatory system³ that defines:

- reference perimeter;
- roles and responsibilities;
- protective measures to ensure the confidentiality and protection of the personal data belonging to the reporting and reported person;
- the procedures for forwarding reports;
- an exemplary list of acts or facts that may constitute a reported violation.

The system is characterised by the presence of a single manager for all Group companies (Internal Audit Department Manager of Credem) and an assistant manager (Compliance Officer of Credem). Each employee, intern, financial advisor qualified for off-site offers or financial activity agents in force throughout the Credem Group can report any illicit conduct of which they become aware. Reports can be made using a **dedicated digital channel** (Whistleblowing platform), by **paper** or **electronic** means, by e-mail addressed to a dedicated box.

The reports are received, examined and evaluated through specific, autonomous and independent channels, which differ from the ordinary reporting lines so as to **ensure that the subject in charge of receiving, examining and evaluating the report is not hierarchically or functionally subordinated to the reported subject**.

Furthermore, a set of rules has been identified to guarantee the **confidentiality of the personal data of the whistleblower**, as well as the **alleged perpetrator**, and to **adequately protect the whistleblower from any retaliatory or discriminatory behaviour**. The reporter can personally verify, through the use of personal codes (dedicated username and password provided by the platform itself), the taking charge and

evolution of their report.

In collaboration with **Credem Academy**, a mandatory **training video film** was created in snippets⁴, which was seen by **93% of employees/collaborators in December 2020**.

An **annual report** is drawn up for each company with a **summary of the reports received**, addressed to the Board of Directors, the Board of Statutory Auditors, the Supervisory Body 231/2001 and the Group Risk Board Committee.

Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and relative outcomes.

In line with the previous years, no legal action was taken against the Parent Company relating to unfair competition in 2020.

Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations.

In line with the previous years, the Group was not subject to any penalties regarding non-compliance with environmental laws and regulations in 2020.

1. The summary indicator of compliance with high standards of legality by companies that have requested it, aimed at promoting and introducing principles of ethical behaviour in the company.
2. The Internal Whistleblowing System has been adopted by Credem, Banca Euromobiliare, Euromobiliare Asset Management SGR, Credem Private Equity, Credem vita, Credem leasing, Credem factor, Avvera, Euromobiliare Fiduciaria, Credemtel, Magazzini Generali delle Tagliate and Euromobiliare Advisory SIM.
3. Group Regulation on the Internal Whistleblowing System, operating manual:

1.11

Human rights

In 2020, the **Group signed the Human Rights Guide created by the World Business Council for Sustainable Development**, a global organisation of companies that share sustainability objectives. The participation is aimed at:

- increasing knowledge and awareness of human rights in corporations;
- spreading leadership;
- consciously engaging and interacting with relevant stakeholders.

The Guide represents a further element to ensure respect for cultural, social, ideological, gender and age diversity, combating intimidation and harassment in the workplace, and is promptly reflected in the internal regulations **addressed to the following Group stakeholders**:

- **Employees and collaborators**: to promote an inclusive business culture, encouraging respect for and enhancement of each employee and guaranteeing equal opportunities in all phases of professional experience (recruitment, growth, training, compensation), such as:
 - occupational health and safety;
 - reconciliation between private and professional life, in particular through an articulated welfare plan (health and well-being, personal support, leisure, work-life balance, purchasing power, protection);
 - training, to foster the acquisition of skills and behaviours enabling the achievement of individual and team objectives;
 - adequate remuneration, to ensure merit, transparency and fairness.
- **Customers**: the commitment to respect for human rights is also guaranteed to customers, through:
 - principles of healthy and correct risk management;
 - the protection of privacy and data security:

- the fight against money laundering and terrorism financing;
- services with social and environmental purposes and socially responsible investments, characterised by screening methodologies that also include respect for human rights.
- **Suppliers**: to promote the sustainability of the supply chain, the Group requires **the adoption of standards of conduct that are consistent and compatible with its ethical principles**. These obligations are an essential **condition for the establishment and/or continuation of contractual relations**.

The **Organisational and Management Model prepared pursuant to Italian Legislative Decree 231/01** was integrated with the inclusion of the offence of **illicit brokering and exploitation of labour** (so-called “**Gang-master System**”), which **aims to protect human dignity** from the deprivation of liberty and objectification of the individual and extends to those who consciously facilitate, even if only financially, such conduct (for example, in the context of grants to institutions or companies operating in sensitive sectors).

Through the aforementioned **Internal Whistleblowing System**, it is possible to **report conduct that may constitute a breach of human rights**.

The subject of human rights is relevant to various operational contexts and generates direct or indirect impacts for stakeholders:

Stakeholder register and impact area

Stakeholders	Areas of impact	Contents
Customers	• Policies and solutions to combat theft	140
Group Customers/Employees	• Personal and sensitive data protection	90 - 91
Infosphere	• Cultural life and beneficial activities aimed at respecting human rights	99 - 103
Group Employees	• Combating personal harassment	140
	• Freedom of association	57; 128
	• Non-discrimination, equal opportunities and fair remuneration	71; 72; 140
	• Family life, through policies to support work-life balance	68 - 70
Suppliers	• Inclusion of human rights criteria in the supply chain	106 - 107



National Dance Foundation, *Danza e Fragilità* project [Dance and Fragility], in partnership with Credem.

Harmony

Mitigate the environmental and climatic impact, move and act in harmony with the planet.

Our steps:

-11.9%	Energy consumption within the organisation (GJ)
-55.6%	Energy consumption outside of the organisation (GJ)
-29.4%	Direct SCOPE 1 emissions (tCO ₂ eq)
-14.8%	Indirect SCOPE 2 location-based emissions (tCO ₂ eq)
-49.3%	Indirect SCOPE 3 emissions (tCO ₂ eq)

2.1 Carbon Neutral Objective

The Credem Group's emissions consist of:

- direct emissions of greenhouse gases (SCOPE 1), attributable to **activities within the organisation** (emissions resulting from the consumption of gases for heating spaces and fuel for the company's car fleet);
- indirect greenhouse gas emissions (SCOPE 2), attributable to **internal energy consumption in the use of buildings** (emissions resulting from the generation of purchased electricity). In this regard, it should be noted that **100% of the electricity purchased by the Group comes from certified renewable sources**;
- other indirect greenhouse gas emissions (SCOPE 3), attributable to **company activities**, but coming from sources that are not owned or controlled by Credem (in this context, the Group calculates and provides disclosure of the emissions generated by trips with public transport and private cars of employees and by the consumption of paper).

Credem has planned a path to reach **Carbon Neutrality by 2025**, characterised by the following steps:

- 2021: quantification of the **carbon footprint**, which expresses the total greenhouse gas emissions directly or indirectly associated with the organisation (SCOPE 1, 2 and 3) in CO₂ equivalent, through a carbon assessment process aimed at refining the inventory of emissions generated and the simultaneous drafting of a carbon reduction roadmap;
- 2020-2023: definition of specific targets for reduction of environmental impacts¹:
 - energy consumption within the organisation (GJ): -10%
 - energy consumption outside of the organisation (GJ): -12%
 - direct SCOPE 1 emissions (tCO₂eq): -12 %
 - indirect SCOPE 2 location-based emissions

- (tCO₂eq): -19 %
- indirect SCOPE 3 emissions (tCO₂eq): -10%;

- by 2025: compensation of residual CO₂ emissions with an equivalent number of carbon credits, through a reforestation project; the United Framework Convention on Climate Change (UNFCCC) has established the certification and sale of carbon credits: one carbon credit is equivalent to one tonne of CO₂ removed from the atmosphere. The purchase of a batch of Verified Carbon Standard (VCS) certified carbon credits, issued by the main international standard VERRA, subject to audit by an independent third party body and recognised by the UNFCCC.

The achievement of Carbon Neutrality is in line with the **Paris Climate Agreement**², with the **UN 2030 Agenda**³ and promotes the achievement of objectives which are:

- **environmental**: through the reduction of greenhouse gases, oxygen production and the protection of biodiversity;
- **social**: through the creation of new opportunities for training, education and employment linked to reforestation and social development projects in the developing countries where the project is implemented;
- **economic**: through a clear and decisive green commitment that promotes the loyalty of new business segments and is the subject of increasing attention by the Group's stakeholders.

In 2020, the Group participated in the **CDP** (formerly **Carbon Disclosure Project**), a **global disclosure system for managing the environmental impacts** of the private sector, able to provide environmental information and data to investors and the market. The impacts are mapped through ad hoc questionnaires.



Palazzo Spalletti Trivelli, Reggio Emilia, garden, Credem Head Offices.

Credem has completed the Climate Change questionnaire, which encourages effective communication of company strategies for measuring emissions and managing the risks and opportunities associated with the effects of climate change, and allows comparisons to be made between companies in the same business sector, including internationally. CDP gives participating companies a scoring from A to D in order to measure the completeness of the disclosure, awareness and management of environmental risks and the increasing

implementation of related policies, objectives and KPIs:

- **A: Leadership**
- **B: Management**
- **C: Awareness**
- **D: Disclosure.**

In its first year participating, Credem obtained the score **C - Awareness**, which attests to its **awareness and knowledge** of the issues and impacts inherent in climate change.

1. The data and information as of 31.12.2019 is considered as a baseline for the 2023 targets.
2. The Paris Agreement is an agreement between the Member States of the United Nations Framework Convention on Climate Change, with regard to the reduction of greenhouse gas emissions, and finance, starting from 2020.
3. The Agenda was established in 2015 by the UN and defined 17 Sustainable Development Goals to be implemented by 2030, to ensure a sustainable development path for the planet and people.

2.2

Climate change risk analysis

Climate change is driving some of the most serious global transformations. Impacts on products and services, supply chains, the loss in goods' value caused by more frequent and severe climate-related natural events, as well as changes in policy and legislation are already visible. Investors, regulators and other stakeholders increasingly demand transparent information on the impacts of climate change. In this context, the Credem Group is also impacted by climate change risk, which includes:

- **physical risks**, linked to the occurrence of acute catastrophic events (storms, flooding, fires) or chronic catastrophic events (temperature changes) that impose a price in terms of both human suffering and the destruction of physical capital, weakening the ability to profit from investments, the ability of businesses and households to repay and service their debts and reducing the value of collateral;
- **transition risks**, originating from the transition to a low-carbon and climate-resilient economy (policy, legal, technological, market and reputational risks).

In 2020, a first sectoral analysis on indirect environmental risks was launched to assess the exposure to climate change risk in terms of physical and transition risks, loans portfolios¹ and investments (owned and assets managed)².

The analysis showed a higher exposure to the physical risk of the loans portfolio compared to investments and an average transition risk exposure for both the loans portfolio and for investments.

An in-depth analysis of exposure to indirect environmental risks will continue in 2021, with the definition of governance and a strategy in the field of climate change and the integration of risks related to climate change in the Group's risk management processes, in line with the recommendations of the Supervisory Authorities.



National Dance Foundation, *Improvisation*, Palazzo Spalletti Trivelli, Reggio Emilia.

2.3

Energy consumption and greenhouse gas emissions

The **Property Planning, Energy and Security** Department is responsible for the management, monitoring and reporting of energy consumption, supports the **Energy Manager** - responsible for the identification of actions aimed at promoting the rational use of energy - and ensures the maintenance of an adequate level of physical building security, as part of the company's assets. The Group has chosen to **purchase electricity exclusively from renewable sources equipped with a Guarantee of Origin** since 2003. About 70% of the energy consumption for the operation of buildings is the use of electricity: the purchasing policy adopted is therefore a responsible choice of environmental sustainability.

In parallel, policies have been defined to leverage consumption: in addition to the annual energy efficiency plan, an extraordinary multi-annual plan has been defined. With reference to the definition of active policies with leverage on consumption, in the 2019 reporting a target had been defined for 8% reduction in consumption to be reached by 2024 (compared to the 2019 baseline); this objective was revised and enhanced with a **10% reduction to be achieved by 2023**, thanks to energy efficiency interventions in the real estate and plant engineering sector, the enhancement of remote working, the rationalisation of the physical sales network and a limitation on the mileage of the corporate car fleet.

With reference to the energy saving measures in the real estate and plant engineering sector included in the extraordinary plan, the following objectives have been achieved:

- implementation of the Building Energy Management System (BEMS), which has introduced high-level automation within buildings also with **machine learning** logic, able to convey, control and optimise the operation of the most energy-intensive plants and **monitor energy consumption in real time**. The project

involved a pilot group of 40 branches and the headquarters in Milan and will subsequently be extended to another 100 branches over the next five years;

- the first batch of the **relamping** project was carried out, consisting of 20 interventions to replace existing fluorescent lighting systems with other LED ones (to which another 30 will be added in the first half of 2021). Considering the entire perimeter, it is possible to estimate savings, compared to the 2019 baseline, of 2,200 GJ with a consequent reduction in emissions of 200 tons. CO₂ eq (location-based method) - data that will begin to consolidate at the end of 2021 (and therefore are not part of this report).

In the last three years, the **ordinary annual efficiency plan** has allowed 96 interventions to be carried out (31 in 2020) concerning:

- general refurbishment of buildings;
- replacement of windows and doors to minimise heat loss;
- improving the effectiveness of buildings' external cladding;
- replacement of heat pumps, boilers and refrigeration units with more energy-efficient appliances;
- restyling signs by replacing traditional light sources with LED sources.

For the production of electricity the Group uses a **photovoltaic system located at Magazzini Generali delle Tagliate in Castelfranco Emilia (MO)**, which covers a roof area of 4,500 m². The photovoltaic system was designed to provide a nominal peak output of 400 kW. In 2020, the system enabled the self-generation of 402,457 MWh of electricity, most of which was used in the same warehouses. The initiatives and objectives described in the real estate sector, together with other initiatives concerning organisational processes (remote working, rationalisation of the physical sales

1. The scope of analysis includes receivables (loans, mortgages, leasing and factoring) disbursed to business customers by the Parent Company, Credemleasing, Credemfactor and Banca Euromobiliare, as at 31.12.2019.
2. The investment analysis distinguished investments owned and guaranteed by the company on the one hand, and asset management and mutual funds on the other: the first type included investments of the parent company and Credemvita as at 31.12.2019, the second type included investments managed by Credemvita, Euromobiliare Asset Management SGR and Euromobiliare Advisory SIM as at 31.12.2019.

network and business trips), contributed to the following reductions in energy consumption compared to the 2019 baseline:

- -11.9% energy consumption within the organisation (compared to a 2020 target of -8%) attributable to the enhancement of remote working, the rationalisation of the physical sales network (with impacts on the consumption of buildings) and a limitation on the mileage of the corporate car fleet, as well as energy efficiency interventions in the real estate and plant engineering sectors;
- -55.6% energy consumption outside the organisation (compared to a 2020 target of -12%) mainly attributable to the limitation of mileage travelled by employees' private cars for trips/missions, but also to the reduction of travel by air and train.

Consequently, compared to 2019, the following reductions in CO₂eq emissions were recorded:

- -29.4% Scope 1 emissions (compared to a 2020 target of -9%) attributable to the enhancement of remote working and the rationalisation of the physical sales network (with impacts on the

consumption of buildings), a limitation on the mileage of the corporate car fleet , energy efficiency interventions in the real estate sector and a reduction in the loss of fluorinated gases (FGAS) inherent in air conditioning systems;

- -14.8% Scope 2 emissions - location-based methodology (compared to a 2020 target of -10%) attributable mainly to the enhancement of remote working and the rationalisation of the physical sales network (with impacts on the consumption of buildings), but also to energy efficiency interventions in the real estate and plants sectors;
- -49.3% Scope 3 emissions (compared to a 2020 target of -10%) mainly attributable to the limitation of mileage travelled by employees' private cars for trips/missions, but also to the reduction of travel by air, train and to the reduction of paper consumption.

M'illumino di Meno

On 6 March 2020 Credem joined the XVI edition of *M'illumino di meno*, the day dedicated to **energy saving** and **sustainable lifestyles**, conceived by Rai Radio2 and Caterpillar and dedicated to:

- increasing trees, plants and greenery;
- energy saving, through an invitation to turn off lights to testify to an interest in the future of humanity.

The Group participated in the initiative for the second consecutive year:

- **increasing its forest:** 55 olive trees have been planted in Campania by local farmers, contributing to the environmental, social and economic sustainability of local communities;
- from 6:00 pm to 8:00 pm **Credem's Head Offices turned off all lighting** (except for the minimum necessary to ensure adequate safety conditions).

Emissions from gas leaks such as HFCs from building air conditioning equipment

The progressive improvement of the generated emissions mapping process has made it possible to report the emissions resulting from leakage of HFC (hydro-fluorocarbons) refrigerant gases from air conditioning systems.

A specific survey of refrigerant gas losses in 2019 was carried out through the companies responsible for maintenance services, equivalent to 639.9 tons CO₂eq., and in 2020, equivalent to 278 tons CO₂eq.

Emission of substances which are harmful for the ozone

At the end of 2020, only 8 systems containing HCFC and CFC gases (specifically R22) remained. However, no gas leaks or losses were detected. The objective is to eliminate the presence of these systems by 2021.

As regards automatic shut-off devices, none of the systems in place contain Halon, other CFC/ HCFC gases or substances included in the Montreal Protocol.



National Dance Foundation, *Danza e Fragilità* project [Dance and Fragility], in partnership with Credem.

2.4

Management of the company fleet and sustainable mobility

The **mobility service** works to combine the professional mobility needs of employees with efficiency, economy, measurements, while limiting environmental impacts.
The company car fleet consists of 363 cars:

- 326 diesel cars for mixed use;
- 1 hybrid petrol car for mixed use;
- 30 diesel cars destined for organisational units for specific service use;
- 6 electric cars.

In 2020, the following **analyses** were carried out relative to **sustainable mobility**:

- assessment concerning the adoption of **electric pedal-assisted bicycles** at Credem's and Group companies' head offices and other locations in historic centres to meet short-distance travel needs.
The survey was open to all Group employees and resulted in:
 - a predominant willingness to use the transport means (97%, 37% weekly);
 - the need to have charging points and areas available for their storage.
- assessment concerning the inclusion of vehicles with alternative power supply in the car list (**plug-in hybrid cars**), whose batteries can be recharged with a household outlet or a public charging column.
The survey was aimed at company car service representatives and found that:
 - 64% of journeys exceed 100 km each way;
 - 64% of cars are stored in public car parks (with blue stripes or paid garages) and 36% in courtyard areas of branches or adjacent areas.

Following the aforementioned analyses, the progressive insertion of electric pedal-assisted

bicycles and plug-in hybrid cars in place of the current diesel-powered cars will be evaluated, also through constant monitoring of the cost-benefit ratio and new trends in the automotive market.
The **corporate carpooling** platform Jojob has 316 employees registered, who in 2020 made 6,852 trips and travelled 208,070 km: the service allowed saving more than 14 tons of CO₂.
The limitations of car capacities and powers in the car list were also confirmed.

Again in 2020, all Group employees used **Hangouts**, a Google Workplace service accessible from company PCs and smartphones which allows video meetings to be organised, also with external stakeholders, thereby reducing physical travel. It was accessed **301,770 times** during the year for virtual meetings and **98%** of training **was provided online**, with consequent benefits on the environmental impacts related to optimised physical travel.

2.5

Materials used and waste produced¹

The Group has established a centralised **Logistics Coordination Department** for the procurement and disposal of office supplies, which has launched projects and initiatives together with the **Information Technology** Department aimed at reducing the use of paper, toner and cartridges through:

- the dematerialisation of documents and their use in electronic format, encouraging delivery and archiving through digital channels and eliminating printing and postal delivery;
- the recommendation to restrict printing to essential documents and, where necessary, to opt for double-sided printing;
- the adoption of best practices aimed at fulfilling short-term demand, reducing excess materials, reducing waste and the risks associated with the pulping of waste materials that can no longer be used due to changes to products or legislation.

In 2020, the dematerialisation of documents and the sale of online services **reduced paper consumption by 30%**.

The use of recycled paper increased from 73.54% in 2019 to **92.82%**, achieved through a change in company strategy that extended its use to most corporate users: the complete extension to the Parent Company and all Group companies is planned for 2021.

As for the most commonly used **toners**, an internal **circular economy** process has been activated that guarantees their recovery and return to the producer for regeneration and subsequent reuse, significantly reducing the production of waste. Special waste (toner and cartridges for printers that are not part of a circular economy process) is transferred to the commissioned customer who sends them, where possible, to the recycling market.

In 2020 the waste produced was **disposed of by recycling (100%)**.

The Group's **hardware was again inserted in a**

cycle of circular economy in 2020, promoting a reuse campaign through the sale of the material to entities/stakeholders and/or disassembly to recover spare parts and/or raw materials:

- 680 discontinued notebooks in stock were reconditioned and reintroduced into the company within the circular economy cycle;
- 115 desktops were donated to the territory, in conjunction with the epidemiological emergency caused by COVID-19.

The **Plastic Free** project continued, aimed at the progressive reduction of plastic consumption through:

- the installation of **nine new filtered water mains dispensers** in the refreshment rooms, provided in each company unit consisting of at least 40-50 people;
- the progressive **extension of the distribution of purchased bottles** to all Group employees, including newly hired staff.

There are currently 15 filtered water mains dispensers in the Group and 4,965 bottles have been distributed.

1. The company Gestimlux is not included in the reporting boundary. The supply takes place through autonomous channels and is not supervised by the Logistical Coordination Department. The subsidiary is located in Luxembourg and the shipping costs are prohibitive.

2.6

The Credem Forest

In 2020 Credem again increased the corporate forest created in 2018 to raise awareness among all stakeholders about the importance of safeguarding and protecting environmental heritage. Existing reforestation and/or forest protection projects contribute to the reduction of CO₂; through the photosynthesis of chlorophyll, trees sequester carbon dioxide and release oxygen into the air. The forest was created in Italy and extended to Africa in 2020, more specifically in some areas of Kenya and Cameroon. The planted trees are part of agricultural and forestry projects with huge environmental and social importance and are located:

- in the Alcantara valley, in collaboration with the Carpe Diem-Insieme per l'autismo Non-Profit Organisation, to promote the employment and social integration of young people with autism;
- in Motta Sant'Anastasia, in collaboration with the

Beppe Montana Cooperative, the first Libera Terra cooperative in Catania, to promote the social and economic recovery of assets seized from the mafia.

- in Scafati, Campania, in collaboration with the Association Libera and the "Nicola Nappo" Agricultural Fund, to promote legality, justice and fight the mafia;
- in Kenya and Cameroon, in collaboration with Africa IPM Alliance, a research and training organisation that promotes sustainable agriculture interventions and with GIC-AFR, a non-profit organisation that promotes female entrepreneurship in the agriculture sector.

The forest reached a total 1687 trees in 2020, which in their first ten years of life will absorb 96,900 kg of CO₂, protecting biodiversity and environmental regeneration.



Carlo Mattioli, *Nel Bosco*, 1981, Credem art collection, Reggio Emilia.

People

Being part of the Group, appreciating and enhancing the skills, abilities and talents of all employees.

Our steps:



Equal salary certification

93%

Employees working from home

98%

E-learning training

3.1

Our Employees

Employee management and development respond to the need for:

- having a widespread and shared Group identity;
- ensuring the development of skills and abilities;
- attracting, retaining and enhancing employees;
- stimulating motivation to achieve results and consequently reward skills and merit.

The recruitment process

The recruitment process promotes the inclusion of quality employees through the detection of potential and the analysis of skills and knowledge serving the Group's needs and objectives. During interviews, all candidates are assessed according to **the Group's Skills Model**, which measures the behavioural aptitudes necessary to join the Group's workforce.

The key aspects of professional performance are:

- **Thought**, or rather the ability to view things as a whole and make independent decisions;
- **Relations**, represented by a customer-focused approach, effective communication skills and the ability to collaborate with and manage other people;
- **Action**, which refers to result-oriented approach, organisation, method and flexibility.

The recruitment of new hires (graduates under 30 or new graduates) takes place through:

- the adoption of specific methodologies for detecting potential;
 - the analysis of skills and knowledge, the parameters of which are defined by a specific reference policy.
- The recruitment of experienced personnel, on the other hand, involves the peculiar analysis of professional and aptitude skills (e.g., examination of curricula, experience and professional history).

Performance evaluation

The measurement of individual and team performance is the tool used to enhance merit and the ability to create value and takes place through a system of **Key Performance Indicators (KPIs)**, consistent with employees' area of responsibility and decision-making level and divided into four areas:

- **Profitability**, to measure the increase in revenues and the monitoring of costs;
- **Customers**, to measure the number of external customers, loyalty capacity and satisfaction level of internal customers;
- **Risks and processes**, to measure process efficiency, compliance with shared service levels, prudent competence risk management and compliance with internal and external regulations governing the conduct of operational processes;
- **Employees**, to measure the skill assessment path, mandatory regulatory training and behavioural assessment.

Each year, 100% of the Group's employees meet with their Manager to summarise the objectives achieved and share those newly assigned. At least once every two years, the PEOPLE Department meets all Group employees to explore the progress of their professional and personal career path in the company and the emergence of new needs/ opportunities.

People review

The growth and development of employees' skills takes place through tools able to reconcile individual characteristics and business opportunities: once a year, all Group Managers meet the dedicated PEOPLE manager for an overall overview of the Reference Persons.

Job rotation

Job rotation is regularly planned to promote professional development and a better knowledge and overall vision of the company. In 2020, it involved 28% of the Group's people: 30% of women and 27% of men were entrusted with new tasks.

Industrial relations

Continuous and regular industrial relations focus on the main organisational and trade policy issues. The establishment of the **Group Trade Union Delegation** has allowed the relation to be extended to all Group employees, including those belonging to companies lacking Company Trade Union Representations. During 2020, the main topics of discussion concerned the COVID-19 pandemic: during the most critical phases, the meetings were held weekly or every two weeks and the trade unions were informed about the organisational measures adopted to strengthen the instruments for **protecting people's health**, in particular:

- intensive use of remote working activities;
- management of the provision of consultancy to customers remotely or after accessing the branch by appointment;
- adoption of all safeguards and protective equipment required by law and category protocols.

Also in 2020, the usual **annual meeting** with trade unions was held: areas of shared interest (strategic perspectives, structural profile, quality of human resources and specific interventions) were analysed. The discussion was extended to the **Non-Financial Statement**, to enhance and share the Group's environmental and social policies. The following topics were also explored during the meeting:

- **training**, through a Joint Training Body that meets quarterly;

- **trade policies**, through a bilateral Commission that deals with reports on areas regulated by the National Agreement on Trade Policies;
- other topics related to second-level bargaining, (**Time Bank, Agile Work**, etc.).

Percentage of employees receiving regular performance and career development reviews
All employees (**100%**) of the Group, without distinction by gender or professional category, are assessed **once a year according to a list of Key Performance Indicators (KPIs)**, using KPI scoresheets. All employees who have served for a sufficient period during the year to allow a correct and complete survey of the activity carried out are subject to evaluation.



National Dance Foundation, *Improvisation*, Palazzo Spalletti Trivelli, Reggio Emilia.

3.2

Working Environment Survey

The Group again carried out an annual **Working Environment Survey** in 2020, aimed at detecting organisational well-being and people satisfaction through a detailed analysis concerning company life, professional role, relationship with management and colleagues, professional growth, culture and company values.

The survey carried out at the end of 2019 and completed in 2020 was taken by **81.1% of employees**, an **increase of 3%** compared to the previous year. The most significant items concern:

- shared company values, with a positivity rating of 79.7%;
- conduct by managerial figures in line with the Group's values (78.4%);
- relations with managers founded on trust (78.1%);
- proud to represent the company to customers, colleagues and suppliers (77.6%).
- ability to delegate (74.9%);
- opportunity to carry out a passionate and engaging job (73.9%);
- mutual willingness and collaboration (72.2%);
- overall satisfaction (65.3%).

The main areas for improvement are attributable to:

- error management;
- speed of decision-making processes;
- perception of merit;
- enhancing diversity;
- opportunities for professional growth;
- availability of information.

Following the analysis of the results, initiatives were developed to meet the expectations that emerged:

- investment in **diversity**, with the establishment of a dedicated **community**, training and information initiatives and the creation of **Diversity Coaches**, who are:
 - ambassadors of inclusive culture for the relevant business area;

- spokespersons for specific needs;
- guarantors of the implementation of the initiatives;
- active participants in the working tables with Central Management.

- accurate analysis process of **equal pay for women and men**, resulting in the **Equal Salary certification** by the Equal Salary Foundation. The survey analysed gender equality from multiple angles, with respect to which the remuneration aspect was an objective and relevant result, but not exclusive;¹
- introduction in the reward system of an evaluation questionnaire relating to professional **behaviours**, which combines the personal point of view of the Manager and Peers²;
- expansion of trials with **“Teal”** organisational models³;
- enhancement of **transparency** on the criteria of **merit** underlying the choice of employees, salary increases and assignments: for each promotion, increase in ranking, assignment of managerial positions or project responsibilities, specific communications have been disseminated to ensure the transparency of the measures adopted and the underlying reasons;
- strengthening the **remote working** infrastructure, which during the epidemiological emergency due to the COVID-19 pandemic allowed all Group employees to work remotely five days a week;
- confirmation, increase and enhancement of **corporate welfare** initiatives⁴;
- increased knowledge and sharing on sustainability initiatives, with consequent benefits for the business climate, through the frequent publication of communications on the company intranet and in the dedicated **Sustainable Future** Portal: the initiatives were the result of a progressive project within a permanent inter-departmental working group that meets on a monthly basis.

1. See *Inclusion and equal opportunities*.
 2. See *Ethics and identity*.
 3. See *Teal Organisation*.
 4. See *Wellness and digital working place*.

To stimulate engagement on strategic issues:

- the company intranet has been regularly updated with the publication of numerous videos by the Head Offices and alignment documents on the main events of the company's life (balance sheet results, extraordinary operations, measures to limit and combat the pandemic);
- specific surveys have been prepared on the following topics of general interest:
 - remote working management methods:** the survey involved over 4,500 employees and investigated three macro themes:
 - remote work during the emergency;
 - smart working of the future;
 - work organisation. The main benefits are due to the reduction of travel, less impact on the environment, knowledge of new tools, flexibility for family management and greater autonomy and trust. Almost all people considered the experience positive, did not encounter particular difficulties in changing working methods, and stated that they want to continue working remotely even after the emergency is over.
The points for improvement concern interpersonal relationships, loneliness and isolation due to the impossibility of carrying out professional activities in the workplace.
 - effectiveness of the company intranet:** the survey involved almost 2,000 employees, who confirmed the massive use of the tool in the company and an adequate level of satisfaction. The survey revealed the appreciation and growing use of the Google Workspace suite.
- a specific moment for involvement was organised and open to all the Group's employees: the **General Manager** offered his time to answer questions, doubts and concerns regarding company life and the main strategic issues. Held on the internal social network, employees asked about 130 questions posed in written and public form.

The climate survey also made it possible to measure employees' satisfaction level in different reference departments, which developed specific initiatives to

intervene directly on the findings and peculiarities of each business area.

In December **2020**, the **new Working Environment Survey** was published, which resulted in:

- participation of 86.9%, up 5.8% compared to previous editions;
- overall growth in the satisfaction index of 4.8 points;
- 1,162 suggestions from the Group's employees, who provided additional keys for interpreting the questionnaire.

The results will be subject to in-depth analysis in 2021 to define related policies and actions.

In 2020, the **virtual PEOPLE Tour** took off, aimed at creating moments for meeting and discussion among the PEOPLE Department and the Group's employees through interactive dialogue on the following topics:

- actions and reactions to the epidemiological emergency;
- diversity and inclusion;
- sustainability;
- design and projections on the next normal.

The meetings, which will continue through the end of 2021, recorded massive participation and **generated a fruitful and lively debate** extended to cross-cutting areas of company life and culture.

3.3 Skills and expertise

The **Credem Academy** designs, implements and delivers internal training solutions and identifies external courses to support employees:

- in the acquisition of skills required by the corporate role and for professional growth;
- in the development and sharing of the behaviours suited and serving to achieve individual and team objectives.

The **training** provided is diversified and based on a process of defining needs that originates from listening to all Group staff (employees, collaborators and management) and ends with a learning and satisfaction assessment. Traditional training is accompanied by personal and professional development tools, including **individual coaching**, a high-quality, intensive personal development activity to support the growth of employees and improve performance in pre-identified



Credem School, Reggio Emilia.

work areas.
An important role is played by:

- **role pathways**, which include a predefined training set of the knowledge and skills necessary to suitably fill the specific role;
- the **Maestri di Mestiere**, a selected team of senior managers with proven experience, skills and performance who represent the Group and its values; the team is entrusted with the role of supporting employees assigned to a new role through a structured tutorship path.

Training snippets aimed at improving personal well-being and a transversal training catalogue are continuously available, which provide a series of initiatives oriented to the development of **soft skills**, which can simultaneously involve professionals from different contexts.
Self-training and lifelong learning are the pillars of the **Training Model 4.0**, which includes the new E-Learning training platform, through which the training catalogue can independently be accessed, regardless of the mandatory or voluntary nature of the courses.
The **Leadership 2020-2021 (R)Evolution** path dedicated to all managerial roles, starting from Top Management, places a focus on the psychological well-being of employees, along with counterparts, feedback, error management and widespread leadership.
To enhance the importance of company behaviours and not merely technical skills, employee **behaviours** have been subject to **self-assessment** and **evaluation** since 2020, which combines the personal point of view of the Manager and Peers¹. The assessment is part of individual **performance objectives**, to which the provision of variable remuneration components is linked and which also includes **parameters of a non-financial nature**.

Also in 2020, work continued on **extra-professional** skills through ad hoc training interventions and the creation of communities on the corporate social networks, so that employees have the chance to share and enhance personal passions and skills, making them evolve into shared assets.
The annual investment in training exceeded 1.2 EM and allowed to provide **over 36,500 days of training** (over 5.5 days per capita²), most of which in online mode, also due to the epidemiological emergency, through a prompt remodulation of the training originally planned in the classroom.

60% of all training provided relates to topics required by law, while the remaining 40% focuses on the development of management skills (leadership), those of individual roles, and improving language and digital skills.
Language training is open to all Group employees with optional participation: between 2019 and 2019 it involved 1,600 employees through an interactive online platform with courses lasting eight months. Over 800 employees passed the final exam, earning the **Common European Framework of Reference for Languages (CEFR)** qualification according to European standards.
The **Emilio People** service can be accessed from the company intranet. It is a digital assistant which automatically answers any questions related to training: access to the Training platform, course catalogue, KPI calculation, etc. In addition to predefined answers, the assistant builds quick, complete and structured feedback through reference to documents and communications on the company intranet.



People Area, Palazzo Spalletti Trivelli, Reggio Emilia, February 2020.

3.4

Teal organisation

The **Teal** organisational model envisages the evolution from a hierarchical structure to a fluid system characterised by a distributed and horizontal leadership model that enhances merit, guarantees operational agility (also in change management), promotes transparency and compliance with internal rules and company values, and increases entrepreneurship. The trials initially open to some Group companies (Credemassicurazioni, Credemvita, Euromobiliare Advisory SIM) were extended to the following departments in 2020:

- People Management;
- Compliance;
- Legal;
- Service Centre;
- Organisation.

The aim is to extend the **Teal paradigm to the whole Group by 2023**, incentivising:

- **self management and widespread leadership**, to decentralise decision-making processes, favouring consultation processes. Encouraging widespread listening practices promotes the sense of responsibility of the individual, improving self-activation;
- **lifelong learning**, which improves knowledge and skills not only in the workplace, but from a personal, civic and social perspective;
- **fluid teams**, which include surpassing certain professional figures (supervisor, coordinator) and the emergence of new roles:

1. See *Ethics and Identity*.
2. Total and per capita training days were calculated considering 7.5 working hours per day.

- **competence leader**, recognised for skills and approach to work and with colleagues; not a coordinator of employees and does not replace other members in the decision-making process;
- **team leader**, a facilitator who ensures the achievement of objectives and resource management; responsible for the Group's results and focuses on value creation.
- **evolutionary purpose**: team members are and will be encouraged to act in a manner consistent with the evolution of the Group and the corporate culture.

A **business community** was established in 2020 which is dedicated to:

- developing personalised pathways, promoting cultural change, stimulating mutual trust, listening and cross-cutting collaboration;
- making use of consultancy support through coaching;
- involving colleagues who, as part of their role, have undertaken or will undertake a *Teal* journey.

Error management

Error management represents an opportunity for growth and value creation, stimulates and encourages employees to **experiment, innovate**, question themselves and look at facts from different perspectives.

The company intranet includes the **Sbagliando si eccelle** portal, which includes:

- Top Management interviews concerning decision making, individual responsibility, the courage to put yourself out there and to experiment, openness to change;
- the possibility of subscribing to a dedicated **newsletter** with the support of a corporate psychotherapist and psychologist to increase awareness, learn to react and effectively overcome a situation of contingent discomfort;
- the **Google+** community, so that everyone can share their experience, the mistakes made and the ways in which they were able to learn from them.

3.5
Remuneration policy

The **Remuneration Committee** supports the Board of Directors through the formulation of opinions on:

- the remuneration of the most important personnel¹ of Credem Banca and the Group companies;
- short, medium and long-term incentive systems;
- the achievement of objectives.

The remuneration policy focuses on principles of merit enhancement and motivation for results, consistent with the corporate culture and aimed at:

- stimulating people to achieve incremental results;
- attracting and retaining employees, key skills and talents;
- supporting and accompanying employees as they take on increasing responsibilities and professional challenges;
- ensuring the compliance of remuneration practices with the legal provisions and guidelines of the Supervisory Authorities.

The enhancement of the expected results takes place through the following tools:

- frameworks and retribution;
- remuneration measures;
- incentivising systems;
- benefits.

Process for determining remuneration

The remuneration of employed personnel consists of a **fixed** part and a **variable** component. The consolidated **merit-based** approach of the remuneration policy envisages the evolution of the fixed component according to the levels of

responsibilities attained, the ability to maintain performance over time and the development of key skills. Employees' access to the variable component is based on the end result of individual performance, measured according to a balanced scorecard which translates into **KPI scoresheets**, i.e., a series of Key Performance Indicators (KPIs), and considering the complexity of the role, the personal curriculum of the employee and the trend of their performance over time. The KPI scoresheets of the Group's most relevant personnel¹ are characterised by the following indicators:

- **Managerial Behaviours**, to assess sensitivity to company priorities;
- **Working Environment Survey**, which measures and summarises the satisfaction of the entire corporate workforce.

The agreements entered into between the company and employees (Non-Competition Agreements, Agreements for the Extension of the Notice Period) are identified in the variable component of remuneration, even if not linked to any reward system/form of incentive. For commercial roles, an individual incentivisation scheme known as **Management by Objectives (MBO)** is included, which concerns the ability to attract new customers, in line with the service model adopted by the various network figures and taking into account the profitability of the outlet. The bonus is subject to ex ante obligations and ex post corrective measures (malus and clawback) with the occurrence of specific negative events (including result levels below the thresholds defined by the profitability, equity and liquidity indicators).

1. As specified by the Bank of Italy Provisions, 25th Update of Circular no. 285/2013 (10.2018), the most relevant personnel are the categories of subjects whose professional activity has or may have a significant impact on the risk profile of the bank or banking group.

Annual total compensation ratio.

In 2020, the annual total compensation ratio of the employee with the highest compensation to the median of total annual compensation of all employees excluding the highest paid for is 20.52, while for 2019 it was 20.21 and for 2018 it was 20.72.

To determine the value of the total annual

compensation of the organisation's highest-paid individual, fixed remuneration, compensation for participation in boards/committees, non-equity variable compensation, non-monetary benefits and the fair value of equity compensation were included.



People Area, Palazzo Spalletti Trivelli, Reggio Emilia, February 2020.

3.6
Wellness and digital working place

The **Welfare** Department ensures the development of policies focusing on the **well-being** of the entire company workforce; it is a privileged observatory on reference best practices and market developments, activates targeted benchmarking actions, and pursues the study and implementation of new initiatives, also through the analysis of surveys and focus groups, to better enhance the relationship between employees and the Group.
The company intranet includes a dedicated **Portal**,

which includes the main current initiatives and quick links to reach the thematic areas of interest:

- Health and well-being;
- Purchasing power;
- Protection;
- Personal support;
- Free time;
- Work-life balance.

Health and well-being	Activity detail	Participants
Quitting smoking	Support course to help quit smoking	23
Dietary well-being	Conferences on the subject with industry experts	268
Psychological well-being	Three new initiatives, in collaboration with a team of psychologists and psychotherapists: <ul style="list-style-type: none">• Video course “How to remain lucid in delicate moments”;• Monthly psychological well-being newsletter;• Extension of the psychological telephone support service.	5,711
Prevention in the company	In partnership with the National Cancer Association (ANT) and Italian League for the Fight against Cancers (LILT), preventive projects have been planned throughout Italy	453
Gambling addiction	Dedicated specialist support	n.d.
Physical well-being	In partnership with Technogym, the market leader in the wellness sector, tools for physical well-being	461
Disaster support	We support employees affected by disastrous events through: <ul style="list-style-type: none">• Loan concessions for basic needs, pending any legal provisions;• Availability of beds (for employees and households) in Credem-owned properties as occupancy allows or in affiliated hotels;• Paid leave for absence from work due to the event;• Psychological support;• Legal support: the Legal Department provides initial support regarding requests for intervention, access to concessions, reconstruction dossiers and any other documentation of interest;• Insurance consultancy.	n.d.
Sleep disorders	Collaboration with a specialised start-up (Shape Me) that allows to share the skills of a psychologist and psychotherapist for the management and prevention of sleep disorders	51
Stuttering	Video clips made by an expert in the field to understand the dynamics underlying this problem and provide concrete support	13
COVID-19 Special	<ul style="list-style-type: none">• Video clips and webinars to address the pandemic from a psychological and social point of view;• Toll-free number for psychological and medical support;• Advice for smart working and a correct lifestyle at home;• Parent support with dedicated seminars, additional lessons platform for students;• Technogym online coaching with a personal trainer;• Agreements for home deliveries and tools for smart working;• Specific insurance coverage and reimbursement of costs incurred for influenza vaccine.	6,170

Personal Support	Activity detail	Participants
Online orders	The following initiatives are active: <ul style="list-style-type: none">• collaboration with Mail Boxes Etc in the cities of Reggio Emilia, Milan, Florence, Naples, Rome and Andria for the collection of correspondence at pre-defined collection points;• installation of two Amazon Lockers at two Credem branches in Reggio Emilia;• stirApp: service that allows booking washing and ironing.	1,847 (Amazon Locker data not available)
Parenting	Support for new parents to help them have a serene, confident maternity and paternity experience	243
Legal consultancy	Consultancy service that allows asking dedicated professionals questions;	144
Tax consultancy	Agreement with the Italian Tax Assistance Centre 2000 (CAF) to fully support the compilation of tax return forms and other tax obligations;	643
Expert answers	Dissemination of knowledge of the corporate welfare plan	872
Home expenditure	An experiment has been activated with Easy Coop and Cicalia, two industry leaders	129
Study and work orientation	Service dedicated to those who are supporting or who will support their children (or grandchildren, friends, brothers, etc.);	70
Support for dependent people	Initiatives aimed at supporting employees who, within their family unit, take care of elderly or dependent family members: <ul style="list-style-type: none">• AlTuoFianco: availability of a personalised tutor;• PrivataAssistenza: employees can obtain favourable conditions on the cost of services provided by the first National Home Care Network	22
The pharmacy at home	Agreement signed between Credem and Pharmap that allows receiving drugs at home	16
StirApp	Discount for employees on the service that allows booking washing and ironing with pick up and home delivery in up to 48h	25
Teaching support online	Redooc: courses, lessons and exercises for children	169

Free time	Activity detail	Participants
Proteo	Credem Group employee association that organises leisure events and offers members numerous discounts and benefits. In 2020, due to COVID-19, it was not possible to organise the usual events throughout the country, which will resume as soon as the health situation allows. The annual contribution with which the company finances the association is more than half of the total shares paid by the shareholders	5,762
Library	The company library allows consulting and checking out more than 3,200 available texts. There is also a MediaLibrary service where books can easily be read via eReader, tablet, laptop or smartphone	142
Corporate volunteering	"Un giorno per gli altri" (A day for others) is the project that awards a day of paid leave to those who want to collaborate with voluntary associations. The company involved 44 associations throughout Italy and in 2020 allowed all employees to carry out a day of solidarity and civil commitment through remote initiatives	306

Work-life Balance	Activity detail	Participants
Remote Working	Possibility to work in a place other than the usual location. To accelerate the development of a digital culture all employees are equipped with a company smartphone	5,902
Part Time	Dedicated in particular to colleagues who find themselves in situations of personal and family difficulty	330

Purchasing power	Activity detail	Participants
Car pooling	Jojob is the platform dedicated to colleagues who want to carpool and share expenses	487
Long-term rental	Advantageous agreements with qualified partners in the sector	15
Dependent conditions	Favourable current account conditions and banking services (mortgages and loans) for employees and their families	n.d.
Welfare Award	The company's supplementary contract provides, upon reaching certain objectives, for the payment of a premium that allows the use of different types of services with the consequent tax benefits deriving from the legislation	5,466
Scholarships	For employees with dependent children attending primary and secondary grade school or a degree course	1,269

Protection	Activity detail	Participants
Pension Fund	Allows building a supplementary pension to supplement the basic pension. Those participating receive a company contribution and benefit from the tax breaks offered by the government for certain types of supplementary pension schemes, as well as the potential returns of the investment	5,705
Insurance policies	Since the two-year period 2013-2014, it has been extended to family members who are not tax-dependent, at no additional cost. Provides for the possibility of contributions and reimbursements for dental expenses, specialist visits, private nursing care and home hospitalisation	5,151
Incentive policies and Kasko		171

Since 2020, all Group employees have been able to allocate the **Welfare Award** (granted upon reaching specific performance indicators) to certain universities to increase their **skills** and **knowledge**. The Business Schools of the universities **L. Bocconi, Cattolica del Sacro Cuore** and the **Polytechnic Institute** of Milan, all excellent training institutions, are the first partners of the experimental project: the training programmes are available on the corporate Welfare portal, addressed to the financial sector and consistent with the Group's business model.

Benefits provided to full-time employees that are not provided to temporary or part-time employees
Part-time employees receive the same benefits as full-time employees.
Certain favourable loans are offered exclusively to permanent employees.

From Remote to Smart working

The epidemiological emergency has led to an acceleration and revisiting of *work modes*, with an **incremental use of digital** and the progressive evolution from remote to **smart working**. The Group had already embraced the concept of **digital working place**: in 2019 more than 90% of employees had laptops and 100% had corporate smartphones; moreover, more than 30% benefited from agile work. During the pandemic, mobile PC purchases increased by 8% and remote working was encouraged five days a week for 93% of Group employees. In 2020, company policies were implemented to:

- reorganise **physical work spaces**, with the aim of **reducing fixed workstations**; work activities will be progressively freed from fixed workstations and characterised by an alternate planning of days for smart working and physically working

- at the workplace, with the possibility of booking workstations and meeting rooms through dedicated software;
- identify areas which can be dedicated to **co-working**, with the aim of identifying spaces to set up and expand with respect to other poorly used areas that can be rationalised;
- strengthen training:
 - a series of Tricks have been published, tools to know and learn more about the functionalities of **Google Suite**;
 - an ad hoc section has been established on the company intranet: the **Smartworker Portal** collects ideas, suggestions and regulations related to the new working method;
 - all Group employees have benefited from **Smartworking: working well(-being) in four words**, a training course dedicated to agile work.

- monitor the use of smart working even in the post-emergency period and understand which activities have benefited from it compared to physical presence in the workplace, through **periodic statistics, quantitative surveys, self-assessments**.

The health emergency has conditioned the possibility of providing welfare services with physical presence. Therefore, initiatives aimed at providing medical and psychological support have been intensified, insurance coverage has been integrated, and ad hoc student platforms have been set up (for the family members of Group employees).



Lavinia Fontana, *Sacra Famiglia con i Santi Caterina, Elisabetta e Giovannino*, 1591, detail, Credem art collection, Reggio Emilia. First work by a female artist to become part of the ancient painting collection.

3.7

Inclusion and Equal Opportunities

Ensuring **equal opportunities** and enhancing **diversity** contributes to the **creation of value**: through the contamination of gender, knowledge, skills, experiences and identity, the Group encourages innovation and creativity, stimulating the combination of new ideas.

Within the PEOPLE Management Department, a liquid working group was established consisting of the Manager and employees belonging to the areas of Management, Selection, Training, Administration and Internal Communication: planning on diversity and inclusion is stimulated through continuous discussion, and initiatives arising from listening to the needs spoken by the 120 Group Diversity Coaches are planned.

The **merit-based** principle is the **strategic cornerstone** and excludes the adoption of pink quotas in the staff management policy, focusing attention and monitoring on the principle of transparency and ensuring equal opportunities for growth throughout the entire professional life cycle. Attention to gender balance is summarised by progressive growth: **in 2020, the number of female employees increased by 1 percentage point compared to 2019**, standing at 37% of the Group's total workforce.

The positive trend is also confirmed by the following insights:

- selection**: in 2020, **women account for about half of new hires** (43%);
- development of potential**: the percentage of talents, high-performing women to whom assessments, training initiatives and dedicated growth paths are reserved, amounts to 5.2%¹, essentially in line with 2019;
- shifting key expertise**: the number of Women Experts who also act as tutors to new hires is increasing: +1.0% compared to 2019.

The **training offer** on the **value of gender diversity** includes dedicated courses and video clips on stereotypes and prejudices. **Internal workshops** with voluntary participation

were organised with the collaboration of Google Facilitators (#IamRemarkable) to contribute to the enhancement of **women** and **under-represented groups** and multiple initiatives to support women's profession:

- interviews at the beginning of the period of maternity leave and before returning to work to meet specific needs;
- meetings dedicated to new mothers with the support of psychologists to share personal experiences and discuss free topics with other mothers.

Credem has adhered to the **Donne in Banca Charter** since 2019, which is promoted by the **Italian Banking Association** to stimulate planning and communication on gender diversity and promote system benchmarking.

In 2020, the Group obtained the Equal Salary Certification, which noted the absence of a *gender pay gap* and extended the analysis to all aspects of gender equality.

The certification was awarded by the **Equal Salary Foundation** following a rigorous study conducted by Price Waterhouse Coopers, characterised by a methodology recognised by the European Commission and divided into two main phases:

- verification of objective data (remuneration, organisational position of employees, other);
- qualitative verification of company documents and policies, also analysed through *on-site auditing*, and a targeted listening activity on a sample of the company's population through online surveys, focus groups and individual interviews.

Initiatives were launched during the year which focused on spreading a business culture based on the values of inclusiveness:

- reconciliation of work hours and private life through the incentive to agile work**;

1. The corresponding development of potential for men amounts to 3.8% in 2020.

- **extension of parenting support to fathers** through the organisation of seminars held throughout the country and special focus groups;
- seminars dedicated to caregivers, assistance to families, adolescence to support employees.

The following macro-initiatives were launched based on these assumptions:

- **internal community on corporate social networks**, to stimulate active participation and the free exchange of opinions;

3.8

Health and Safety

The **Company Protection** Service guarantees the **protection of the employees** who work in the Group as well as the data and assets of the companies that comprise it.

The **Occupational Health and Safety** Department works proactively so that the **company policy** can **guarantee an optimal balance between business dynamics and monitoring the health, safety and well-being of employees** in the workplace, through the following activities:

- **risk assessment:** with the help of checklists, IT management models or specific consultancies, multiple risk scenarios are identified and evaluated, defining corrective and improvement measures. Worker involvement takes place through consultation with Safety Representatives and through dedicated communication channels (e.g., Portal);
- **verification of regulatory standards on workplace compliance, equipment, systems:** monitoring is carried out through inspections and assessment checklists aimed at identifying any critical issues/anomalies;
- **coordination of compulsory health surveillance:** the set of occupational health activities

- continuation of the **professional development project dedicated to listening to employees** in a specific generational segment with the definition of a contact person;
- organisation of events/webinars aimed at sharing and dialogue with businesses beyond the banking system;
- creation of a **portal dedicated to Diversity** to ensure continuous updating on policies, planning and achievement of the set objectives.

planned for video terminal workers (about 30% of the company population). The services are entrusted to medical consultants who, after coordination by the responsible department, apply health protocols, participate in the risk assessment process and provide sector advice;

- **coordination of the management of interference risks**, or support and consultancy to other company functions in overseeing all obligations related to work contracts;
- **planning and coordination of emergency management**, through the supervision of the figures in charge of emergency management, the definition of control plans and the planning of drills in the workplace. If injuries, dangerous events or accidents occur, the event is analysed and, where necessary, the related corrective actions are identified.

Since the beginning of the emergency period due to the COVID-19 pandemic, **24 Crisis Committee sessions** have been held, with the aim of ensuring business continuity, protecting the health of all stakeholders and ensuring operational efficiency, in compliance with government and regional security measures, as well as industry protocols.

The Crisis Committee supports the Board of Directors in the management of business continuity in case of critical situations and has the task of guaranteeing decision-making capacity, by:

- monitoring the situation and managing the emergency;
- providing critical services during the crisis period;
- restoring company structures and organisational and logistical functions for the return to normal.

The **Safety Portal** published on the company intranet collects all the reference information. The **Occupational Health and Safety** Department ensures support in **planning** training on Occupational Health and Safety, divided into:

- internal training, provided by the Credem Academy;
- external and/or specialised training, entrusted to accredited training bodies.

The courses are provided to the entire company population in classrooms and in e-learning mode (in particular during the epidemiological emergency) through a dedicated training catalogue compliant with regulatory requirements. The needs are diversified by role, job or workplace.

All the courses include a learning verification with assessment tests.

The interventions adopted during the epidemiological emergency were aimed primarily at **protecting employee health** through:

- mandatory anti-contagion protections required by safety protocols in all workplaces (masks, sanitising gels, gloves, protective screens, etc.);
- creation of the **Emergency Management - Coronavirus** portal, which includes communications and operating instructions to limit the risks of contagion;
- remote working, which represented the main prevention action to reduce the probability of contagion in the company population: it was extended to all Group employees and given preference in all contexts, compatible with

operational needs. To guarantee customers the standard of service provided, digital channels have been enhanced, which have ensured the continuity of dialogue and relationships and made it possible to reduce operational trips.

All employees were provided with a company laptop and mobile phone. The IT systems have been strengthened to allow the remote performance of professional activities, training and relations;

- establishment of a toll-free number to activate a medical advisory service, characterised by information and insights into the behaviours to be adopted to prevent contagion and consultations concerning personal health;
- establishment of a psychological telephone support service, accessible to all Group employees and extended to their families, to protect and promote mental well-being during the emergency period;
- establishment of a healthcare policy to cover COVID-19 risks;
- webinars on the company intranet on a regular basis, dedicated to how to address the different phases of the pandemic;
- reimbursement of the cost of the influenza vaccine for the 2020-2021 season (vaccine and administration) accessible to all Group employees and extended to their families to protect and promote health during the emergency period;
- support for parents through video clips, to help them more effectively handle their children during the emergency situation;
- consultancy through the *Company Doctor* on matters related to COVID-19 and/or to benefit from specialist advice provided by virologists/ infectious disease specialists.

Balance



Promote the well-being of customers, the community and the territory, innovating without sacrificing the Group's tradition and identity.

Our steps:

1,271,418 Customers: +6% (vs 2019)

+121% ESG portfolio increase (vs 2019)

+198% Participants in financial education activities (vs 2019)

299 Recruitments

4.1 Economic sustainability

Our Shareholders: a long-term vision

The Parent Company's largest shareholder is **Credemholding SpA**, with a 78.6% shareholding and floating shares totalling 21.4%. The company consists of more than 3,000 shareholders and has as its goal the performance, exclusively and not for the public, of activities of a financial nature, in particular the acquisition of shareholdings in constituted or constituting companies and/or bodies as well as the subscription of bonds and other financial instruments issued by the subsidiaries. 76.3% of the shares of Credemholding SpA are bound by a **shareholders' block** that commits the participating Shareholders to guarantee a right of first refusal to the other participants in the block in the event of the sale of their shareholding, to **guarantee the stability of the ownership structures and related policies, objectives and results oriented to the medium to long term**.

Quality and flexibility of human resources

The company values, **Passion** and **Responsibility**, represent the synthesis of the organisational identity. Human capital is distinguished by an **overall vision, autonomy** in decision-making, predisposition to **collaboration, orientation to results, organisation, method** and **flexibility**. The search for continuous cultural and professional contamination, the hybridisation of knowledge and skills **ensured the recruitment of 299 People¹ in 2020, of whom 165 were under 30 years of age** (79 women and 86 men).

Contribution margin: EUR 410.3 million

Represents the difference between sales revenues and costs: measures the Group's ability to generate value through its business.

Return on Equity (ROE): 6.9% (calculated as net profit on average shareholders' equity in 2020)

Indicates the profitability of the Group's capital and provides a summary view of the economic results achieved with respect to the capital committed by the shareholders. Credem is characterised by profitability and capital solidity at the top of the system and an abundant liquidity position. Also for 2021, the **European Central Bank** confirmed the Pillar 2 (P2R) requirement of Credito Emiliano at 1%, the lowest in Italy and among commercial banks in Europe, proving **the Group's risk management capacity and solidity, at the top of the system**.

Diversification of revenue sources guaranteed by a multifunctional business model

Allowing to more effectively absorb the impacts deriving from the current economic context.

A calling for wealth management

Wealth management is an **advanced, diversified, independent investment consultancy** service characterised by an **ecosystem of skills**: it guarantees effective solutions in the management of **personal and family assets** and in **generational transition**, evaluating the **legal, tax, insurance** and **succession** implications, also in an international context. A network of specific collaborations allows the offer to also be extended to the field of **extraordinary corporate finance** and the management and enhancement of **real estate** and **artistic** heritage. Increasing attention is paid to **sustainable development** and the related **selection of companies and issuers**, gradually placing the consolidated financial analysis criteria alongside the **environmental, social** and **good governance** dimension. In 2020, a **new Private business unit** was established, in which the networks of **Banca Euromobiliare** operate synergistically – elected best Private Bank 2020

(Banca Italia Medium category) by the jury of the Private Banking Awards, the annual event organised by Blue Financial Communication – and **Credem's** private channel to strengthen the Group's competitive positioning, accelerate growth and encourage the recruitment of private bankers and financial advisors. The Pole has oriented investments in three directions:

- new **advisory platform** that combines best-in-class functionality on the non-financial, real estate, tax and inheritance side;
- further strengthening of **digitalisation** through investments aimed at better customer management also in remote collaboration mode;
- technical and relational **training** of private bankers and financial consultants, to facilitate relations with customers characterised by increasingly evolved and articulated needs.

Growth in direct and indirect deposits above the market: net production exceeding EUR 7 billion in 2020 alone (increase in direct deposits from customers of 16.9% y/y compared to the +7.8% of the market)

Direct deposits are the aggregation of customer deposits in the form of savings books, current accounts and deposit certificates, in addition to the issuance of own bonds reserved for retail customers. **Indirect deposits** relate to debt securities and other securities, not issued by the bank but received by the bank in custody, administration or in relation to the management of movable assets.

Excellent credit cost: 38 bps (corresponding to 0.38% of average loans in 2020)

The monitoring of credit quality results in a significantly lower risk cost than the system average.

Gross NPL ratio: 2.9% (incidence of total gross non-performing loans on gross loans)

Low incidence of non-performing loans, thanks to the presence and continuous evolution of specific safeguards.

Above market loan growth: +9.8% y/y compared to the +3.9% of the market

Continuous support for the development of customers and communities, evidenced by a growth in jobs that is stably above the system average.

Historical and widespread risk culture

The Group is characterised by values, behaviours and attitudes that determine the organisation's approach to the identification, assessment, analysis and management of risks.

Integration of Cassa di Risparmio di Cento

In 2020, an agreement was signed with Fondazione Cassa di Risparmio di Cento for the merger by incorporation of the banking group of the same name into Credem, aimed at consolidating the Group's presence in the provinces of **Bologna** and **Modena** and developing a significant presence in the province of **Ferrara**. The merger is scheduled for the **third quarter of 2021**.

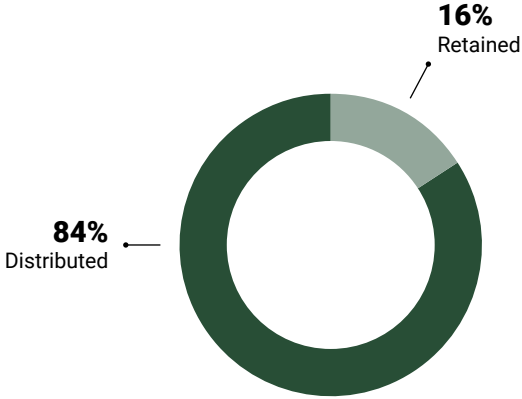
Direct economic value generated and distributed

The results achieved in 2020 testify to Credem's ability to remunerate its stakeholders and generate value for the organisation and the company.

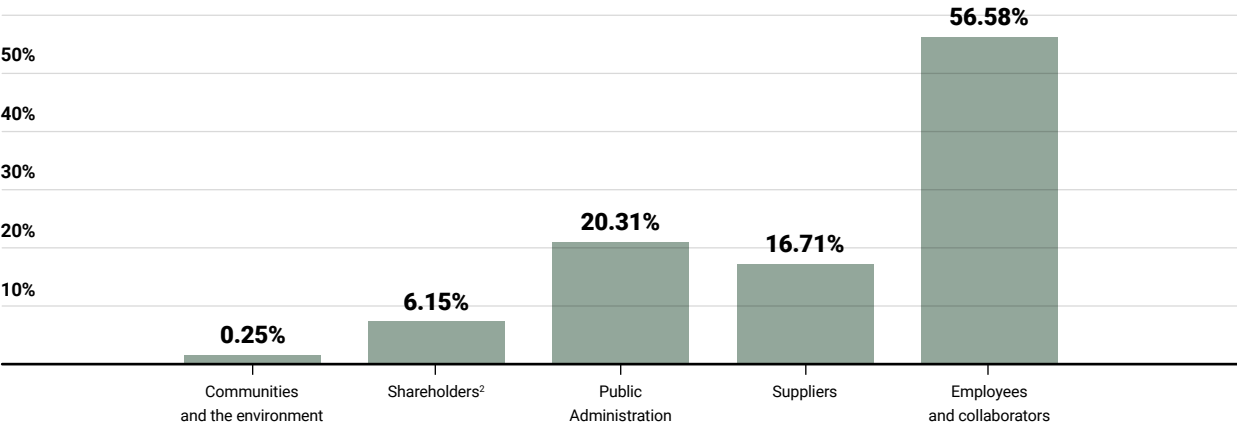
The **Non-Financial Statement** highlights the formation of the wealth produced and its distribution to the various stakeholders through the **value-added determination and distribution prospectus**¹. The graph below shows the total **Generated Economic Value** by ordinary operations broken down in terms of **Economic Value distributed and retained**. The portion of Distributed Economic Value is divided

among the main stakeholders: **Suppliers, Employees and Collaborators, Shareholders, Public Administration and the Community**. The Retained Economic Value relates to value adjustments, prepaid and deferred taxes, allocations to provisions and profit for the period.

Generated Economic Value 2020



Distributed Economic Value 2020



1. For more information on the economic results of the Group, refer to the 2020 Consolidated Financial Statements available in the “Investor Relations” section of the Group’s website.

2. By Recommendation of 15 December 2020 (ECB/2020/62), the European Central Bank invited banks not to distribute dividends or repurchase treasury shares or, alternatively, to limit such distributions until 30 September 2021. In particular, given the persistent uncertainty about the economic impact of the Covid-19 pandemic, the European Central Bank expects dividends and repurchases of treasury shares to remain within 15% of the 2019-2020 cumulative profit, or not exceed 20 base points in terms of Common Equity Tier 1 (CET1) ratio, applying the lowest value. The Parent Company’s Board of Directors meeting of 11 March 2021, in compliance with these recommendations, resolved to propose to the Shareholders’ Meeting to be held on 29 April 2021 the distribution of dividends to shareholders for the years 2019-2020 for a total amount of EUR 66,294,990.60.



Palazzo Spalletti Trivelli, Reggio Emilia, inner courtyard, Credem Head offices.

4.2
Our Customers

Our relationship with customers is also distinguished by **passion and responsibility**: branches, business centres, small business centres, private centres, financial agents and consultants promote these values. The service model is characterised by the remarkable specialist expertise of our advisors according to the personal and financial needs of the customer:

- the branches provide services to families and small economic operators;

- the small business centres are aimed at companies with an annual turnover of up to EUR 5 million;
- the corporate centres are aimed at businesses with a turnover of over EUR 5 million;
- the private centres are aimed at private customers with extensive assets;
- the physical channels are flanked by digital ones: internet and mobile banking, contact centre and the website.

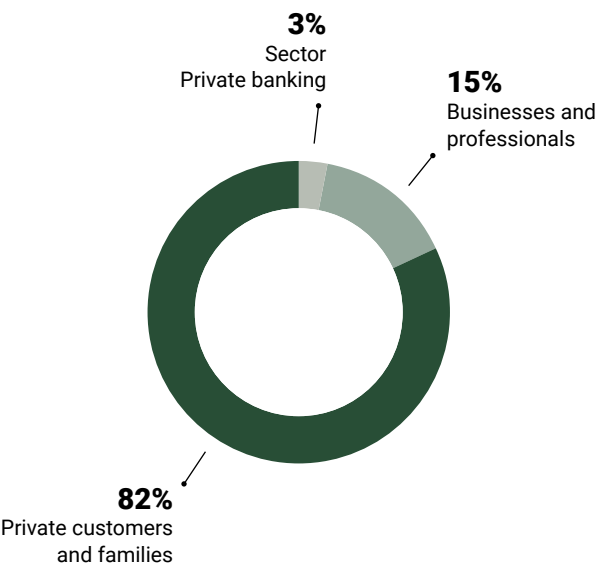
Number of Customers

In line with the commercial growth strategy, in 2020 the number of customers of the companies Credito Emiliano S.p.A. and Banca Euromobiliare S.p.A. recorded an increase compared to 2019:

1,271,418
Customers: +6% compared to 2019

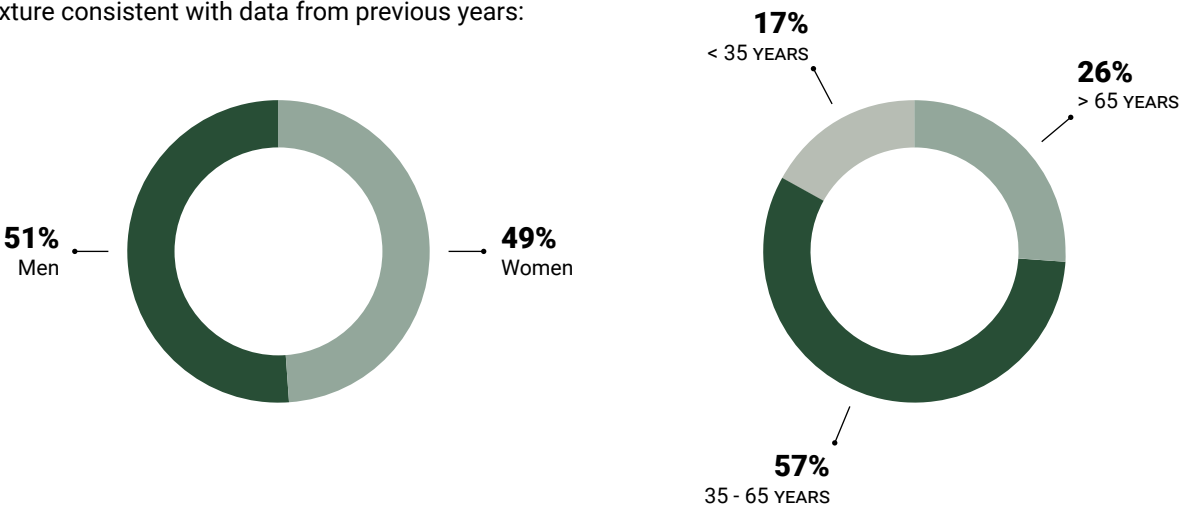
Customer composition

At 31 December 2020 an analysis of the customer breakdown of the two main banks of the Group, Credito Emiliano and Banca Euromobiliare, reveals a pronounced concentration of customers in the **private and family sector**, followed by **companies and professionals** and by the **private banking sector**.



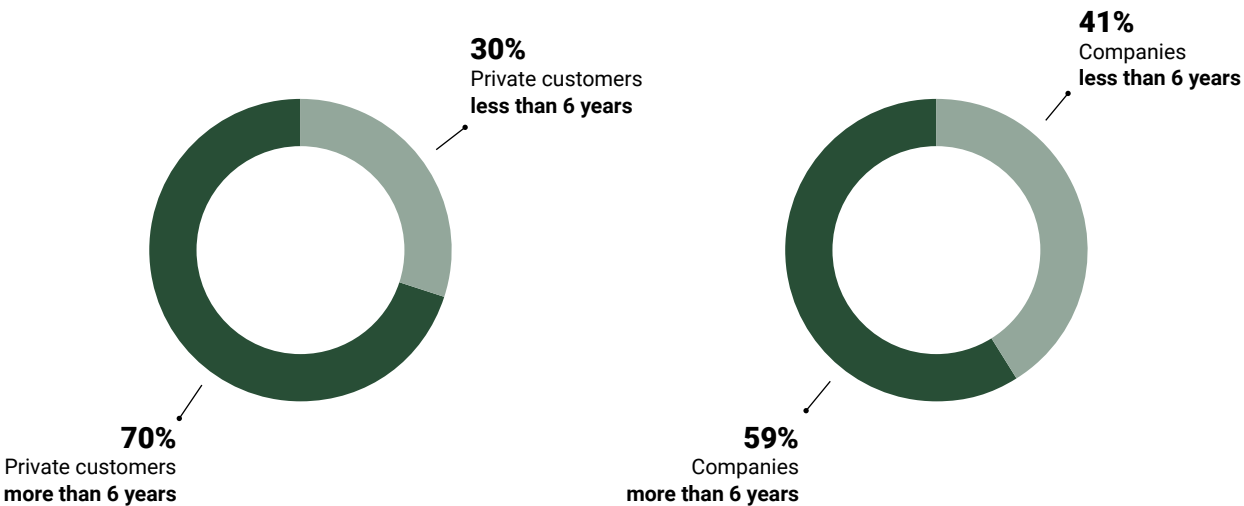
Composition of private customers

The composition of private customers reveals a mixture consistent with data from previous years:



Duration of relationships

Our approach, which aims to welcome and care for our customers, has enabled the formation of long-term relations, with the majority of customers, both **private individuals** and **companies**, who **stay with the bank for more than six years**:



4.3

Customer satisfaction¹

The bank has structured a process for measuring **the customer experience**, which translates into:

- measuring customer satisfaction relative to the different relationship channels (branch, call centre, internet banking and mobile);
- benchmark analyses for measuring positioning against the main competitors.

The perimeter of the survey is chosen based on emerging and relevant issues identified over the years; in 2020, particular attention was paid to:

- corporate sustainability;
- the change in how customers interact with banks following the epidemiological emergency caused by COVID-19.

During the year:

- the analysis of customer interactions generated through email, chat, text analysis tools and text mining has been strengthened; this approach has allowed to maintain high service levels in areas identified and recognised as excellent and to set corrective actions in those identified as problematic and/or improvable;
- an “indirect” collaboration has been implemented between different categories of stakeholders (customers and employees): in parallel to the traditional satisfaction analyses, in fact, the activities of reading, even qualitatively, phenomena related to the perception of the problems in all its forms, both explicit (collection through complaints), and implicit, identified with innovative tools that allow to analyse the reports sent by customers through different channels (telephone, email, social, web) are assuming increasing importance.

The listening activities were analysed by the **Sales Customer Experience Committee** and the **Complaints Committee** and allowed organisational and process changes to be implemented:

- creation of a structure dedicated to direct contact and management of customers reported by branches to carry out recovery actions related to reported problems (at the Contact Centre);
- for the most common products, identification of an indicator that incorporates the reports received on all the Bank’s touchpoints, categorising the main complaints received. Product and Project Management have activated targeted process review actions to improve customer experience on the aforementioned indicator;
- implementation of CredemLab, a virtual community in which a panel of customers can interact directly with the bank to provide tips and ideas and report problems in a logic of close collaboration and co-creation.

To provide an integrated interpretation of the different areas of investigation developed, two **summary KPIs** are used, indicators that aim to identify the general health status in the relationship with customers, in current and prospective logic (advocacy):

- the **Net Promoter Score (NPS)**² indicates how many customers recommend Credem as a bank; in 2020 the score, calculated as the difference between promoters (customers who would recommend Credem with a score of 9-10) and detractors (score of 1-6) was 50 points, compared to the 54 points of 2018 and 2019, confirming the same excellent levels **at the top of the banking system**;
- **Customer Satisfaction** summarises customer satisfaction of Credem as a whole (therefore related to the branches and remote channels used) in a single value; 2020 confirmed the satisfaction of customers, also for the safety measures applied and the development of remote assistance and management, with **84.4 points out of 100**.

The data analysis highlighted some significant indicators:

- the new remote relationship methods were

appreciated by customers: they positively rated their experience in more than 90% of cases, with an overall satisfaction level of 89.2 points, more than four points higher than the Customer Satisfaction average;

- the consultant’s role remains central: **skills (84.7 points)**, **problem solving support (85 points)** and **availability (87.1 points)** remain differentiating pillars;
- the “stress” generated on remote channels (due to the epidemiological emergency caused by COVID-19) did not affect customer satisfaction: the efforts made to ensure support through the digitalisation of many processes and the enhancement of the remote relationship increased the satisfaction for Inbound Customer Service¹, which rose to **86.1 points (84.6 in 2019)**; the Outbound service² focused on caring actions also recorded an increase in terms of satisfaction, from **85.3 points in 2019 to 87 in 2020**;
- internet banking has been confirmed as a valuable element in the omnichannel model, with **an overall satisfaction index of 84.8 points** (+1 point compared to 2019), and **values of 88 points** for perceived security.

In 2021:

- the promise of Well-banking - *Doing things well* –

will lead to an enhancement of listening points and interaction with customers and further development of the CredemLab community;

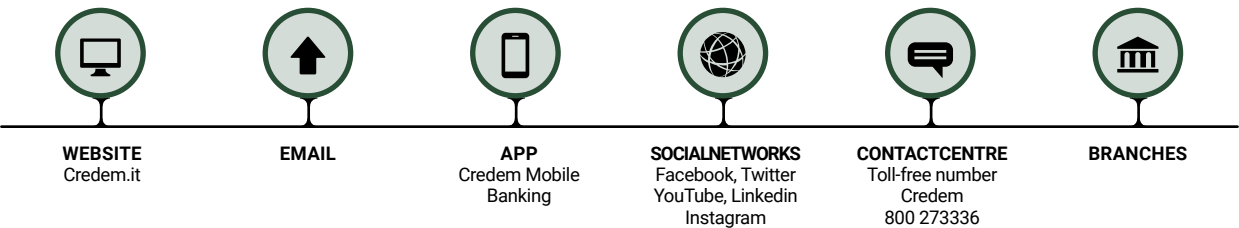
- analyses on the causes of inefficiencies will be strengthened, expanding data sources and structuring multifunctional internal working groups (with marketing, commercial, support, information systems, service centres, project management resources);
- the so-called “next normal”, with the changes in behaviours that are being generated, will make direct relationships of customers with operating branches less and less frequent; therefore, experiments will be initiated on **instant feedback**, a study and test phase for the launch of instantaneous contacts aimed at constantly monitoring satisfaction and possible criticalities.

Survey methods

The data concerning general and branch satisfaction was obtained by a phone survey conducted on a sample of 18,292 private customers and 5,500 small business customers. These results were integrated with the results of an online questionnaire proposed to 598 private customers via the internet banking portal, and a further 870 telephone calls made on annual basis to identify customer satisfaction levels with the telephone banking service.

Our contact points

Information on products, services and initiatives is also available on our online channels:



1. The data and information on customer satisfaction refer to Credito Emiliano S.p.A.
2. NPS: methodology developed and registered by Bain & Company and Satmetrix. It is based on the single question "How likely would you be to recommend Credem to a friend, acquaintance or relative?" on a scale of 0 to 10. In line with other customer satisfaction surveys, in Credem the scale extends from one to ten and the responses are classified as: Detractors (customers who give a rating of 1-6), Neutrals (customers who give a rating of 7-8), Promoters (customers who give a rating of 9-10). The Net Promoter Score is derived from the difference between Promoters and Detractors.

1. Telephone support activated upon customer request.
2. Management of outgoing telephone activities to prospect or customer base users.

4.4

Innovation, technology and digital culture

The **Innovation Management Committee** has the task of supporting the Group in the identification of technologies and functional skills in business areas, in the assessment of consistency between technological skills and the business plan and in the creation of academic and research networks. It focuses on the following areas of activity:

- **Assess:** to ensure constant monitoring of the innovation market.
- **Change:** to prepare employees, processes and the organisation for change through the increasing spread of the culture of innovation.

2020 was characterised by:

- **Open Innovation** programmes, in collaboration with the University of Modena and Reggio Emilia, to generate solution prototypes related to smart mobility and the bank designed for young generations;
- Three **Board Inductions**;
- corporate contamination pathways that have led to the creation and growth of spontaneous communities (**Community Lean Coaches**, to simplify operational processes and **Community Agile**, to disseminate agile methodologies within the Group);
- support for the growth of the **Team Automation Centre**, aimed at automating business processes through the use of robotic solutions (chatbots), optical character recognition (OCR) and workflow, with the aim of streamlining the operation of central offices and operational branches. There are many qualitative benefits achievable through process automation:

- definition of processes regulated by rules and procedures;
- standardisation;
- the elimination of operational errors;
- reduction of waste;
- dematerialisation;
- traceability and measurement of process KPIs.

In 2020, the Automation Centre generated quantifiable savings in the employment of about **31 full-time employees** and savings in terms of eliminated costs for an economic value of over EUR 400,000.

- **Innovate:** to implement experimental projects on the themes of the future, assessing technical feasibility and business effectiveness, planning the tools to introduce new products and services.

The following activities were carried out in 2020:

- new **mobile APP** for Credem and the subsidiary Banca Euromobiliare, through the use of the best market technologies, the dissemination of which is scheduled for 2021; the objective is to offer customers a simple and easy-to-use experience to access transactional services, information and device features and allow them to manage their relationship with the bank;
- creation of a **data analytics** engine for the CREDIT function to support the evaluation and approval of new loans and the monitoring of possible anomalies on current loan customers;
- technological innovation projects aimed at increasing efficiency, with **the use of information technology and cloud** components.

Approximately **3,500 working days** were required to implement the above projects, and an investment of approximately **EUR 4.5 M** was made.

Innovation and COVID-19

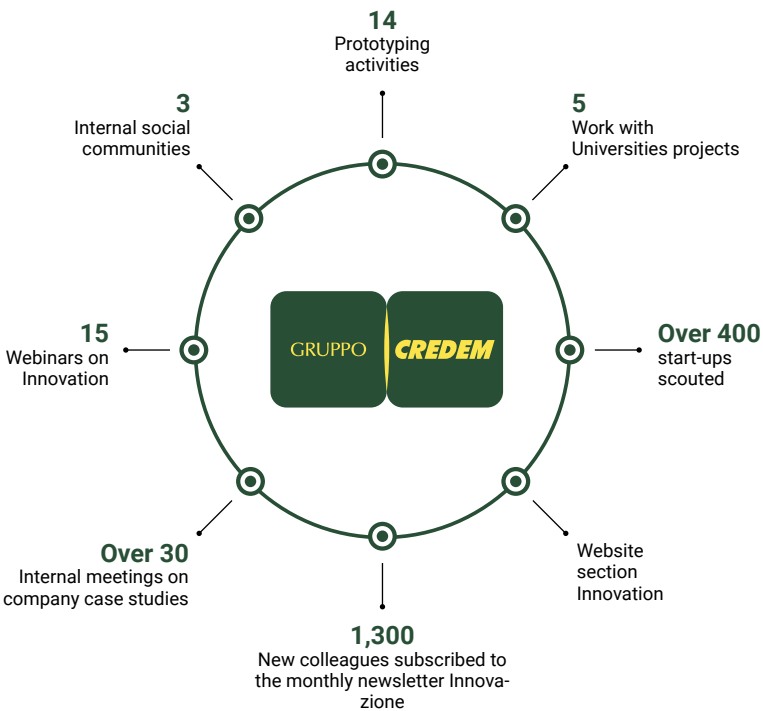
The epidemiological emergency has led to a further acceleration of processes and projects related to the world of innovation:

- **e-learning** training;
- development of the **Digital Working Place** to support agile work;
- **Smart Working Next**, to stimulate the evolution of planning, structured in two phases of investigation:
 - **27 colleagues** belonging to **four Group companies** with heterogeneous roles and profiles were observed and analysed remotely for five days, flanked by **31 external observers** (children, colleagues, friends, neighbours or other colleagues), with over 240 pieces of multimedia content (photos and videos) collected and 660 minutes of in-depth face-to-face interviews carried out.

The research results made it possible to identify the **archetypes** of the protagonists of remote working and hypothesise the guidelines of the **physical and digital workspaces of the future**;

- a **quantitative survey** was prepared for all Group employees, totalling **4,559** polarised responses on the following aspects: reduction of environmental impacts (76.8%), optimisation of time and greater flexibility between work and private commitments (65.8%), savings on travel costs (65.8%), greater concentration for carrying out specific activities (60.3%), increase in efficiency and performance (50%), better family management (49.3%) and increased trust by colleagues and managers (33%).
- development of digital services for customers, including a new **digital signature** platform accessible to private customers and companies with email addresses and mobile phone numbers, to support the digitalisation of all internal operating processes.

Innovation



Accessibility

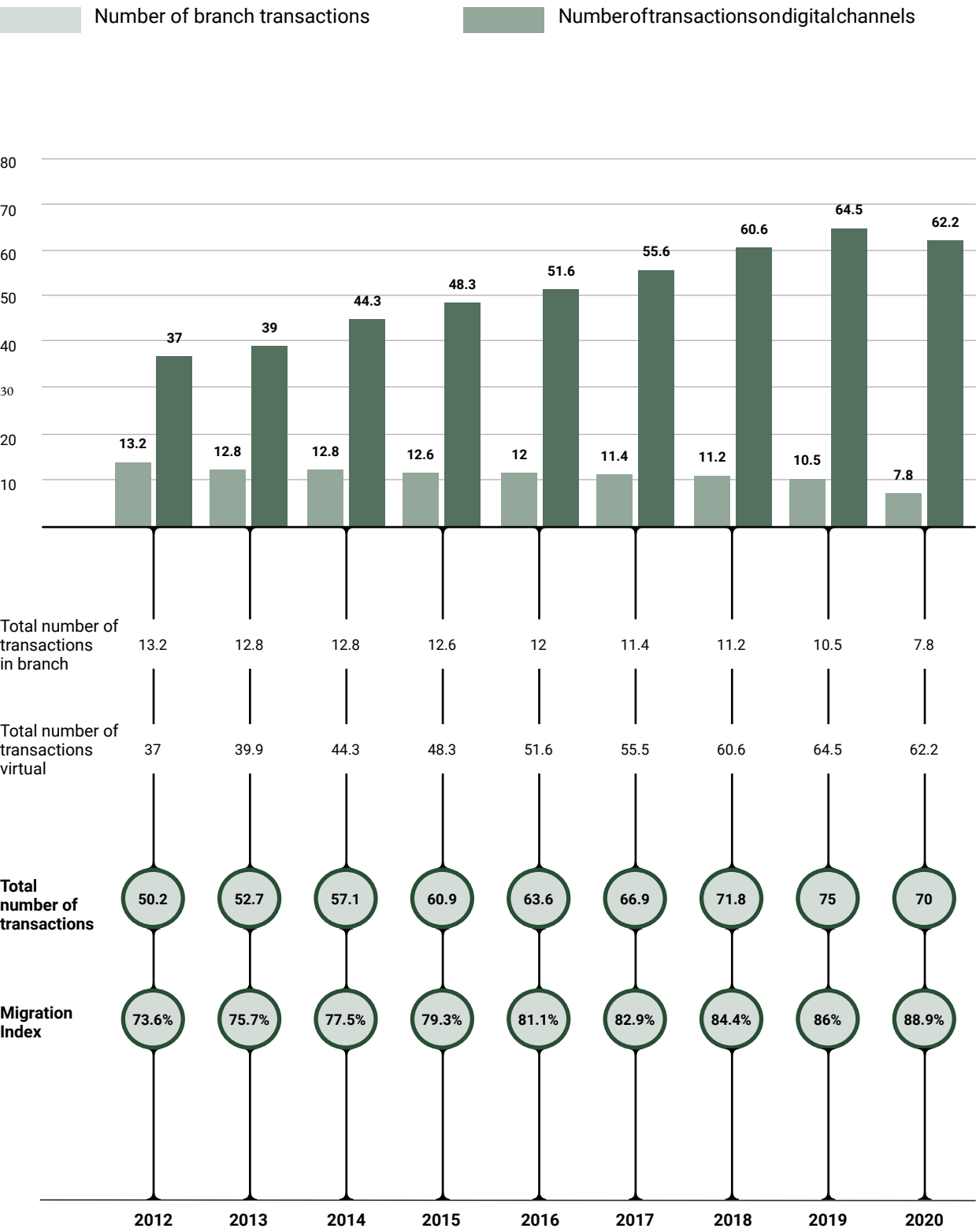
During 2020, **327 Base Automated Teller Machines (ATMs)** were replaced and/or installed to facilitate cash withdrawal and **22 Evolved ATMs (Self Service Web ATMs)**, which allow to perform numerous cash operations independently (view, pay and withdraw, make payments), reducing waiting times at the counter. The hardware ensures **accessibility** and **inclusion**: they are equipped with peripheral devices to support the blind, specific features for the needs of visually impaired users and adequate keyboard height (fixed at 1.10 metres from the ground, with 3% tolerance). **Over 60 interventions** were planned in the first half of 2021 to create specific self areas to install as many **Evolved ATMs** and guarantee accessibility seven days a week, 24 hours a day.

Transaction digitalisation

The number of digital transactions increased from EUR 39.9 M in 2013 to EUR 62 M in 2020 (compared to EUR 64.5 M in 2019). The lower number of transactions observed in the last year is attributable to the decrease in transactions on physical and virtual channels due to the COVID-19 pandemic. At the end of 2020 the overall migration index, calculated as the ratio between the number of transactions on virtual channels and the total transactions carried out in the reference period by all customers (private, retail and corporate), was 88.9%, an increase compared to the data for 2019 (86.0%). For internet banking users, documents are no longer printed but sent digitally via MyBox (a dedicated inbox in the secure internet banking portal), consistently saving paper and benefiting the environment.

In 2020, 71.3% (+1.3% on 2019) of all documents sent to customers were forwarded via the MyBox system. The activation of the Google Hangouts videoconference system contributed to the digitalisation process. The user-friendly tool available is available on all Credem Consultants' and Customers' web or mobile platforms to respond to the growing need for contact everywhere, and with less environmental impact than using cars or other means of transport. During the epidemiological emergency, the videoconferencing system ensured the operational continuity of services, the same level of assistance and quality of advice provided.

Transactional evolution (Millions of transactions)



4.5

Credemtel

Credemtel is the Group company specialising in the provision of **digital services** and electronic document management projects, Supply Chain Finance and Interbank Corporate Banking (CBI);

The range of services is composed of modular solutions and includes **lower initial investments** with the aim of triggering a digitalisation process that allows customers to optimise and secure their procedures, **reducing operational risks** and **maximising efficiency**.

The main operating areas concern:

- **electronic invoicing**, to help private individuals and Public Administration communicate;
- **document management**, to ensure that the same document is shared and available inside

and outside the company. A **digital preservation** service is also available, which allows to avoid keeping the paper copy of documents, **process dematerialisation** and the automatic management of **expense reports**, their signing with electronic signature and subsequent digital storage;

- **Business Process Outsourcing**, to outsource the company's management processes, optimising time and resources;
- **process digitalisation**, through workflow management (to manage each corporate document flow), business process outsourcing and customised processes;
- **document sending** through multiple channels: post, ordinary and certified email, certified electronic delivery service, fax;
- **electronic signature**: simple, advanced, qualified

and digital, based on static and/or dynamic credentials, graphometry and biometrics.

Dematerialisation and digitalisation allow to:

- increase the **profitability of companies**, through process automation and cost reduction;
- optimise and **secure customer procedures**, resulting in a reduction of operational risks and maximising efficiency;
- consolidate a **sustainable** ecosystem: dematerialisation generates a significant positive environmental impact, both in terms of safeguarding thousands of trees that are not felled to produce paper (with consequent **reduction of CO₂** emissions), and in terms of human resources management (the availability

of digital documentation becomes an enabling factor for the use of **remote work activities**).

Credemtel has the following certifications:

- **EN ISO 9001** for the design, development, delivery and assistance in IT processes and services, interbank corporate banking and document management;
- **UNI IEC EN ISO/IEC 27001** for the design, development, maintenance and management of digital storage services in accordance with the standard;
- **Accredited Conservator at the Agency for Digital Italy**, to guarantee the highest standards of quality and reliability.



Credemtel Head Offices, Montecavolo di Quattro Castella (Reggio Emilia), Credem Group company.

4.6

Data security

Consistent with the innovations introduced by the General Data Protection Regulation (GDPR) – EU Regulation no. 679/2016 on the protection of personal data – the Group has adopted dedicated internal governance. The **Data Protection Officer**:

- defines guidelines, assesses risks, identifies uniform behaviours in terms of privacy criteria;
- manages compliance activities regarding the protection of personal data for Group companies in line with shared service standards;
- verifies compliance with the legislation and oversees compliance with the obligations aimed at ensuring the respect of the same.

The **Privacy** section of the Group website provides public access to all documentation regarding:

- the website **privacy policy**;
- identification of the **data controller** and the **data protection officer**, who may be contacted by post, email address, certified email and/or a dedicated toll-free number;
- **type of data processed and purposes of the processing** (browsing data, provided voluntarily by the user, Cookies);
- optional provision of personal data;
- processing methods;
- **rights of data subjects**.

The Group adopts a **cybersecurity management system** that defines the objectives, organisational model and governance, management and reporting processes on IT security and cybersecurity; in particular, the roles and responsibilities on cybersecurity are defined both in terms of specific Management Bodies and organisational units responsible for the management of cybersecurity, and by assigning specific security responsibilities to each employee through internal regulations and the corporate Code of Conduct. The periodic review activities of the model conducted in 2020 resulted in evolutionary guidelines relating to organisational and process aspects, for which

interventions were initiated with a multi-year horizon:

- evolution of **roles/responsibilities/accountability** related to strategic information security governance;
- **upgrading** of personnel with functions responsible for information security;
- maintenance of **KPIs** with explicit reference to information security levels for the Top and Middle management roles involved;
- evolutionary review of **security processes and controls**, including the detection and remedying of vulnerabilities and the secure evolution of the Group's information system.

To disseminate the culture of personal data protection, a **Privacy Portal** has been created, available to all Group **employees**. It contains operating instructions, regulations, specific training and various in-depth information.

Customers' personal data is processed using manual, computer and telematic tools in order to ensure constant **security and confidentiality**, including in the case of innovative tools and/or remote banking channels.

To ensure **accountability**, a framework has been adopted consisting of the following documents:

- **policy and regulation** on the protection of personal data, which provide guidelines and define tasks and responsibilities in managing compliance;
- **privacy risk analysis methodology**, which defines methods, activities and responsibilities of the *privacy risk assessment processes* related to each type of personal data processing identified.

As regards the **IT security management model**, a system of technical, organisational and training measures has been defined, aimed at preventing data leaks, the unlawful or incorrect use of the data and unauthorised access. In particular, the Group continues to direct investments towards the evolution of cybersecurity procedures and technological measures, in order to maintain effective **defences** and **responses** to any **IT security incidents**.

The periodic review activities of the model conducted in 2020, as well as the increased monitoring requirements resulting from the massive digitalisation of processes implemented during the epidemiological emergency, resulted in the following interventions with a multi-year horizon:

- performance of **realistic cyber attack exercises**, to enhance the effectiveness and timeliness of security incident prevention and response processes;

- enhancement of **defence technologies** (preventive and reactive) of data confidentiality, integrity, availability;
- intensification of **training** initiatives on security awareness for company personnel and, in relation to the use of online services, for customers.

4.7

Sustainable Finance

Sustainable finance directs capital towards activities capable of generating added economic value, combining traditional parameters (risk and return) with environmental, social and governance (ESG) factors¹. In 2020, the **Wealth management**² area:

- identified a common definition of the sustainability of the investment process: *"Responsible use of resources, social inclusion and conscious management of the common good to ensure well-being and stability in the present while preserving the prosperity of future generations"*;
- strengthened the integration of sustainability criteria in investment processes, governance activities and areas related to employee training and supporting the consultancy services provided to the Credem Group networks, with the completion deadline in 2021:
 - initiation and conclusion of a beauty contest to select a data provider, sustainability analysis and data provider relating to issuers, companies and in general all the financial instruments useful for the construction of the service and

product portfolios of the three investment companies²; the content will be used to **create a proprietary ESG score** aimed at integrating these assessments into investment processes;

- analysis of **possible exclusions related to the investment process** and different strategies to be applied to products and services in the area;
- assessment of potential sector members (Principles for Responsible Banking, Principles for Responsible Investment, Principles for Sustainable Insurance, etc.) to promote a virtuous path of sustainable management and promote knowledge and sustainable investment practices;
- definition of a communication and training model: all Wealth area employees have completed specialised training along with the following courses, which will be included in the processes of assessing the skills acquired:

1. **Sustainable Economy and Finance**, provided by Raiffeisen Capital Management and accredited by European Financial Advisor;
2. **High-level Training and Sustainable Finance**,

1. ESG (Environmental, Social, Governance) factors.
2. The Wealth Management area consists of the following companies: Euromobiliare Advisory SIM, Euromobiliare SGR and Credemvita.

organised by the Cattolica del Sacro Cuore University-ALTIS, Superior School of Business and Society in collaboration with Raiffeisen Capital Management.

The ESG portfolio is identified through an analysis and due diligence process¹ that considers:

- a systematic analysis of peer groups which are homogeneous for their strategy and subsequent allocation of a quantitative global scoring, the result of a combination of weighted variables and a series of qualifying ratings, quantitative basic indicators, useful for identifying the peculiarities of the strategies adopted;
- a qualitative analysis and subsequent assignment of a qualitative global scoring to **consider the non-financial characteristics of the companies analysed**:
 - give precedence to companies/issuers with solid sustainability principles and a high score in terms of environmental, social and corporate governance policies;
 - consider whether and for how long they have been signatories to the principles of the United Nations Organisation for Responsible Investments (PRI) and/or how long they have adopted ESG principles in the assessment of investments;
 - evaluate the dedicated ESG team members and their background;
 - examine the implementation methods of sustainability analyses on products;
 - evaluate the ESG approach used: exclusion criteria, integration, best-in-class, themes, impact;
 - if ESG ratings/scores are used, proprietary development or through external providers.

Euromobiliare Advisory SIM

- **ESG Global Equity**, invests on international equity markets through the best investment funds specialised in the selection of companies with high quality standards on environmental, social and corporate governance issues;
- **ESG balanced bond line**, invests in shares and bonds on international equity and bond markets through the best investment funds specialised in environmental, social and corporate governance issues.

Euromobiliare Asset Management SGR

In 2020, Euromobiliare SGR counts seven bodies created to allow the collection and collective management of public savings (UCI) with ESG criteria.

Credemvita and Credemassicurazioni

The Credemvita - Simple Life Global Equity ESG fund invests up to 100% in equity-type financial instruments, while respecting the benchmark nature of the portfolio. The strategy is implemented through indirect investments, also for the entire portfolio, and direct investments with high standards relating to environmental, social and corporate governance issues.

In 2020, the composition of the Group's ESG portfolio amounted to EUR 1,566.6 M, equal to 5.6% of the total and a growth of 121% compared to 2019.



Palazzo Spalletti Trivelli, Reggio Emilia, Curtain hall, Credem's Head offices.

1. The policy is applied by the company Euromobiliare Asset Management SGR.

4.8

Welfare for our business customers

The experience and results gained as a result of the development of corporate welfare policies have favoured the extension of the service to small and medium-sized business customers through a dedicated platform that provides support and consulting services in all plan activation phases and a network of dedicated specialists. Through a dedicated portal, the bank provides customers with a wide range of services to promote the health and well-being of workers, support income and increase their spending power, with consequent benefits on the company's climate and productivity.

Since its first year active in 2017, more than 40 companies have benefited from the welfare services, involving more than 3,000 employees.

Products and services with social and environmental goals

To support families and companies in difficult circumstances, the Parent Company is a member of:

- the **Solidarity Fund** promoted by the Ministry of Economy and Finance, which allows certain groups of customers¹ to request the suspension, for a maximum of 18 months, of their mortgage payments without the application of supplementary charges or interest on arrears;
- the **2019 Credit Agreement** between the ABI and the Entrepreneurial Associations, and which aims to support businesses' liquidity requirements.

Support again continued for **natural disasters** in 2020 (which occurred in Calabria, Veneto and in several provinces of Liguria and Piedmont) through the suspension of mortgage loans on properties located in the affected areas and unsecured loans relating to cleared buildings or commercial/economic/agricultural management for subjects

with residence or offices registered and/or operating in the affected municipalities. In conjunction with the epidemiological emergency, a facilitative measure was introduced to support families and companies in the first *red zone* in Lombardy and Veneto (March 2020): customers affected by the regulatory restrictions were granted the possibility to suspend any existing mortgages and/or loans for a maximum of six months. All regulatory and system initiatives related to the COVID-19 emergency were introduced and promptly made operational:

- Cura Italia Decree: possibility of extending the maturities of small and medium business customers debt exposures;
- Liquidity Decree: possibility of granting loans assisted by the Italian State guarantee;
- extension of the eligibility terms relating to the 2019 Credit Agreement and the Solidarity Fund.

The following have been signed in order to provide customers with additional support tools:

- the National ABI Convention for the Advance of Cassa Integrazione Gandagni (CIG), the redundancy fund which allowed anticipating the measures to support national income introduced by the Cura Italia Decree due to the COVID-19 emergency;
- the ABI - Consumer Association Agreement, to grant a moratorium on mortgage/unsecured loans to private consumers outside the scope of the Solidarity Fund initiative.

Ecobonus

The Ecobonus is a benefit provided by the Relaunch Decree that raises the deduction rate of expenses incurred from 1 July 2020 to 31 December 2021 for specific energy efficiency interventions, anti-seismic interventions, the installation of photovoltaic systems or infrastructures for

charging electric vehicles in buildings to 110%. The innovations introduced include the possibility (as an alternative to the direct use of the deduction) to opt for an advance contribution in the form of a discount from suppliers of goods or services or for the assignment of the credit corresponding to the deduction due.

Credem has defined a dedicated offer to accompany individuals, companies and condominiums that includes:

- specialist advice to support customers in the main choices and in verifying documentary compliance with the legal requirements;
- dedicated funding to cover expenses related to the work to be carried out and subject to future tax credit;
- purchase of the tax credit, which allows the liquidation of the transfer fee following the transfer of the credit to the Bank's tax drawer.

Credem4Green

To expand the green offer and support customers by providing the liquidity necessary to face expenses which contribute to environmental protection, Credem has created the personal loan products called "Credem4Green": financing to support investments in renewable energy, renovation interventions, those to give homes more energy efficiency and to purchase transport means with reduced environmental impact. The aforementioned loans can also finance specific interventions that fall within the types included in the tax concessions established by the Relaunch Decree, can be requested for amounts from EUR 3,000 up to EUR 75,000 and are characterised by reduced procedural costs compared to the standard.

As regards **renewable energies**, the **Mutuo Chirografario Energia** and **Mutuo Energia** services are available for private customers and businesses, respectively, which allow to request up to 100% of the value of the purchase and installation of solar

panels for the home. The subsidiary Credemleasing offers **Leasing Energia**, a service created for businesses and professionals and aimed at the installation of photovoltaic systems and other renewable energy systems.

Support for the business network

Over the years, the Group has developed and consolidated agreements to identify appropriate tools to accompany companies in the development of their business and to finance growth projects:

- with the **European Investment Fund** (EIF), to support investment in innovation and research, to allow small and medium-sized enterprises easier access to credit, to encourage companies to invest in the agricultural and agro-industrial sector operating in the regions belonging to AGRI Italy (Calabria, Campania, Emilia Romagna, Piedmont, Puglia, Tuscany, Umbria and Veneto) and to support companies active in the cultural and creative sectors;
- with **Fondo Di Garanzia** (Medio Credito Centrale) to facilitate access to credit for companies and professionals who have liquidity needs or who intend to make investments;
- with **Società per Assicurazione Credito Estero** (SACE) to support financing to promote the internationalisation of Italian companies;
- with the **Italian Ministry for Economic Development** (MiSE), to provide access to the grants envisaged by the Sabatini Ter Law for all Italian small and medium-sized enterprises that want to acquire, through loans and leases, new plants, equipment and machinery and make investments in digital technology.
- with Istituto di Servizi per il **Mercato Agricolo Alimentare** (ISMEA), to support access to credit and investments for companies operating in the agricultural sector.

1. The fund can be used by customers who have suffered the loss of their permanent employment or whose self-employed or subcontracted contract has terminated and who have been out of work for at least three months.

4.9

The Bank - Insurance

Protection services respond to dynamics linked to the change of households, the loss of purchasing power of the weakest segments of the population, unemployment and job insecurity, and the increasing impacts of climate change.

Services with social and environmental value

- Protection of people¹;
- Policies to protect the activity of small and medium-sized enterprises²;
- Earthquake policies.

Results 2020

In 2020, the **premiums issued** for the placement of services with social and environmental value amounted to **EUR 22.9 M**, equal to **46%** of the total premiums of Credemvita SpA; related **compensation** amounted to **EUR 4 M**

Focus: policies with environmental value

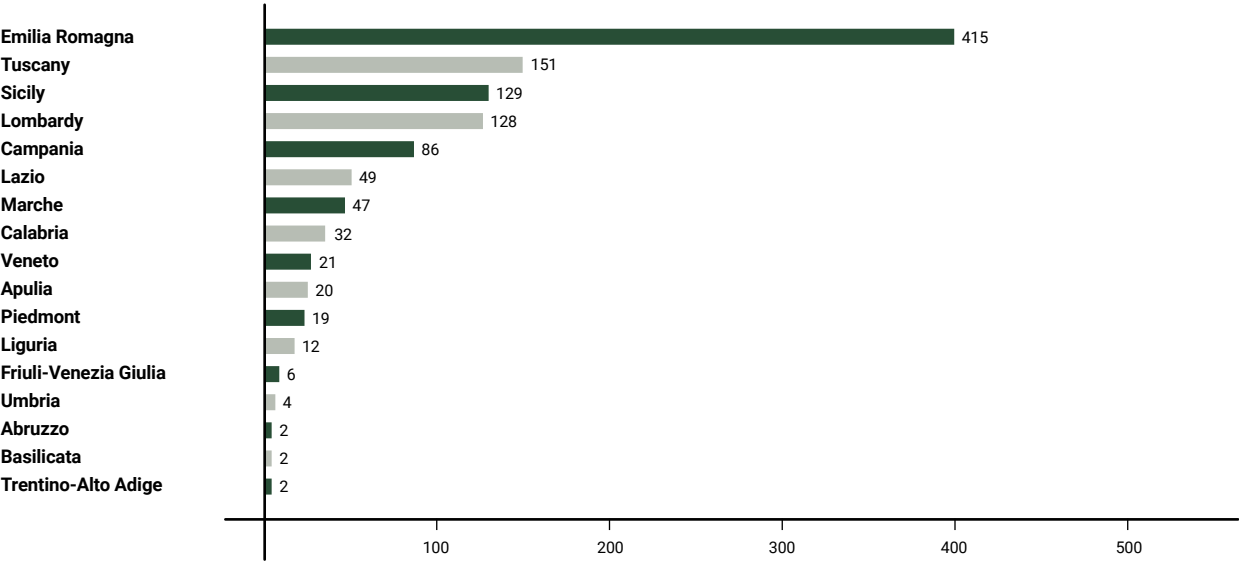
Climate change is the cause of adverse weather phenomena and natural disasters that are also intensifying in Italy, with disastrous, cascading multi-risk events: landslides, floods, forest fires, storms, extreme weather phenomena, heat waves, drought and desertification.

Our country is also subject to volcanic phenomena and **earthquakes**. The damage resulting from these phenomena is greater in the most exposed, fragile and vulnerable areas, at high hydrogeological and seismic risk.

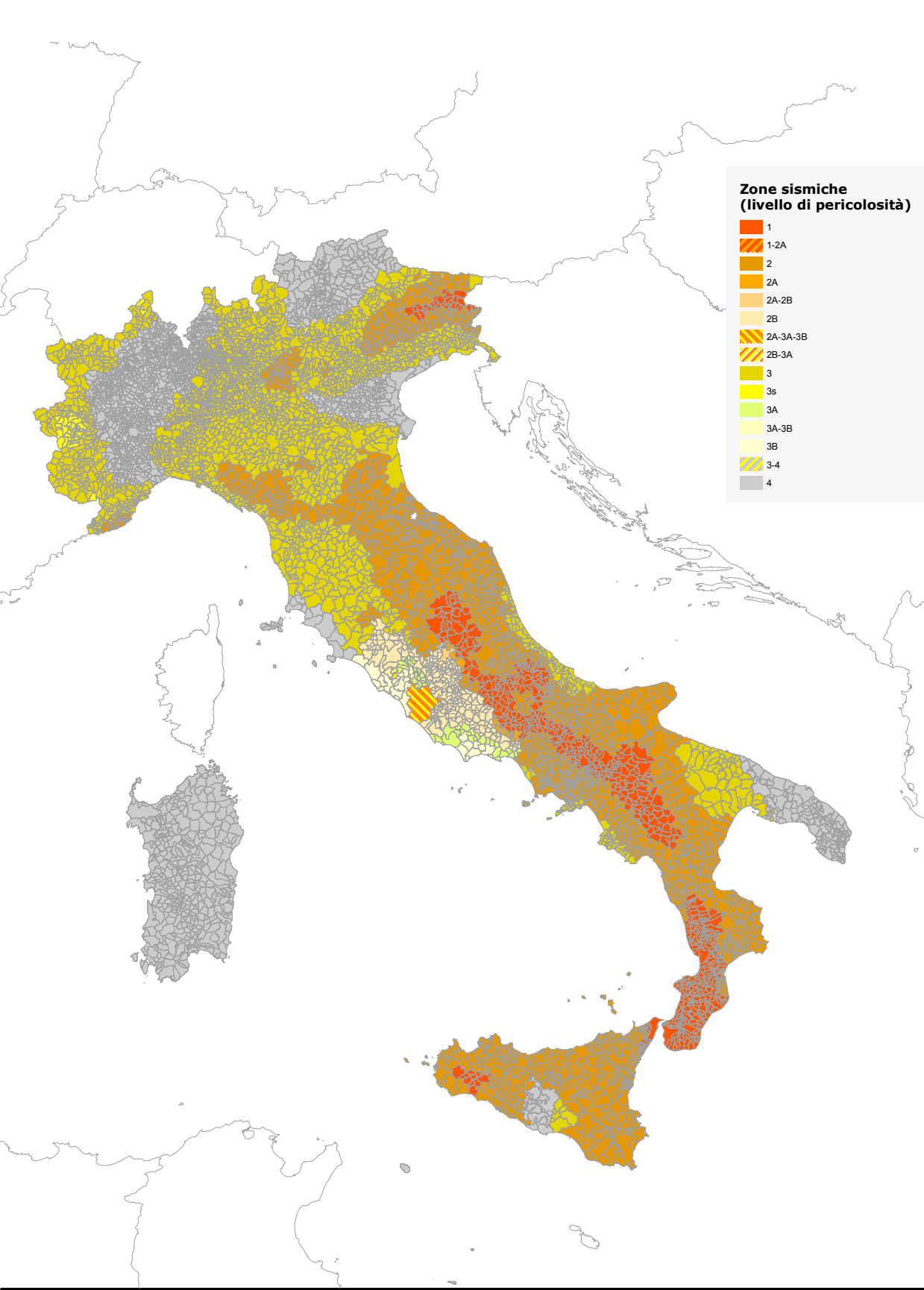
Through its products and services, the Group contributes to the protection of the people and property who have suffered damage as a result of events of this nature.

The Group's placement of Earthquake policies in Italy, subdivided by region, and the seismic classification map of Italy³ are shown below:

Placement of Group Earthquake policies by geographical area in 2020



Seismic classification map of Italy



1. Personal protection, health protection, income protection, accident protection, accident & illness protection.
2. Trader protection, craftsman protection and professional protection.
3. Civil protection, seismic classification map by province, December 2020.

4.10 Magazzini Generali delle Tagliate

Magazzini Generali delle Tagliate (MGT) supports the bank in identifying customised solutions in the event of a "goods advance" for the definition of specific loans aimed at professionals operating in the **Grana Padano** and **Parmigiano Reggiano** production sector, typical products of the Emilian Territory.

MGT holds **over 500,000 wheels of Parmigiano Reggiano cheese** at the Montecavolo (RE) and Castelfranco Emilia (MO) plants, structured to guarantee an ideal ageing phase of the wheels preserved there, thanks to suitable and modern facilities equipped with advanced technologies and controlled by qualified personnel.

The **humidity, temperature and cleanliness** parameters are constantly monitored in order to guarantee quality ageing, able to best enhance the product of the territory.

Magazzini Generali delle Tagliate were the first in Italy to choose the **"Total Quality"** system: ISO 9002 quality certification contributes to **guaranteeing the high standard** and food safety of Parmigiano Reggiano and Grana Padano.

- **Total amount of loans disbursed in 2020: EUR 187 M;**
- **Number of companies supported: 142, 92% of which operate in Emilia-Romagna.**



Magazzini Generali delle Tagliate, Montecavolo di Quattro Castella (Reggio Emilia), cheese ageing systems, Credem Group company

4.11 In Tune with the socio-economic context

Impact on the community and the territory

The **territory** is where the Group identifies its stakeholders and helps grow the **capital** which gives it the ability to create value:

- **knowledge and innovation**, through the presence of universities and research centres;
- **people with an adequate level of education and skills;**
- **procurement of resources;**
- **trust, reputation, stakeholder relationship.**

The relationships between Credem, stakeholders and the community are characterised by integrity, reciprocity of interests and consistency with the **corporate culture (mission and values)**, the **Internal Code of Conduct** and the **Organisational and Management Model pursuant to Italian Legislative Decree 231/2001 (MOG)**.

In the evaluation of its *partnership* activities, the following areas of intervention are prioritised:

- **education and training:** contributions to schools, universities, training bodies and organisations promoting **skills and knowledge**;
- **health and prevention:** activities to support prevention, medical-scientific research and **community well-being**;
- **art and culture:** initiatives aimed at **preserving and increasing the artistic, historical and cultural heritage** of the territory;
- **economic development:** support for activities that promote the **growth of entrepreneurship**.

The main initiatives which characterised 2020 are described below:

Training and education

In 2020, the Group increased the pursuit of social purposes by promoting **financial education** within

the broader concept of education for conscious and active economic citizenship, in collaboration with the **Foundation for Financial Education and Saving (FEduF)**.

A series of **digital live talks** was held, aimed at secondary school students, Group customers and employees.

The proposed topics took into account the particular economic context generated by the COVID-19 pandemic emergency and covered issues related to money, savings and credit management in light of behavioural finance.

- **Contribution:** EUR 28,000 in monetary contributions;
- **Results:** 691 participants;
- **Impact:** greater dissemination of financial culture in the community, leading to an increase in the level of financial and social inclusion.

Credem participated in the **Sustainable Development Festival 2020** promoted by the **Italian Alliance for Sustainable Development (ASviS)** in collaboration with **FEduF** through the presentation of the book *"A sustainable world in 100 photos"*, which allowed to take stock of environmental, economic and social sustainability through an articulated photographic journey.

A window for listening to youth

Opinion Leader 4 Future is a three-year programme that was created in 2020 thanks to the collaboration between the Superior School of Media, Communication and Entertainment (Almed) of Cattolica del Sacro Cuore University and Credem to stimulate debate, dialogue and comparison through an analysis of the relevance and role of opinion leaders in the national and international information landscape, with the aim of promoting the development of knowledge of communication and opinion formation mechanisms at the general context level on issues that affect the life of society:

- ten **virtual academic seminars** were organised, involving 30 experts, researchers and university professors and a dedicated internet space was built (<https://almed.unicatt.it/almed-opinion-leader-4-future>);
- a generational analysis was carried out, with a first focus on **Generation Z**, which includes children and youth between the ages of 10 and 25, through a qualitative-quantitative study on a total sample of over 700 young people, which highlighted that **the characteristics that distinguish opinion leaders are respect for others, kindness and empathy**; the most influential opinion leaders are industry experts, friends, but also parents and journalists. The interaction with opinion leaders takes place in 90% of cases through smartphones. The offline sphere maintains significant relevance (72%) and identifies TV as the main information channel, followed by word of mouth and family ties. 54% of the youth said they compare multiple sources to ascertain the veracity of news (fact checking) and 37% considered the news coming from institutional sources as more credible: the recent health emergency period increased the critical capacity of Generation Z;
- an in-depth study was launched on the **issues of savings and financial education** in order to understand which channels are most suited to activating awareness paths in relation to economic and financial matters and define effective digital content (summary, iconicity, immediacy and employability): the observatory applied to the university population involved the youth in the master's degree programme for *Communication for business, the media and complex organisations*.

In 2021, the partnership will focus on the interactivity and interconnection of people and the study of generations Y (people born between 1981 and 1996), X (born between 1965 and 1980) and "baby boomers" (born between 1946 and 1964). Projects will also be activated on vertical issues: information and influencing mechanisms related to the social commitment of companies and diversity policies and the monitoring of information coverage during the COVID-19 pandemic, with particular attention to the activity of opinion leaders.

- **Contribution:** EUR 24,000 monetary contribution (EUR 72,000 over three years);
- **Results:** 290 students involved in research and 200 in the seminar cycle;
- **Impact:** definition of the methods for identifying opinion leaders and approaching strategies, with a focus on financial issues.

CREDEM - UNIMORE Synergy

Also in 2020, support continued for the **three-year degree course in Digital Marketing**, organised in collaboration with the **University of Modena and Reggio Emilia** and other **companies in the Reggio area**.

The course aims to:

- train young graduates to be employed in digital marketing roles, able to work for objectives, in inter-functional teams and to contribute to the definition of strategic choices in terms of communication and marketing;
- prepare potential candidates for the Group;
- support the growth of digital and innovation;
- enhance the skills and attractiveness of the local production system.

As a partner company, Credem has:

- contributed to the selection of the first 80 candidates (out of a total of 280 applications), at the start of the first academic year;
- actively participated in the training activity, involving witnesses and company representatives, specialised external teachers from the Digital Marketing sector, tutors for group work in the classroom and at companies;
- defined and proposed the applications of teachers for practical (so-called "Practitioners") and teamwork activities, with a direct contribution to the definition of content;
- defined and implemented a system for monitoring individual and team performance;
- secured internship opportunities, offering briefs and managing the direct tutoring of students in the company by the experts involved in the training.
- **Contribution:** EUR 50,000 monetary contribution (EUR 150,000 over three years);

- **Results:** 48 hours of practitioner lessons; five youth with internships at Credem;
- **Impact:** education related to company needs with impacts on local skills and employment growth.

Save the Children

Credem again provided its aid to Save the Children in 2020 to support **26 Punti Luce**, high-density educational spaces created in the most disadvantaged neighbourhoods and suburbs of Italian cities, with the aim of offering free training and educational opportunities to children and young people between the ages of 6 and 17. In Italy, the health emergency situation due to the COVID-19 pandemic made it necessary to launch remote activity models which involved children, adolescents and more vulnerable families through the delivery of tablets, educational and gaming materials, study support and reduction of the learning gap, organisation of online recreational meetings to ensure operational continuity to the Punti Luce.

From June to September 2020, the national campaign **"We rewrite the future"** was launched, which allowed the preparation of **74 Spazi Futuro** in 22 Punti Luce of 17 Italian cities: "educational islands of proximity" outdoors to allow children to make up for all they had lost in the previous months, not only in educational terms, but also in terms of sociality, motor skills and relational activity.

In the **Spazi Futuro**, sports, artistic and environmental education workshops, activities to accompany studies, new media training moments, visits, reading and writing activities and parental support programmes were carried out.

- **Contribution:** EUR 152,000 in monetary contribution;
- **Results:** 1,020 beneficiaries reached; 590 regular attendees of the Punti Luce; 172 educational lessons¹ provided;
- **Impact:** training and educational opportunities for children in difficult situations; combating poverty and promoting social inclusion.

Health and Prevention

During the period of the epidemiological crisis, the Group contributed by supporting the following organisations involved in the emergency:

- **Local Healthcare System (AUSL) of Reggio Emilia**, to finance the purchase of medical and sanitary equipment;
- **Niguarda Hospital in Milan**, through the donation of healthcare equipment;
- **Arcispedale Santa Maria Nuova of Reggio Emilia**, through the donation of prevention and safety devices and support initiatives for medical and healthcare personnel;
- **Civil Protection**, to support the healthcare emergency throughout the country. The fundraising campaign was open to Group customers, employees and representatives. Credem doubled the amount collected and donated it for the aforementioned purposes;
- **Food Bank**, to contribute to the recovery of food surpluses from the various channels of agricultural production, the food industry, large-scale distribution and catering and the redistribution to approximately 7,640 charitable bodies in Italy, which support more than 1,500,000 people in fragile conditions.
- **Contribution:** EUR 2,000,000 in monetary contribution;
- **Results:** supply of: 201,600 face masks, 50 electric beds with Trendelenburg and anti-Trendelenburg positions to facilitate patient conditions or reduce complications, three pulmonary ventilators and 1,002,000 swab test kits; financial support to ensure the operation of 11 hotels temporarily converted into COVID hotels. Support to the Food Bank for the distribution of 4,971,428 meals throughout the country;
- **Impact:** concrete help and support to medical personnel and healthcare organisations involved in managing the COVID-19 emergency. Support to the Food Bank to mitigate food poverty, stimulating responsible production and consumption.

1. Educational endowment is an individual and personalised aid plan that takes the form of the provision of educational goods and services for children living in extreme poverty.

Medical-scientific research partnerships

In 2020, a five-year program to support the scientific research project of the **Italian Lymphoma Foundation** was launched for the treatment of lymphomas. These oncological diseases affect approximately 15,000 new patients in Italy every year. The project focuses on the clinical study of **follicular lymphoma**, which accounts for about

- 20% of malignant lymphomas and will allow the identification of new diagnostic and prognostic risk markers to enable the diversification and customisation of patient therapies.
- **Contribution:** EUR 30,000 monetary contribution (EUR 150,000 in the five-year period 2020-2024)
 - **Results:** start of the FIL FOLL19 protocol, active throughout the country;
 - **Impact:** improving patients' quality of life and life expectancy; funding for scientific research.



Save The Children, in partnership with Credem.

Art and culture

Since the late 1970s, the **Group has preserved and enhanced an artistic heritage** that bears witness to its attention to history, culture and art. The historical **Palazzo Spalletti Trivelli** in Reggio Emilia is home to our Head Offices and also houses:

- a Roman archaeological site, a valuable part of the history of both the palace and the city;
- a collection of paintings from the region dating from the 16th to 18th centuries, and various works of art from the 19th and 20th centuries;
- a collection of oriental art considered among the most important private collections in Italy;
- a collection of 20th-century graphic art which, in addition to the Head Offices in Reggio Emilia, is also spread among the numerous bank branches and offices throughout the country.

The care and enhancement of this artistic heritage is entrusted to an artistic curator (a Group employee) who, acting in synergy with corporate instructions, promotes any initiative aimed at encouraging the engagement of stakeholders and local schools.

In 2020, **Credem's art collection** was enriched by two new paintings - *Natura morta con alzata e cristalli, piatto di frutta e porcellane* [Still Life with stand and glass, fruit dish and porcelain] by Cristoforo Munari (Reggio Emilia 1667 - Pisa 1720); *Natura morta con cacciagione, fiori e sporta di vimini* [Still Life with wildlife, flowers and wicker bag] by Candido Vitali (Bologna, 1680 - 1753) - and Antonio Bueno's lithography *Marinaretto* (Berlin 1918 – Fiesole 1984).

During the year Credem launched a campaign to restore and provide new frames, invisible and anti-reflective glass for about 40 works of the graphic art collection, including, in particular, a screen printing of the *Ladies and Gentleman* series by Andy Warhol (Pittsburgh 1928 - New York), *Sole* by Alexander Calder (Lawnton 1898 - New York 1976), and *Cretto nero* by Alberto Burri (Castle City 1915 - Nice 1995). The Group is a member of the Italian Banking

Association, and in particular the Cultural Relations work group promoted by the same, giving rise to the following initiatives:

- membership to the **Virtual Museum of Banks operating in Italy** (MUVIR), established with the aim of creating a large permanent digital exhibition of paintings, sculptures, friezes, photographs, ceramics, coins and furnishings kept in the buildings and private collections of Italian banks. The more than 300,000 works that the Italian banking sector helps to protect, preserve and enhance are thus made available to the public and scholars;
- participation in the **19th edition of Invito a Palazzo**, an initiative that allows the public to visit the palaces and art collections owned by banks throughout Italy. The 2020 edition was held from 3 to 9 October and was redesigned by Credem in an entirely virtual format. During the event, a video on Palazzo Spalletti Trivelli and the Bank's art collections was presented in the **Virtual Museum of Banks operating in Italy** circuit. At the same time, on the company Facebook channel, **the initiative 10 Guides x 10 Works** was held: video clips of ten works of art were illustrated, representative of the history of the Palace and the collections kept in it. The initiative totalled **123,500 views**.

In 2020, the **Spazio Credem** project continued until the closure caused by the COVID-19 epidemic. Its objective is to enhance and protect the bank's historical, artistic and architectural heritage through guided and personalised tours offered to the Group's stakeholders. The offices involved in the project were Palazzo Spalletti Trivelli in Reggio Emilia and Magazzini Generali delle Tagliate, Group companies specialised in the ageing and storage of Parmigiano-Reggiano cheese, an excellence of the Emilian region. Two temporary exhibitions have been set up as part of the Spazio Credem project:

- *Masterpieces on paper. The great masters of the 20th century in the Credem* graphic art collection (23 January – 9 February 2020). The exhibition was the first project to enhance the

- Bank's graphic art collection: in an articulated journey along the halls of the Credem branch in Varese, which occupies two floors of Villa Grassi, an elegant building from the early 20th century, about 20 large-format graphics by international and Italian artists such as Andy Warhol, Alexander Calder, Giorgio De Chirico, Emilio Tadini, Mimmo Rotella, Enrico Baj and Renato Guttuso were exhibited.
- *Giannetto Cimurri. Il "masseur" e le bici dei suoi campioni [The "masseuse" and the bikes of his champions]* (18 January 2020 - 30 June 2021). On the ground floor and in the basement of Palazzo Spalletti Trivelli in Reggio Emilia, there is an exhibition of 36 bicycles selected from over 130 in the collection of Giannetto Cimurri (1905-2002), a historic Reggiano masseuse of the national Italian cycling team. The golden years of Italian cycling in the post-war period is illustrated through the exhibition with pink and yellow jerseys, posters of the most important cycling competitions in the world, unpublished photos of work, friendship and sport.
 - **Contribution:** EUR 176,000 in monetary contribution;
 - **Results:** 411 stakeholders involved;
 - **Impact:** to enrich and enhance the Group's artistic heritage and extend its use to young generations and local communities.

National Dance Foundation

The National Dance Foundation is the main company in Italy and the first stable company outside the Lyric-Symphonic Foundations. The identifying trait of the Foundation is the dance group *Aterballetto*, which brings together dancers of profound technical and expressive quality.

In the two-year period 2019/2020, in partnership with Credem, the Foundation defined the experimental project **So Different, So Equal**, aimed at physical and psychological *Fragilities*. The dance represented the starting point to attest to the possibility of overcoming the concept of disability as a limiting element of virtuosity, ability and talent.

The project ended in 2020 with the début of the **Feeling Good** choreography featuring skilled and disabled dancers, inserted in a European context shared with Italian, Greek, Swedish and Dutch institutions.

The performances took place on 6, 7 and 8 February 2020 in The Hague, within the framework of the Holland Dance Festival.

- **Contribution:** EUR 20,000 monetary contribution (EUR 40,000 over two years);
- **Results:** 275 participants;
- **Impact:** social inclusion, raising awareness of diversity and the culture of inclusion.



Exhibition *Giannetto Cimurri. Il masseur e le bici dei suoi campioni [The masseuse and the bikes of his champions]*, Palazzo Spalletti Trivelli, Reggio Emilia.

4.12

The Supply Chain

The strategic and operational monitoring of the supply chain identifies suitable solutions to meet the needs and expectations of the Group through the following activities:

- research and evaluation of suppliers able to satisfy the company's needs through constant monitoring of the markets and products/ services provided;
- management of negotiation and purchasing phases to ensure the best value for money, the management of online and offline tenders and related evaluation documents;
- periodic evaluation of suppliers with the assignment of the *vendor rating*¹;
- annual update of the Supplier Register.

Relations with suppliers are governed by the **Code of Ethics**, an integral part of the MOG 231, and related ethical standards, referred to with a specific clause pursuant to Italian Legislative Decree 231/01² in all supply contracts signed: Credem offers opportunities for collaboration based on competence, attitudes and skills, without any discrimination, adopting objective evaluation criteria and striving to ensure that the collaboration is free of prejudice and each collaborator can carry out their activity without intimidation and with respect for their opinions, cultural, social, ideological, gender and age differences, avoiding unlawful conditioning. Applying the same conditions, **priority shall be given to undertakings located in Italy**. The obligations listed above constitute a **steadfast condition** for the establishment and/or continuation of contractual relationships. The supply chain of the Parent Company consists of **3,193** suppliers: 97% operate in the same territory as the Group (Italy), pursuing a development strategy that focuses on the constant commitment to create stable relations with the reference communities.

The Authorised Suppliers Register includes:

- suppliers who in the last calendar year have recorded a total turnover greater than EUR 100,000;
- suppliers notified by those responsible for various types of expenditure which, in the year of validity of the Register, are expected to achieve an annual turnover of over EUR 100,000.

In 2020, the register included **210** suppliers.

Vendor rating

The *vendor rating* is the process by which the actual performance which a supplier has provided is measured. It materialises with the assignment of a summary numerical rating (*vendor rating*), calculated on an annual basis for supplies:

- relating to company departments whose operations are considered to present significant risk profiles and whose outsourcing is subject to greater caution;
- of strategic importance to the bank, with a high level of market complexity and an amount exceeding EUR 100,000 per year;
- whose invoices exceeded EUR 500,000,

The assessment considers the criteria of professionalism, reliability, financial stability and affordability. If the supplier does not achieve the minimum score required, it is placed *under observation*; in this case, the manager of the expenditure item issues a written opinion as to whether the contractual relationship should be continued or terminated. If the relationship is continued, correlated risks are nonetheless subject to closer supervision.

In 2020, supplier assessment activities aimed at the allocation of the vendor rating were carried out on 94 suppliers; six suppliers were placed *under observation*.

Proportion of spending on local suppliers

For the supply of products and services, the Parent Company gives precedence to companies based in the same operations market, which includes the communities near the locations where the business activities are performed.

In 2020, **97%** of the supply chain can be attributed to **local suppliers**¹, who represent **94.9% of total expenditure on supplies and provisions**.



National Dance Foundation, *Improvisation*, Palazzo Spalletti Trivelli, Reggio Emilia.

1. See the *Vendor rating* section.
2. The complete document containing the Code of Ethics is available on the company website: <https://www.credem.it/content/dam/credem/documenti/governance/generali/MOG231%20Comunicazione%20Standard%20Etici.pdf>

1. The percentage also includes suppliers belonging to multinational companies, but with Italian offices.

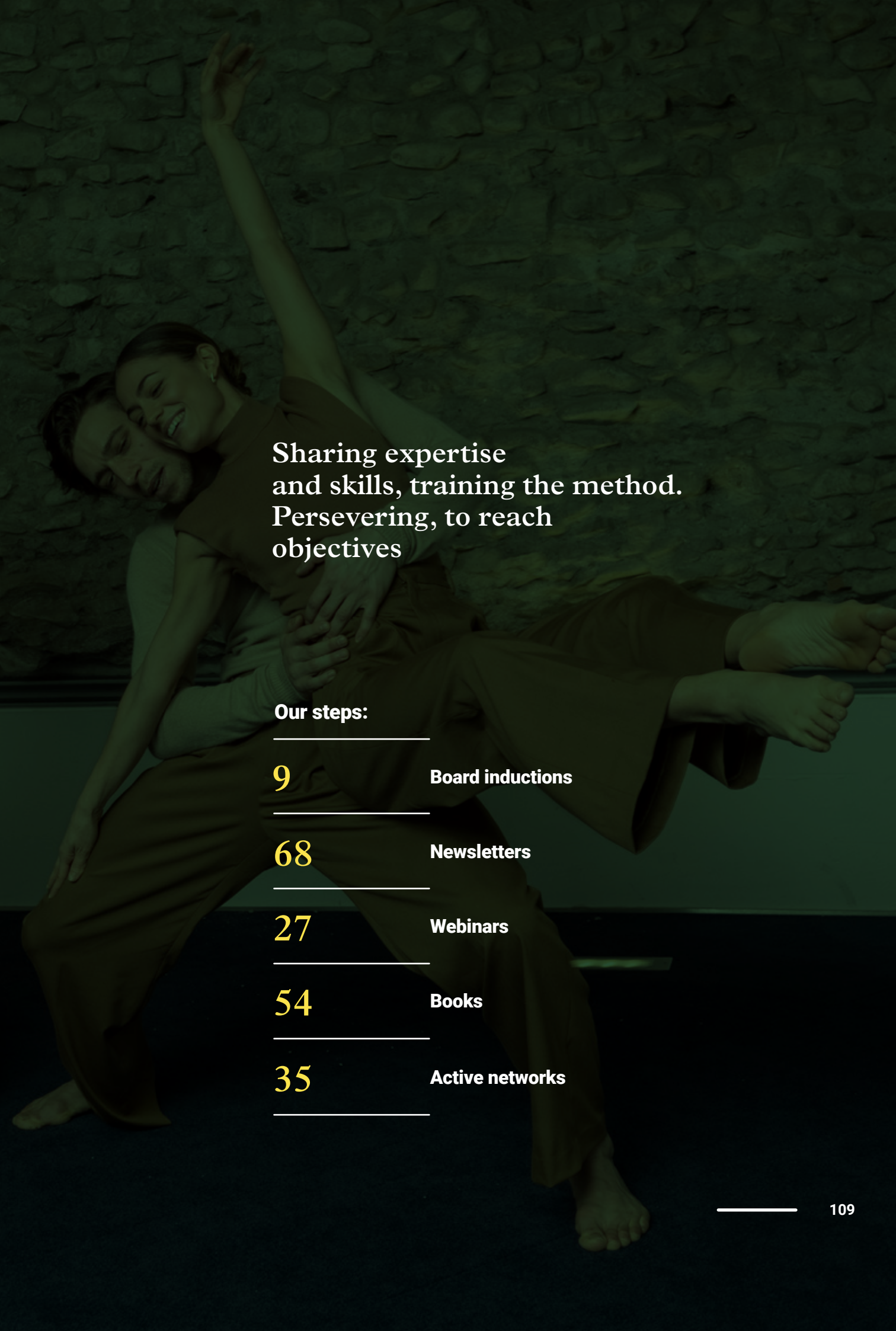
Preparation



Sharing expertise
and skills, training the method.
Persevering, to reach
objectives

Our steps:

- 9 Board inductions
- 68 Newsletters
- 27 Webinars
- 54 Books
- 35 Active networks



5.1

Sustainability as a business culture

Lifelong learning includes all the activities undertaken in the course of a company's life to improve the skills and competences of employees from a personal, professional, civic and social perspective. During 2020, the Group activated multiple internal and external training and awareness initiatives to consolidate and promote a **sustainable corporate culture**:

01. Board inductions

Nine board induction sessions related to the materiality matrix were carried out:

- Cyber Risk;
- Sustainable finance;
- Circular economy;
- Innovation (three modules);
- General Data Protection Regulation (GDPR);
- Bioeconomy and sustainable taxation;
- Changes in the world of work - World development report.

02. Newsletter

The quarterly distribution of the corporate **newsletter** on **sustainability** continued, which is distributed to the Board of Directors, Board of Statutory Auditors and Group employees. It was also regularly published in the Sustainability section of the Parent Company's website to enable the dissemination and access to the following contents:

- Non-Financial Statement;
- Relationship between COVID-19 and sustainability reporting;
- Opening of corporate welfare to Universities.

Other sustainability-related newsletters have been published by the following business functions:

- **Innovation** on a monthly basis;
- **People**, quarterly;
- **Welfare**, weekly.

03. E-learning

In collaboration with the Ministry of Education, University and Research (MIUR), the Italian Alliance for Sustainable Development (ASviS) prepared an online course on **the UN 2030 Agenda which** was taken by all Group employees in 2020 as well.

04. Our sustainability webinars¹

- *Pianificazione Strategica e Sostenibilità: la creazione di valore condiviso* - ALTIS, Superior School of Business and Society, Cattolica University of Milan
- *Sostenibilità nel business* - ALTIS, Superior School of Business and Society, Cattolica University of Milan
- *Sostenibilità: come far leva sui temi ESG per far ripartire il business?* - Ernst & Young SpA
- *La Sostenibilità come professione* - CSR Manager Network
- *Sostenibilità nel business: come pianificare un percorso strategico* - ALTIS, Superior School of Business and Society, Cattolica University of Milan
- *Natura Based Solutions* – Carbonsink
- *ESG Digital Governance: la piattaforma integrata ESG* - CSR Manager Network
- *Siamo pronti per la fase 2? Proposta per affrontare la fase di transizione all'insegna della sostenibilità sociale* - CSR Manager Network- CSR Manager Network
- *Collana di autoformazione sullo smart working* - CSR Manager Network
- *Aziende alla prova del COVID-19: la crisi letta dai big data* - CSR Manager Network
- *Gli orientamenti europei in tema di Sostenibilità* - CSR Manager Network
- *Le novità del questionario Carbon Disclosure Project 2020* – Carbonsink
- *Analisi di materialità e stakeholder engagement nell'ambito della rendicontazione socio-ambientale* - CSR Manager Network
- *Climate Risk webinar* - Oliver Wyman Group
- *I livelli di impatto sociale che generano cambiamento sistemico. Il lavoro di Ashoka* - CSR Manager Network
- *EASP and VNU Webinar Transparency through Non-Financial Reporting* -

- *best practice and challenges* - CSR Manager Network
- *Misurare e comunicare l'impegno nell'economia circolare attraverso indicatori di circolarità* - CSR Manager Network
- *Ethical Claims: la ISO/TS 17033 rafforza la credibilità dei nostri messaggi* - CSR Manager Network
- *Le cooperative sociali come motore di sostenibilità efficace* - CSR Manager Network
- *Obiettivo parità di genere. Strumenti per una gestione efficace: EDGE certification* - CSR Manager Network
- *La percezione del rischio climatico delle società quotate al FTSE MIB, Edizione 2020* – Carbonsink, FEEM
- *Progetto ESG Transition, corso di Alta Formazione di Finanza Sostenibile* - ALTIS, Superior School of Business and Society, Cattolica University of Milan
- *Reporting Matters 2020* – ISVI in collaboration with the World Business Council for Sustainable Development (WBCSD)
- *Modelli di gestione della Sostenibilità e loro integrazione con la Corporate Governance* – CSR Manager Network
- *Circularità: casi studio* - CSR Manager Network
- *Workshop Energy Transition* – Startup Observatory of the Polytechnic Institute of Milan

05. Our sustainable reads¹

- AA.VV., *I volti della sostenibilità*, Egea, Milan, 2020
- Aielli M., *Contenere i costi. Una via per crescere senza rinunce*, Egea, Milan, 2012
- Associazione Bancaria Italiana, *Rilevazione BusinEsSG – DNF 2020. Integrazione della dimensione ESG nel business bancario: focus su reporting non finanziario*, 2020
- Assonime, *Report on Corporate Governance in Italy: the implementation of the Italian Corporate Governance Code*, 2020
- Baldwin R., *Rivoluzione globotica. Globalizzazione, robotica e futuro del lavoro*, Bologna, Il Mulino, 2020
- Banca Centrale Europea, *Guida sui rischi climatici e ambientali. Aspettative di vigilanza in materia di*

- *gestione dei rischi e informativa*, 2020
- World Bank, *Rapporto sullo sviluppo mondiale 2019. Cambiamenti nel mondo del lavoro*, World Bank, Washington DC, 2019
- Basaglia S., Paolino C., *Clima aziendale. Crescere dando voce alle persone*, Egea, Milan, 2015
- Bhimani A., Caglio A., Ditillo A., Morelli M., *Performance Management. Controllo di gestione: modelli e strumenti per competere oggi*, Egea, Milan, 2010
- Biffi A., *Project Based Enterprise. Pensare e agire per progetti*, Egea, Milan, 2010
- Bruni L., Smerilli A., *Benedetta economia. Benedetto di Norcia e Francesco d'Assisi nella storia economica europea*, Città Nuova Editrice, Rome, 2020
- Calabrò A., *Oltre la fragilità. Le scelte per costruire la nuova trama delle relazioni economiche e sociali*, Bocconi Editore, Milan, 2020
- Caselli S., Gabbi G., *Il credito e la crescita. Banche e finanza per le imprese*, Egea, Milan, 2020
- Caporarello L., Magni M., *Team Management. Come gestire e migliorare il lavoro di squadra*, Egea, Milan, 2015
- Capual., *Salute circolare. Una rivoluzione necessaria*, Egea, Milan, 2019
- Carbonsink, FEEM, *La percezione del rischio climatico delle società quotate al FTSE MIB, Edizione 2020*
- Casiraghi C., *Leadership etica. Il mondo moderno incontra l'attualità di frate Francesco*, Maggioli Editore, Santarcangelo di Romagna (RN), 2020
- Chieffi D., *La reputazione ai tempi dell'infosfera. Cos'è, come si costruisce, come si difende*, FrancoAngeli, Milan, 2020
- Comitato per la Corporate Governance, *Codice di Corporate Governance*, 2020
- Corporate Reporting Forum, *Creazione di valore e Sustainable Business Model*, 2020
- Cuomo S., Mapelli A., *La flessibilità paga. Perché misurare i risultati e non il tempo*, Egea, Milan, 2012
- Eikenberry K., Turmel W., *Smart Leader. Come guidare un team di lavoro in remoto*, Guerini Next, Milan, 2019
- Falco G., Leone F., Moretti M., Reeves M., *Unlock.*

1. Webinars used by the Institutional Relations and Sustainability Department.

1. Books explored by the Institutional Relations and Sustainability Department and available to the Group through the consultation service provided by the corporate Library.

- Come trarre vantaggio dalle avversità, Egea, Milan, 2019
- Floridi L., *Il verde e il blu. Idee ingenue per migliorare la politica*, Raffaello Cortina Editore, Milan, 2020
- Forti G., *La cura delle norme. Oltre la corruzione delle regole e dei saperi*, Vita e Pensiero, Milan, 2018
- Gino F., *Talento ribelle. Perché infrangere le regole paga (nel lavoro e nella vita)*, Egea, Milan, 2019.
- Giovannini E., Speroni D., *Un mondo sostenibile in 100 foto*, Editori Laterza, Bari, 2019
- Granelli A., *Per una educazione liberale dei manager nell'era digitale*, Mind Edizioni, Milan, 2019
- Greco A., Tombari U., *Fondazioni 3.0. Da banchieri a motori di un nuovo sviluppo*, Bompiani, Milan, 2020
- Iacchi P., *L'età del paradosso. Perché chiediamo tutto e il contrario di tutto nelle imprese e nella società*, Egea, Milan, 2019
- Il Cortile dei Gentili, *Demografia, economia, democrazia*, Ecra, Rome, 2020
- Kaplan S., *L'impresa a 360°. Dai compromessi con gli stakeholder alla trasformazione organizzativa*, Egea, Milan, 2020
- Kotler P., Sarkar C., *Brand activism. Dal purpose all'azione*, Ulrico Hoepli Editore, Milan, 2020



Renato Guttuso, *Lo studio*, 1978, detail, Credem art collection, Reggio Emilia.

- Levy Orelli R., Maestrello G., *Sostenibilità e Management. La relazione tra gli MBO dei manager e gli obiettivi sociali e ambientali delle imprese*, Rirea, Rome, 2020
- Lupo G., *I giorni dell'emergenza. Diario di un tempo sospeso*, Il Sole 24 Ore, Milan, 2020.
- Manzoni B., Raffaglio M., *HR Management. Far crescere le persone per far crescere il business*, Egea, Milan, 2014
- McAfee A., *Di più con meno. La sorprendente storia di come abbiamo imparato a prosperare usando meno risorse*, Egea, Milan, 2020
- McGrath R. G., *La fine del vantaggio competitivo. Ripensare la strategia per stare al passo con il mercato*, ROI Edizioni, Macerata, 2019
- Montefusco A., *Change Management. Le regole per il governo del cambiamento*, Egea, Milan, 2011
- Morelli M., Zoni L., *Innovare i sistemi di controllo. Affrontare la crisi e sostenere la crescita*, Egea, Milan, 2013
- Origlia M.C., *Questione di merito. Dieci proposte per l'Italia*, Edizioni Guerini e Associati, Milan, 2020
- Palmieri F., *Il questionario MIFID Due. Non solo norme ma anche opportunità commerciali*, FrancoAngeli, Milan, 2019
- Panzarani R., *Viaggio nell'innovazione. Dentro gli ecosistemi del cambiamento globale*, Edizioni Guerini e Associati, Milan, 2019
- Pedrini M., Rossi F., *La sostenibilità come professione. Competenze ed esperienze per lo sviluppo delle imprese*, Egea, Milan, 2020
- Pirotti G. B., Venzin M., *Resilience. Sette principi per una gestione aziendale sana e prudente*, Egea, Milan, 2014
- Pirozzi M., *La prospettiva degli stakeholder. La gestione delle relazioni per aumentare il valore e il tasso di successo dei progetti*, FrancoAngeli, Milan, 2020
- Prandelli E., Verona G., *Human Digital Enterprise. Creare e co-creare valore in un contesto omnidata*, Egea, Milan, 2020
- Rigby D., Elk S., Berez S., *Fare agile nel modo giusto. Per una trasformazione senza caos*, Egea, Milan, 2020
- Riva P., *Ruoli di Corporate Governance. Assetti organizzativi e DNF*, pp. 503-608, Egea, Milan, 2020
- Secchi R., *Supply Chain Management e Made in Italy. Lezioni da nove casi di eccellenza*, Egea, Milan, 2012
- Sobrero R., *Sostenibilità e comunicazione non convenzionale*, Egea, Milan, 2020
- Tortuga, *Ci pensiamo noi. Dieci proposte per far spazio ai giovani in Italia*, Egea, Milan, 2020
- Valdani E., Arbore A., *Strategie e giochi competitivi. Gestire il presente, immaginare il futuro*, Egea, Milan, 2014

06. Network

The definition of partnerships with the public sector, civil society, universities and businesses, the alignment of the new global agenda with business objectives, skills and the ability to technologically innovate and advance, are fundamental elements for achieving the objectives defined by the UN 2030 Agenda.

Main affiliations and collaborations:

Principles of Governance

ACAMS - Association of Certified Anti-Money Laundering Specialist
ASviS - Italian Sustainable Development Alliance
CSR MANAGER NETWORK
EticaNews

Planet

ABI Lab Green Banking
FAI - Italian Environmental Fund

Prosperity

ABC - Procurement and Cost Management
ABI - Italian Banking Association
ADSI – Italian Association of Historical Buildings
AI HUB – Artificial Intelligence Hub
ANORC - National Association of Digital Content Preservation Operators and Managers
AODV - Association of Members of Supervisory Bodies pursuant to Italian Legislative Decree no. 231/2001
ASSBB - Association for the Development of Financial and Stock Market Studies
ASSIOM FOREX - Association of Financial Market Operators
ASSOFIN - Italian Association of Consumer Credit and Mortgages
ASSORETI - Association of Investment Consultancy Firms
ASSOSIM - Association of Financial Market Intermediaries
CBF - Conciliatore Bancario Finanziario
CETIF - Centre for Research in Technology, Innovation and Financial Services
CREDIMPEX - Organisation for the regulation of international trade
DAMA - Italian Data Management Association
FEDUF - Foundation for Financial Education and Savings
EIF - European Investment Fund
FIG - Interbank Guarantee Fund
FITD - Interbank Deposit Protection Fund
FNG SIM - National Guarantee Fund
Fondazione Giustizia [Justice Foundation]
Sustainable Finance Forum
ISDA - International Swaps and Derivatives Association
ISMEA - Institution of Services for the Agrifood Market
ITFA – International Trade and Forfaiting Association
MCC - Medio Credito Centrale
PRI.BANKS - Italian Private Banks Association
SGFA - Agri-Food Investment Management Company
UPA - Associated Advertising Users

Performance

Monitor progress, measure achievement of objectives and implementation of ideas.

6.1

Key Performance Indicators

Determination and distribution of Added Value¹⁾

Items (€/000)	2020	2019	2018
10. Interest income and similar revenues	552,239	586,920	587,106
20. Interest expense and similar charges	(66,177)	(106,745)	(99,701)
40. Fee and commission income	695,881	718,606	629,729
50. Fee and commission expenses (net of external network charges)	(82,160)	(85,862)	(61,345)
70. Dividends and similar income	473	258	1,058
80. Net profit (loss) from trading	25,495	20,256	11,122
90. Net profit (loss) from hedging	2,641	(11,519)	1,141
100. Gains (losses) on disposal or repurchase of:	22,707	23,770	36,146
<i>a) financial assets measured at amortised cost</i>	16,656	11,633	1,881
<i>b) financial assets measured at fair value through other comprehensive income</i>	6,048	12,044	33,931
<i>c) financial liabilities</i>	3	93	334
110. Net result of other financial assets and liabilities designated at fair value through profit or loss	(317)	(157)	12
<i>a) financial assets and liabilities measured at fair value</i>	-	-	-
<i>b) financial assets and liabilities measured at fair value, as per mandatory requirements</i>	(317)	(157)	12
115. Net result of financial assets and liabilities pertaining to insurance companies pursuant to IAS39	128,431	142,726	144,782
130. Net value adjustments for credit risk from:	(102,819)	(61,959)	(62,307)
<i>a) financial assets measured at amortised cost</i>	(103,944)	(62,835)	(64,169)
<i>b) financial assets measured at fair value through other comprehensive income</i>	1,125	876	1,862
135. Net adjustments pertaining to insurance companies pursuant to IAS39	(411)	(1,203)	(749)
140. Profits/losses from contractual changes without derecognitions	(741)	(266)	121
160. Net premiums earned	474,760	392,479	535,533
170. Net other operating income/charges from insurance activities	(489,075)	(408,857)	(563,318)
230. Other operating income/charges	124,179	123,479	121,493
250. Gains (Losses) on equity investments (relating to "profit/loss from disposals")	-	-	-
280. Gains (Losses) on disposals of investments	2,087	1,993	1,724
320. Profit (loss) after tax from discontinued operations	-	-	-
A. Total generated economic value	1,287,193	1,333,919	1,282,547
190.b Other administrative expenses (net of indirect taxes and donations and charges for resolution funds and deposit guarantee) (-)	179,976	229,418	251,396
Economic value distributed to suppliers	179,976	229,418	251,396
190.a) Personnel expenses (including external network charges - i.e. agents, financial advisors) (-)	609,493	606,116	603,987
Economic value distributed to employees and collaborators	609,493	606,116	603,987

Items (€/000)	2020	2019	2018
340. Profit (loss) for the year attributable to minority interest	-	-	-
Economic value distributed	-	-	-
Profit allocated to shareholders	66,295 ²⁾	-	66,319
Economic value distributed to shareholders	66,295	-	66,319
190.b Other administrative expenses: indirect taxes and taxes (-)	108,543	107,269	103,352
190.b Other administrative expenses: charges for resolution funds and deposit guarantee (-)	40,508	-	-
300. Income tax for the current year from continuing operations (for the portion relating to current taxes, changes in current tax of previous years and decreases in current tax for the year)	69,738	106,567	68,421
Economic value distributed to the central and local Public Authorities	218,789	213,836	171,773
190.b Other administrative expenses Donations/perks	2,699	1,195	982
190.b Other administrative expenses: environmental projects	21	-	-
Profit allocated to the charity fund	-	-	-
Economic value distributed to communities and the environment	2,720	1,195	982
B. Total distributed economic value	1,077,273	1,050,565	1,094,457
200. Net provisions for risks and charges	13,476	15,282	2,587
<i>a) commitments undertaken and guarantees given</i>	4,761	500	(460)
<i>b) other net provisions</i>	8,715	14,782	3,047
210. Net value adjustments to (recoveries on) property, plants and equipment	41,157	42,532	18,160
220. Net value adjustments to (recoveries on) intangible assets	45,247	39,409	34,989
250. Profit (loss) on equity investments (relating to the valuation component "write-downs/revaluations", "value adjustments on impairment/recoveries", "other charges and income")	(6,453)	(3,689)	(3,315)
260. Net result of fair value measurement of property, plant and equipment and intangible assets	-	-	-
270. Net value adjustments/recoveries on goodwill	-	-	-
300. Income tax for the current year from continuing operations (for the portion relating to changes in prepaid and deferred taxes)	(18,941)	(11,490)	15,328
Earnings allocated to reserves	135,434	201,310	120,341
C. Total withheld economic value	209,920	283,354	188,090

1. As a result of the entry into force of the update V of Bank of Italy Circular no. 262 of 22 December 2017 (which adjusted the consolidated financial statement schedules and the explanatory notes to the provisions of accounting principle IFRS 9: Financial Instruments), the Statement of Determination and Distribution of Added Value has been updated, also restating the items relating to the year 2018 compared to what was published in the NFS 2018.

2. By Recommendation of 15 December 2020 (ECB/2020/62), the European Central Bank invited banks not to distribute dividends or repurchase treasury shares or, alternatively, to limit such distributions until 30 September 2021. In particular, given the persistent uncertainty about the economic impact of the Covid-19 pandemic, the European Central Bank expects dividends and repurchases of treasury shares to remain within 15% of the 2019-2020 cumulative profit, or not exceed 20 base points in terms of Common Equity Tier 1 (CET1) ratio, applying the lowest value. The Parent Company's Board of Directors meeting of 11 March 2021, in compliance with these recommendations, resolved to propose to the Shareholders' Meeting to be held on 29 April 2021 the distribution of dividends to shareholders for the years 2019-2020 for a total amount of EUR 66,294,990.60.

Disclosure 103-1
Explanation of the material topic and its Boundary

Boundaries				
Macro topics	Material topic	Topic description	Location of impact:	Involvement of the Group
Principles of Governance	Ethics and identity	Capacity to operate in compliance with laws, regulations and ethical standards. Fight against active and passive corruption. Ability to identify and transmit the focus and synthesis, mission and corporate values of the Group, and provide maximum transparency in services and activities to stakeholders with its work.	Credem Group	Generated by the Group
Planet	Environmental impacts	Ability to manage and rationalise the environmental impacts generated by business activities (energy consumption, GHG emissions, paper consumption, waste disposal and employee mobility)	Credem Group; Suppliers of office materials and electricity providers	Generated by the Group; directly connected through a business relation
Prosperity	Economic sustainability	Capacity to endure over time, adapting the business model to changing external and internal conditions and creating value for the Group and its stakeholders.	Credem Group	Generated by the Group
Prosperity	Data security	Capacity of the Group to protect the privacy of customer data and transactions.	Credem Group	Generated by the Group
Prosperity	Customer satisfaction	Alignment of the service quality to customer expectations and capacity to improve the customer experience.	Credem Group	Generated by the Group
Prosperity	Innovation, technology and digital culture	Ability to develop innovative policies and technologically advanced services, able to bring benefits to stakeholders. Capacity to define policies aimed at promoting access to financial products and services.	Credem Group	Generated by the Group
Prosperity	Sustainable Finance	Adoption of socio-environmental screening practices in asset management activities, which exclude investments in companies and institutions whose values are not compatible with those of the Group. Development of products and services with specific environmental and/or social aims.	Credem Group	Generated by the Group
People	Wellness and digital working place	Capacity to provide a good working environment and a healthy work-life balance through the provision of financial and social benefits and corporate welfare policies.	Credem Group	Generated by the Group
People	Skills and expertise	Ability to design and implement training solutions that allow employees to acquire and develop skills and knowledge useful for their growth path and for the success of teamwork. Ability to enhance employees through constant attention to human and professional performance, training and professional growth pathways, remuneration policies and related incentives.	Credem Group	Generated by the Group
People	Inclusion and equal opportunities	Ability to ensure equal opportunities for growth, remuneration and comparison in relation to gender diversity, disability, age groups, minorities, etc.	Credem Group	Generated by the Group
People	Health and Safety	Capacity of the Group to protect the health and safety of its customers and employees through preventive and educational measures, health training procedures and the monitoring of workplace incidents.	Credem Group	Generated by the Group

Disclosure 102-6
Markets served^[1]

	2020	2019	2018
Customers			
by category [%]			
Private customers and families	82.2	82.7	83.1
Businesses and professionals	14.8	14.3	14.0
Private banking	3.0	3.0	2.9
Total	100.0	100.0	100.0
Private customers			
by duration of relationship [%]			
Up to 1 year	5.4	6.2	7.1
From 1 to 5 years	24.4	26.0	26.8
From 6 to 10 years	21.2	19.1	17.9
From 11 to 20 years	27.6	28.9	30.4
Over 20 years	21.3	19.8	17.8
Total	100.00	100.0	100.0
by age [%]			
Up to 25 years	4.5	4.6	4.9
From 26 to 30 years	5.5	5.6	5.8
From 31 to 35 years	6.9	6.9	6.9
From 36 to 45 years	17.1	17.4	17.9
From 46 to 55 years	21.9	22.0	22.0
From 56 to 65 years	18.5	18.1	17.6
Over 65 years	25.7	25.4	24.9
Total	100.0	100.0	100.0
by gender [%]			
Men	51.4	51.4	51.2
Women	48.6	48.6	48.8
Total	100.0	100.0	100.0
Business Customers			
by duration of relationship [%]			
Up to 1 year	9.0	10.4	11.0
From 1 to 5 years	31.8	32.7	34.0
From 6 to 10 years	24.8	23.0	22.0
Over 10 years	34.4	33.9	33.0
Total	100.0	100.0	100.0
female leadership ^[2]			
Number of female entrepreneurs [no.]	33,334	31,379	29,616
Female-led businesses against total number of businesses [%]	17.8	17.9	17.4
by turnover ^[2] [%]			
€ 0 - 25 million	98.1	98.1	98.2
€ 25 - 50 million	0.9	0.9	0.8
€ 50 - 100 million	0.5	0.5	0.5
€ 100 - 150 million	0.2	0.2	0.2
Over € 150 million	0.3	0.3	0.3
Total	100.0	100.0	100.0

1. Data refer to Credito Emiliano S.p.A. and Banca Euromobiliare S.p.A.
2. The data refer to Credito Emiliano S.p.A.

Transactions

	2020			2019			2018		
Transactions by type and method	Physical [N./1000]	Digital [N./1000]	Digital %	Physical [N./1000]	Digital [N./1000]	Digital %	Physical [N./1000]	Digital [N./1000]	Digital %
Payment	3,898	55	1.39%	5,295	74	1.38%	5,644	69	1.21%
Unscheduled direct debit payments	163	14	7.84%	197	16	7.51%	213	15	6.58%
Payment by slip (MAV/RAV)	121	293	70.81%	206	345	62.61%	230	327	58.71%
Domiciliation/revocation Utilities ^[1]	-	-	81.48%	5	20	80.00%	30	26	46.43%
Bank transfer set-up	12	27	69.40%	15	24	61.54%	16	21	56.76%
F24 payment	394	2,180	84.68%	535	2,296	81.10%	561	2,213	79.78%
Bank transfer	1,170	11,659	90.88%	1,468	10,630	87.87%	1,491	9,492	86.42%
Withdrawal	1,250	12,480	90.90%	1,825	15,502	89.47%	1,918	15,227	88.81%
Scheduled direct debits	199	2,657	93.03%	258	2,780	91.51%	294	2,678	90.11%
Activation/Reactivation of SDD mandate	31	748	96.00%	45	753	94.36%	45	648	93.51%
CARTAEGO top-ups	40	998	96.17%	46	746	94.19%	44	596	93.13%
MAV presentation	1	71	98.34%	3	85	96.59%	4	89	95.70%
Revocation of SDD mandate	21	571	96.41%	25	573	95.82%	28	539	95.06%
Payment of salaries	134	4,452	97.08%	133	4,356	97.04%	132	3,904	96.73%
Direct debit presentation	99	5,760	98.31%	136	6,112	97.82%	162	5,642	97.21%
Invoice payment	1	255	99.61%	0.4	257	99.84%	1	226	99.56%
Postal order payment	-	534	100.00%	-	440	100.00%	-	433	100.00%
Car tax payment	-	-	100.00%	-	21	100.00%	-	52	100.00%
CBILL payment	-	272	100.00%	-	91	100.00%	-	28	100.00%
Mobile phone top-up	-	825	100.00%	-	792	100.00%	-	938	100.00%
RID presentation	-	4,864	100.00%	-	6,122	100.00%	-	6,123	100.00%
SDD transfer	-	13,455	100.00%	-	12,447	100.00%	-	11,340	100.00%
Issue of cheque book	219	-	0.00%	290	-	0.00%	315	-	0.00%
Collection of various bills	-	-	0.00%	8	-	0.00%	128	-	0.00%
Total	7,753	62,170	88.91%	10,485	64,462	86.01%	11,226	60,600	84.37%

Disclosure 418-1
Customer complaints concerning privacy breaches

	2020	2019	2018
Complaints ^[1]			
concerning privacy breaches [no.]			
Complaints received concerning breaches of customer privacy	19	18	13
of which received from third parties and verified by the organisation	19	18	13
of which received from regulatory bodies	-	-	-
Total number of leaks, thefts or losses of customer data	-	-	-
Total	19 ²	18	13

Complaints registered

	2020		2019		2018	
Complaints ^[1]						
by service [no.]						
Banking service complaints	3,220 ^[3]		2,119		1,803	
Investment service complaints	289		266		314	
Insurance service complaints ^[4]	156		81		84	
PSD2 complaints ⁵	270		215		83	
Complaints other services	84		89		60	
Total	4,019 ⁶		2,770		2,344	
of which refer to Credem Banca	3,840		2,572		2,175	
	No.	%	No.	%	No.	%
by reason						
Creditworthiness or similar	409	10.2%	274	9.9%	201	8.6%
Fraud and losses	119	2.9%	72	2.6%	70	3.0%
Performance of transactions	2,326	57.9%	1,382	49.9%	1,219	52.0%
Conditions	118	2.9%	69	2.5%	89	3.8%
Customer communications and information	356	8.9%	327	11.8%	217	9.3%
Application of conditions	167	4.2%	178	6.4%	138	5.9%
Reports on risk management	96	2.4%	85	3.1%	70	3.0%
Compound interest	19	0.5%	23	0.8%	28	1.2%
Organisational aspects	90	2.2%	60	2.2%	66	2.8%
Faulty equipment	34	0.8%	37	1.3%	12	0.5%
Staff	101	2.5%	85	3.1%	94	4.0%
Other	184	4.6%	178	6.4%	140	6.0%
Total	4,019	100%	2,770	100%	2,344	100%

1. The data for domiciliation/revocation of utilities transactions are given in units, not thousands.

1. The complaints recorded do not include the data of the following companies: Euromobiliare Fiduciaria S.p.A., Credem CBS.r.l. and Gestimlux S.ar.l.. From 2019, the data of Credemtel S.p.A., Magazzini Generali delle Tagliate S.p.A. and Credemvita S.p.A. are also included; therefore, the data relating to 2017 and 2018 have been restated with respect to those indicated in the NFS 2018 in order to ensure comparability with 2019, including the integrated companies. For previously published data, reference should be made to the 2018 NFS available in the Sustainability section of the Group's website. The data was extracted using the Bank's internal computer archiving procedure (SPHERA until 2018, SIGRADE from 01/01/2019).

2. In three cases, the Complaints department evaluated the appropriateness of transmitting the customer's complaint to the Data Protection Office for any relevant assessments.
3. The bank complaints also include the privacy complaints referred to in disclosure 418-1.
4. Since 17/01/2017, in accordance with IVASS legislation, insurance complaints are recognised independently.
5. Since 13/01/2018, in accordance with PSD2 legislation, disputes regarding payment services are recognised independently.
6. The increase in complaints received in 2020 compared to the figure recorded in 2019 is attributable to the phenomenon of loan management through the pro solvendo transfer of salary or pension, as well as to the problems related to the COVID-19 pandemic and the emergency measures adopted by the Government to address it.

Products and services with social goals^[1]

2020

Loans to families and businesses				
	Transactions in the year		Stock at year-end	
	Number	Granted (€ million)	Number	Residual debt (€ million)
Emilia Earthquake 2012 Tax Loans ^[2]	-	-	29	2.6
Emilia Earthquake 2012 Reconstruction	119	13.0	894	161.9
Total	119	13	923	164.5

Suspension/extension of loans to families				
	Transactions in the year		Stock at year-end	
	Number	Residual debt (€ million)	Number	Outstanding debt (€ million)
Solidarity Fund (Consap)	3,665	338.0	2,163	207
Consumers ABI Moratorium	893	22	609	18
Earthquake Central Italy (legal initiative)	1	0.1	-	-
Total	4,559	360.1	-	-

Suspension/extension of loans to SMEs				
	Transactions in the year		Stock at year-end	
	Number	Residual debt (€ million)	Number	Residual debt (€ million)
Earthquake Central Italy (legal initiative)	-	-	28	3.2
DI Cura Italia	28,088	2,579	21,232	2,273
2019 Credit Agreement (ABI Moratorium)	1,394	342.0	1,236	326
Total	29,482	2,921	28	3.2

Products and services with environmental goals^[1]

2020

Loans to families and businesses				
	Transactions in the year		Stock at year-end	
	Number	Granted (€ million)	Number Number	Residual debt (€ million)
Energy Unsecured Mortgage	-	-	158	0.7
Energy Mortgage	-	-	128	6.4
Total	-	-	286	7.1

2019

Loans to families and businesses								
	Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end	
	Number	Granted (€ million)	Number	Residual debt (€ million)	Number	Granted (€ million)	Number	Residual debt (€ million)
Emilia Earthquake 2012 Tax Loans	-		270	6,2	-	-	302	9,2
Emilia Earthquake 2012 Reconstruction	110	16,1	775	150,6	212	32,1	665	137,8
	110	16,1	1.045	156,8	212	32,1	967	147

Suspension/extension of loans to families								
	Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end	
	Number	Residual debt (€ million)	Number	Residual debt (€ million)	Number	Residual debt (€ million)	Number	Residual debt (€ million)
Weather events October 2018	-	-	-	-	3	0,5	-	-
Solidarity Fund (Consap)	5	0,6	-	-	3	0,3	-	-
ABI moratorium (Stability Law 2015-2017)	-	-	-	-	15	0,4	-	-
Earthquake Central Italy (legal initiative)	17	0,7	-	-	19	0,7	-	-
	22	1,3	-	-	40	1,9	-	-

Suspension/extension of loans to SMEs								
	Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end	
	Number	Residual debt (€ million)	Number	Residual debt (€ million)	Number	Residual debt (€ million)	Number	Residual debt (€ million)
Earthquake Central Italy (legal initiative)	34	6,2	-	-	43	9,7	-	-
2015 Credit Agreement (ABI Moratorium)	-	-	-	-	14	2,6	-	-
2019 Credit Agreement (ABI Moratorium)	26	5,2	-	-	-	-	-	-
Weather events October 2018	-	-	-	-	8	2,3	-	-
	60	11,4	-	-	65	14,6	-	-

2019

Loans to families and businesses								
	Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end	
	Number	Granted (€ million)	Number	Residual debt (€ million)	Number	Granted (€ million)	Number	Residual debt (€ million)
Energy Unsecured Mortgage	-		217	1.3	-	-	242	2
Energy Mortgage	-	-	151	7.3	-	-	184	12.9
	-	-	368	8,6	-	-	426	14,9

2018

1. Data refers to Credito Emiliano S.p.A.
2. Data refer to private customers and businesses.

Initiatives to support businesses ^[1]

	2020	2019	2018
Loans to families and businesses			
Ismea	30.3	1.0	2.0
Sace	80.0	83.1	49.1
EIF - InnovFin	15.9	38.3	103.4
EIF - Cosme	300.6	140.5	139.4
EIF - Agri	2.0	5.4	-
MCC – SME Guarantee Fund	2,235.9	266.9	220.3
MISE – New Sabatini Law	34.0	15.4	10.0
Total loans granted [€ million]	2,698.7	550.6	524.2

Percentage of services subject to environmental or social scrutiny

	2020	2019	2018			
Euromobiliare Advisory SIM						
ESG Products	AuM in EUR million	% of Total AuM	AuM in EUR millions	% of Total AuM	AuM in EUR millions	% of Total AuM
GP Global Equity	166.6	2.58%	124.6	1.94%	0.0	0.0
ESG Balanced GP	31.2	0.48%	0.0	0.00%	0.0	0.0
ESG Bond GP	114.9	1.77%	0.0	0.00%	0.0	0.0

Euromobiliare SGR						
ESG Products	AuM in EUR million	% of Total AuM	AuM in EUR millions	% of Total AuM	AuM in EUR millions	% of Total AuM
Euromobiliare Cities 4 Future	157.79	1.17%	162.99	1.27%	-	-
Euromobiliare Science 4 Life	311.82	2.31%	231.64	1.80%	20.22	0.18%
Eurofundlux Global Enhanced Dividend ESG (GEDI ESG)	108.69	0.81%	-	-	-	-
Eurofundlux Euro Sustainable Corporate Bond ESG	68.78	0.51%	-	-	-	-
Eurofundlux Azionario Globale ESG	186.31	1.38%	162.34	1.26%	86.59	0.77%
Euromobiliare Innovation 4 Future	197.78	1.47%	-	-	-	-
Euromobiliare Green 4 Planet	104.75	0.78%	-	-	-	-

Credemvita SpA;						
ESG Products	AuM in EUR million	% of Total AuM	AuM in EUR millions	% of Total AuM	AuM in EUR millions	% of Total AuM
Credemvita Simple Life Global Equity ESG	117.6	1.4%	-	0%	-	0%

Disclosure 102-8
Information on employees and other workers

at 31 December 2020				at 31 December 2019			at 31 December 2018		
EMPLOYEES by geographic area and contract									
	Permanent contract	Fixed term	Total	Permanent contract	Fixed term	Total	Permanent contract	Fixed term	Total
Northern Italy									
Number	4,012	122	4,134	3,921	151	4,072	3,816	237	4,053
Percentage	64.11%	1.95%	66.06%	62.67%	2.41%	65.08%	60.9%	3.8%	64.7%
Central Italy									
Number	647	19	666	648	34	682	648	34	682
Percentage	10.34%	0.30%	10.64%	10.3%	0.5%	10.9%	10.3%	0.5%	10.9%
Southern Italy									
Number	1,427	31	1,458	1,447	43	1,490	1,451	63	1,514
Percentage	22.80%	0.50%	23.30%	23.13%	0.69%	23.81%	23.2%	1.0%	24.2%
Luxembourg									
Number	0	0	0	15	-	15	15	-	15
Percentage	0.00%	0.00%	0.00%	0.24%	0.00%	0.24%	0.2%	0.0%	0.2%
Total									
Number	6,086	172	6,258	6,036	221	6,257	5,930	334	6,264
Percentage	97.25%	2.75%	100%	96.47%	3.53%	100%	94.7%	5.3%	100%

EMPLOYEES by contract type and gender									
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent									
Number	3,871	2,215	6,086	3,895	2,141	6,036	3,919	2,011	5,930
Percentage	61.86%	35.39%	97.25%	62.25%	34.22%	96.47%	62.6%	32.1%	94.7%
Fixed term									
Number	91	81	172	116	105	221	168	166	334
Percentage	1.45%	1.29%	2.75%	1.85%	1.68%	3.53%	2.7%	2.7%	5.3%
Total									
Number	3,962	2,296	6,258	4,011	2,246	6,257	4,087	2,177	6,264
Percentage	63.31%	36.69%	100%	64.10%	35.90%	100%	65.2%	34.8%	100%

EMPLOYEES by contract type and gender									
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time									
Number	3,938	1,998	5,936	4,050	1,862	5,912	4,050	1,862	5,912
Percentage	62.93%	31.93%	94.85%	63.62%	31.04%	94.66%	64.7%	29.7%	94.4%
Part-time									
Number	24	298	322	30	304	334	37	315	352
Percentage	0.38%	4.76%	5.15%	0.48%	4.86%	5.34%	0.6%	5.0%	5.6%
Total									
Number	3,962	2,296	6,258	4,011	2,246	6,257	4,087	2,177	6,264
Percentage	63.31%	36.69%	100%	64.1%	35.9%	100%	65.2%	34.8%	100%

1. The report on initiatives to support businesses has been prepared with reference to the loans archive; in this regard, only subsidised loans that benefit from a guarantee or a public grant have been considered. The values refer to the amount granted.

Disclosure 102-8
Information on employees and other workers

	at 31 December 2020	at 31 December 2019	at 31 December 2018
External workforce [no.]			
Financial advisors and agents	1,297	1,217	1,100
Temporary staff and interns	52	39	42
Total	1,349	1,256	1,142
Total workforce [%]			
Employees	82.27	83.28	84.58
Financial advisors and agents	17.05	16.20	14.85
Temporary staff and interns	0.68	0.52	0.57

Disclosure 102-41
Collective bargaining agreements

	at 31 December 2020	at 31 December 2019	at 31 December 2018
Employees covered by collective bargaining agreements			
Percentage of employees covered by collective bargaining agreements	100.00%	100.00%	100.00%

Disclosure 401-1
New employee hires and employee turnover¹⁾

from 1/01 to 31/12 2020					from 1/01 to 31/12 2019				from 1/01 to 31/12 2018			
Number and rate of new hires and turnovers by geographical area												
	New hires		Exits		New hires		Exits		New hires		Exits	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Northern Italy	234	5.66%	166	4.02%	242	5.94%	209	5.13%	235	5.82%	145	3.59%
Central Italy	25	3.75%	35	5.26%	33	4.85%	35	5.15%	26	3.81%	20	2.93%
Southern Italy	40	2.74%	82	0.00%	46	3.09%	84	5.64%	31	2.05%	44	2.91%
Luxembourg	0	0.00%	15	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	299	4.78%	298	4.76%	321	5.13%	328	5.24%	292	4.66%	209	3.34%

Number and rate of new hires and turnovers by gender												
	New hires		Exits		New hires		Exits		New hires		Exits	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Men	169	4.27%	218	5.50%	181	4.51%	256	6.38%	161	3.94%	144	3.52%
Women	130	5.66%	80	3.48%	140	6.23%	72	3.21%	131	6.02%	65	2.99%
Total	299	4.78%	298	4.76%	321	5.13%	328	5.24%	292	4.66%	209	3.34%

Number and rate of new hires and turnovers by age												
	New hires		Exits		New hires		Exits		New hires		Exits	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Up to 30 years	165	26.48%	32	5.14%	200	31.70%	45	7.13%	193	31.85%	47	7.76%
31 - 50 years	118	3.39%	57	1.64%	108	3.11%	43	1.24%	77	2.23%	46	1.33%
Over 50 years	16	0.74%	209	9.68%	13	0.60%	240	11.16%	22	1.00%	116	5.25%
Total	299	4.78%	298	4.76%	321	5.13%	328	5.24%	292	4.66%	209	3.34%

1. Outbound turnover includes employees who left the organisation voluntarily or due to dismissal, retirement or death.

Disclosure 405-1
Diversity of governance bodies^[1] and employees

at 31 December 2020				at 31 December 2019			at 31 December 2018		
EMPLOYEES by professional category and age [%]									
	< 30 years	31-50 years	> 50 years	< 30 years	31-50 years	> 50 years	< 30 years	31-50 years	> 50 years
Executives	0.00%	20.71%	79.29%	0.00%	26.01%	73.99%	0.00%	26.26%	73.74%
Middle managers	0.17%	51.96%	47.87%	0.10%	53.53%	46.37%	0.07%	53.07%	46.86%
Remaining staff	19.91%	60.89%	19.20%	20.49%	59.22%	20.29%	19.76%	58.68%	21.56%
Total	9.96%	55.54%	34.50%	10.08%	55.55%	34.36%	9.67%	55.04%	35.28%

at 31 December 2020			at 31 December 2019		at 31 December 2018	
EMPLOYEES by professional category and gender [%]						
	Men	Women	Men	Women	Men	Women
Executives	93.49%	6.51%	93.64%	6.36%	95.53%	4.47%
Middle managers	74.27%	25.73%	74.59%	25.41%	75.69%	24.31%
Remaining staff	51.13%	48.87%	52.10%	47.90%	53.12%	46.88%
Total	63.31%	36.69%	64.10%	35.90%	65.25%	34.75%

EMPLOYEES belonging to minority groups ^[2] , by professional category and gender						
	Men	Women	Men	Women	Men	Women
Executives						
Number	3	1	2	0	2	0
Percentage	75.00%	25.00%	100.00%	0.00%	100.00%	0.00%
Middle managers						
Number	90	28	87	26	89	29
Percentage	76.27%	23.73%	76.99%	23.01%	75.42%	24.58%
Remaining staff						
Number	149	104	148	99	159	95
Percentage	58.89%	41.11%	59.92%	40.08%	62.60%	37.40%
Total						
Number	242	133	237	125	250	124
Percentage	64.53%	35.47%	65.47%	34.53%	66.84%	33.16%

1. For information on the diversity of the governing bodies, refer to Chapter 1.4 Governance of this NFS.
2. Ref. Law no. 68/1999.

Disclosure 403-9
Workplace injuries

	2020	2019	2018
Workplace injuries			
Number of accidents			
Total number of deaths due to workplace injuries	-	-	-
Total number of serious workplace injuries (excluding deaths)	-	-	-
Total number of workplace injuries recorded ¹	20	21	26

Main types of workplace injuries			
Type of accident			
Contusion	6	8	7
Dislocation, distortion, distraction	5	7	5
Wound	3	4	1

Injury rates			
Rate ²			
Rate of deaths due to workplace injuries	-	-	-
Serious workplace injury rate (excluding deaths)	-	-	-
Workplace injury rate recorded	2.06	2.13	2.67

There have been no injuries relating to "external workers" understood as non-employees, but whose work and/or workplace is controlled by the organisation.

1. The total number of recordable injuries does not include "en route" injuries: there are no cases in which travel during the work-home commute is managed by the organisation.
2. Injury rate: ratio of the total number of injuries to the total number of hours worked, calculated using a multiplication factor of 1,000,000.

Disclosure 401-3
Parental leave

	at 31 December 2020			at 31 December 2019			at 31 December 2018		
Parental leave by gender									
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of parental leaves during the year	27	247	274	17	212	229	7	210	217
Return to work at the end of parental leave	26	225	251	16	189	205	6	182	188
Continuation of parental leave as at 31 December	-	21	21	-	22	22	1	27	28
Return-to-work rate [1]	96.3%	99.6%	99.3%	94.1%	99.5%	99.0%	100.0%	99.5%	99.5%
Continuation of employment after 12 months' return from parental leave	16	187	203	6	175	181	5	130	135
Employee retention rate 12 months after return to work [2]	100.0%	98.9%	99.0%	100%	96%	96%	50.0%	80.7%	78.9%

Disclosure 404-1
Average Hours of training
per year per employee ^[3]

per year per employee ^[3]				at 31 December 2020			at 31 December 2019			at 31 December 2018		
Training by professional category and gender												
	Men	Women	Total	Men	Women	Total	Men	Women	Total			
Executives												
Hours of training	8,267	658	8,924	9,199	773	9,972	5,886	241	6,127			
Employees as at 31/12	158	11	169	162	11	173	171	8	179			
Hours per capita	52	60	53	56.8	70.3	57.6	34.43	30.10	34.23			
Middle managers												
Hours of training	97,127	33,719	130,847	137,363	47,658	185,021	104,284	33,228	137,512			
Employees as at 31/12	2,217	768	2,985	2,252	767	3,019	2,292	736	3,028			
Hours per capita	44	44	44	61.0	62.1	61.3	45.50	45.15	45.41			
Remaining staff												
Hours of training	68,087	65,989	134,076	102,017	89,292	191,308	84,087	76,175	160,262			
Employees as at 31/12	1,587	1,517	3,104	1,597	1,468	3,065	1,624	1,433	3,057			
Hours per capita	43	43	43	63.9	60.8	62.4	51.78	53.16	52.42			
Total												
Hours of training	173,481	100,366	273,846	248,578	137,723	386,301	194,257	109,644	303,901			
Employees as at 31/12	3,962	2,296	6,258	4,011	2,246	6,257	4,087	2,177	6,264			
Hours per capita	44	44	44	62.0	61.3	61.7	47.53	50.36	48.52			

1. The return to work rate is calculated on the total number of employees who, as at 31 December, had returned to work following the conclusion of parental leave which began during the year/the total number of employees who began parental leave during the year net of those who, as at 31 December, had not yet concluded the parental leave which began during the year.

2. The retention rate is equal to the ratio between the total number of employees staying in the company after 12 months of the return from leave and the total number of employees returned to work at the end of parental leave.

3. The reporting boundary does not include Gestimlux S.ar.l.

Disclosure 301-1
Materials used by weight or volume

	2020	2019	2018
Consumption of office materials			
by type of material			
Paper [t]*	548.34	651.53	637.36
Toner and ink cartridges [units]	10,745	12,044	10,598
Intensity of use of office materials			
by type of material			
Number of employees as at 31/12	6,258	6,257	6,264
Paper [kg/employee] ^[1]	87.62	104.13	101.75
Toner and ink cartridges [units/employee]	1.72	1.92	1.69

Calculation method

The materials used also include Credemassicurazioni SpA: the negligible amount of materials used by the company does not justify a distinction and exclusion from the reporting scope.

* Paper usage by weight is estimated on the number of sheets used and applying the formula “75 g/m2 × 2-X m2/sheet”:
- X indicates the AX format of the sheet used (e.g., A4, where X=4);
- 75 g/m2 indicates the weight of the paper used (Source: ABI Lab Guidelines 2020)

For the first time, the 2020 reporting included the consumption of paper relating to balance sheets, envelopes, brochures, forms, business cards - not reported in previous years - which account for approximately 6% in terms of total paper consumption by weight, consisting mainly of plain paper, printouts and cardboard boxes.

The ABI Lab guidelines used refer to the latest version updated and available at the report publication date and the corresponding annual report indicated in the table.

Disclosure 306-2
Waste by type
and disposal method ^[2]

and disposal method ^[2]	2020		2019		2018	
Waste generated						
By type and disposal method						
	Tonnes	Percentage	Tonnes	Percentage	Tonnes	Percentage
Recycling	355.927	100%	595.71	96.30%	591.53	96.80%
of which Paper and cardboard	353.427	-	580.93	-	577.89	-
of which Toner and ink cartridges	2.5	-	14.78	-	13.64	-
Waste-to-energy incineration	-	-	-	-	11.63	1.90%
Landfill	-	-	23.13	3.70%	7.69	1.30%
Total	355.927	100%	618.84	100.00%	610.85	100.00%

1. To calculate the intensity index of the use of materials, only staff employed directly by the Credem Group as at 31/12/2020 were considered, excluding the external workforce (e.g., consultants and agents) who do not use material purchased by the Group.

2. The waste disposal method is the responsibility of the supplier company and is determined on the basis of the materials supplied.

Disclosure 302-1
Energy consumption within the organisation

	2020	2019	2018
Energy consumption within the organisation [GJ]			
Use of fuel for heating	30,120	31,657	34,952
of which natural gas	30,120	31,657	34,842
of which LPG	0	0	110
District heating ^[1]	8,770	8,173	9,380
District cooling ^[1]	207	270	255
Electricity	90,748	101,275	107,641
of which from renewable sources	90,748	101,275	107,641
Total internal consumption of buildings	129,844	141,375	152,228
Leased vehicles			
Diesel for service use	651	1,186	1,675
Diesel for mixed use	10,182	17,173	17,694
Hybrid petrol for mixed use	8	7	14
Electric for service use	4	5	10
Total internal consumption of company vehicles	10,844	18,371	19,392
Total consumption within the organisation	140,688	159,746	171,620

Calculation method

- Energy consumption by buildings may also include consumption by third party companies, which is considered insignificant in relation to total consumption.
- The use of natural gas for office heating has been estimated by comparing gas consumption [Smc/m2], calculated on the basis of the invoiced usage, to the surface area of the buildings with central heating systems. The calculation of the heating gas consumption parameter per unit area [Smc/m2] excluded the contribution of Magazzini Generali delle Tagliate, as the building is typologically dissimilar to the properties present in condominium contexts. Some buildings that also use gas for other uses (domestic hot water production, to cook food) or whose methane boiler heating systems are combined with other technologies (e.g., heat pumps) have also been excluded from the analysis.
- Energy consumption deriving from the use of fuel for diesel business cars for mixed use has been estimated by correlating the total kilometres travelled in the “medium” and “large” movement classes with the consumption factors indicated by the ABI Lab Guidelines, estimated as the average of the emission factors associated with Euro 1 to 6 technologies. For hybrid cars, reference was made to the average conversion factors indicated in the ABI Lab Guidelines 2020 for the “medium” engine capacity category.
- For the allocation of the km travelled by mixed-use vehicles, 70% of the total km was considered, as indicated by the ABI Lab Guidelines 2020.
- Energy consumption relating to the use of electric vehicles was calculated by applying the conversion factor for electricity [GJ/kWh] to the combined cycle current consumption [kWh/km] indicated in the technical specifications of the vehicles used.
- Reference was made to the ABI Lab Guidelines for the conversion factors.

The ABI Lab guidelines used refer to the latest version updated and available at the report publication date and the corresponding annual report indicated in the table.

1. District heating and cooling refers to the distribution of energy through heat-conveying fluids (steam, warm water or refrigerants) from one or more production sources to several buildings or sites through a collective network for the thermal conditioning of indoor spaces and for the supply of temperature-modulated water.

Disclosure 302-2
Energy consumption outside of the organisation

	2020	2019	2018
Energy consumption outside of the organisation [GJ]			
Employee cars	15,261	29,534	35,040
Train	897	3,878	3,770
Aeroplane	895	5,007	4,362
Total	17,053	38,419	43,172

Calculation method

- The conversion factor used for the calculation of energy consumption from business trips by air was estimated on the basis of CO₂ eq data made available by the ticketing service provider, with the application of conversion factors to the energy consumed indicated in the ABI Lab Guidelines.
- The conversion factor used to calculate energy consumption relating to business trips by rail was estimated as the average of the emission factors for the most commonly travelled trips, processed in turn according to the methodology and conversion factors indicated in the ABI Lab Guidelines using the Ecopassenger application (<http://ecopassenger.hafas.de>) for the calculation of the mileage coefficients.
- The mileage of non-NTV train trips (Italo) in 2019 were estimated on the basis of the 2018 figure adjusted proportionally to the % change between 2019 and 2018 in the actual mileage of Trenitalia.
- To calculate energy consumption arising from the use of private cars used by employees for business trips, due to the absence of information on the type of fuel used, the conversion factor for petrol cars has been applied, hypothesised to be the most likely scenario for cars with medium-sized engines; the conversion factor was estimated as the average of the conversion factors associated with technologies with Euro ratings from 1 to 6 (reference to the ABI Lab Guidelines).

The ABI Lab guidelines used refer to the latest version updated and available at the report publication date and the corresponding annual report indicated in the table.

In consideration of the significant changes to real estate which took place in 2019, the surface area used in the calculation has been weighted in relation to the actual possession (or use) of the building, considering new acquisitions, new leases, and the handover of buildings at the end of existing lease during the year.

Disclosure 302-3
Energy intensity

	2020	2019	2018
Energy intensity			
Internal energy consumption for buildings			
Employees and financial advisors as at 31/12 [no.]	7,607	7,513	7,364
Net surface area [m²]	291,165	298,242	301,124
Energy intensity per person [GJ/person] ^[1]	17.08	18.82	20.67
Energy intensity by net surface area [GJ/m²]	0.45	0.47	0.51

Calculation method

In consideration of the significant changes to real estate which took place in 2019, the surface area used in the calculation has been weighted in relation to the actual possession (or use) of the building, considering new acquisitions, new leases, and the handover of buildings at the end of existing lease during the year.

1. For the purposes of the energy intensity calculation, external collaborators have also been included: although they operate independently, they nonetheless regularly occupy the spaces assigned to them.

Disclosure 302- 4
Reduction of energy consumption

	2020	2019	2018
Energy efficiency measures			
Number of energy efficiency measures:	31	30	36
Restructuring	5	5	6
Windows	1	1	1
Heat pump	7	5	13
Boiler	4	4	3
Refrigeration unit and Air Treatment Unit	3	4	13
Lighting systems and signs	11	11	-
Estimated total energy savings [GJ] ^[1]	800 ^[2]	1,130	2,383

Disclosure 305-1
Direct (Scope 1) GHG emissions

	2020	2019	2018
Scope 1 emissions [TCO ₂ EQ]			
Use of fuel for heating	1,345.6	1,430.6	1,624.3
<i>of which natural gas</i>	1,345.6	1,430.6	1,617.0
<i>of which LPG</i>	0	-	7.3
FGAS leaks (from air conditioning systems)	277.5	638.9	-
Use of fuel for company vehicles	815.2	1,382.3	1,454.7
<i>Diesel cars for service use</i>	48.9	89.3	126.9
<i>Diesel cars for mixed use</i>	765.7	1,292.5	1,326.8
<i>Hybrid petrol cars for service use</i>	0.6	0.6	1
Total	2,438.3	3,451.8	3,079.0

Calculation method

- CO₂ equivalent emissions include CO₂, CH₄ and N₂O and are calculated using the GWP (Global Warming Potential) over 100 years of CO₂, CH₄ and N₂O according to the IPCC (Intergovernmental Panel on Climate Change), defined as 1, 28 and 265 respectively.
- Greenhouse gas emissions relating to the use of fuel for diesel cars have been estimated by allocating the total mileage driven to the engine capacity categories “medium” and “large” envisaged by the ABI Guidelines in proportion to the number of cars in the fleet. The emission factors [kgCO₂eq/km] for the two engine capacities have been estimated as the average emission factors of the technologies according to the Euro rating from 1 to 6 for the diesel cars belonging to the two engine capacity groups, as indicated in the ABI Lab Guidelines.
- Business mileage for mixed-use vehicles has been considered as 70% of the total, as indicated by the ABI Lab Guidelines.

A specific survey of fluorinated gas losses (HFC or FGAS) in 2019 and 2020 was carried out through the third-party companies responsible for maintenance services, and emissions were reported for the first time (also retroactively for the year 2019) expressed in tons CO₂eq. The calculation was made by multiplying the weight of the gas used by the maintenance companies for topping up refrigerant circuits and representative of the FGAS leaks by the corresponding GWP conversion factor. The 2018 data has not been reported because it is unavailable.

The ABI Lab guidelines used refer to the latest version updated and available at the report publication date and the corresponding annual report indicated in the table.

Disclosure 305-2
Indirect (Scope 2) GHG emissions

Scope 2 emissions are calculated according to the “Location-based” and “Market-based” methods. ^[1]

	2020	2019	2018
Scope 2 emissions [TCO ₂ EQ] Location-based			
Electricity purchased from the national grid	7,410.7	8,866.3	9,537.7
District heating	508.7	487.2	571.4
District cooling	12.0	16.1	15.5
Office heating	397.1	404.4	405.1
Total	8,328.5	9,774.1	10,529.7

Scope 2 emissions [TCO ₂ EQ] Market-based			
Electricity purchased from the national grid	0	-	-
District heating	508.7	487.2	571.4
District cooling	12.0	16.1	15.5
Office heating	397.1	404.4	405.1
Total	917.8	907.8	992

Calculation method

- CO₂ equivalent emissions include CO₂, CH₄ and N₂O and are calculated using the GWP (Global Warming Potential) over 100 years of CO₂, CH₄ and N₂O according to the IPCC (Intergovernmental Panel on Climate Change), defined as 1, 28 and 265 respectively, according to the methodology indicated in the ABI Lab Guidelines.
- The calculation methods adopted and the conversion factors used are those published by the ABI Lab Guidelines.

The ABI Lab guidelines used refer to the latest version updated and available at the report publication date and the corresponding annual report indicated in the table.

1. Energy saving is calculated by comparing the annual energy consumption of each site subject to energy efficiency actions before and after their adoption. Based on internally developed algorithms, efforts have been made to “sterilise” the effect of climatic conditions.
2. Of which 392 GJ for electricity, 135 GJ for methane gas, 273 GJ for district heating.

1. The GRI Sustainability Reporting Standards envisage two calculation methods for Scope 2 emissions: 1) The “Location-based” method reflects the average intensity of emissions deriving from the total national production of electricity; 2) the “Market-based” method reflects emissions deriving from the electricity that companies have chosen to use and therefore is calculated on emission factors including contractual instruments for the sale and purchase of certified electricity.

Disclosure 305-3
Other indirect (Scope 3) GHG emissions

	2020	2019	2018
Scope 3 emissions [TCO ₂ EQ]			
Energy consumption from business trips	1,241.1	2,749.3	3,116.5
of which refer to flights	65.3	361.7	315.1
of which refer to train journeys	47.4	204.9	199.2
of which refer to employee vehicles for service use	1,128.4	2,182.7	2,602.1
Paper consumption	438.1	565.5	615.1
Total	1,679.2	3,314.8	3,731.6

Calculation method

- For the calculation of CO₂ equivalent emissions related to air transport, the data indicated in the ticketing service provider's report was used with the application, when necessary, of corrective factors (t CO₂ eq/ t CO₂), calculated through the conversion factors of the Department for Environment, Food and Rural Affairs (DEFRA).
- To calculate emissions relative to rail transport, reference was made to the Ecopassenger method proposed by the ABI Lab Guidelines for the calculation of t CO₂ and the subsequent application of equivalence factors (t CO₂ eq/ t CO₂), calculated according to the conversion factors provided by the Department for Environment, Food and Rural Affairs (DEFRA).
- To calculate greenhouse gas emissions arising from the use of employee cars for business use, CO₂ equivalent emissions were calculated using the GWP (Global Warming Potential) over 100 years of CO₂, CH₄ and N₂O according to the IPCC (Intergovernmental Panel on Climate Change), defined as 1, 28 and 265 respectively. In the absence of information regarding the type of fuel used by said cars, the emission factor for petrol vehicles has been used, therefore hypothesising the worst among the potential factors but which is however deemed most likely for vehicles with medium-capacity engines; the conversion factor was estimated as the average of the conversion factors associated with technologies with Euro ratings from 1 to 6 (see the ABI Lab Guidelines).
- To calculate the emissions relating to paper, reference was made to the conversion factors issued by the Department for Environment, Food and Rural Affairs (DEFRA) for material use and waste disposal, in this case estimating the according to the waste disposal system actually used.

For the first time, the 2020 reporting included the consumption of paper relating to balance sheets, envelopes, brochures, forms, business cards - not reported in previous years - which account for approximately 6% in terms of total paper consumption by weight, consisting mainly of plain paper, printouts and cardboard boxes. The ABI Lab guidelines used refer to the latest version updated and available at the report publication date and the corresponding annual report indicated in the table.

Disclosure 305-4
GHG emissions intensity

	2020	2019	2018
Intensity of emissions Scope 1 + Scope 2 (Market-based)			
Scope 1 + Scope 2 emissions (Market-based) [tCO ₂ eq]	3,078.6	3,720.6	4,071
Employees and financial advisors as at 31/12 [no.]	7,607	7,513	7,364
Net surface area [m ²]	291,165	298,242	301,124
Emission intensity per person [kgCO ₂ eq/person]	404.7	495.2	552.8
Emission intensity by net surface area [kgCO ₂ eq/m ²]	10.6	12.5	13.5

Disclosure 305-7
Nitrogen oxides (NOX), sulphur oxides (SO2)
and other significant air emissions

	2020	2019	2018
NOx [KG]			
from natural gas for central heating	913.8	960.2	1,057.1
from LPG for central heating	0	0	3.3
from electricity from non-renewable sources	0	0	-
from company vehicles	3,986.3	7,567.5	12,693.7
Total	4,900.1	8,527.7	13,754.1

SO ₂ [KG]			
from natural gas for central heating	9.1	9.5	10.5
from LPG for central heating	0	0	-
from electricity from non-renewable sources	0	0	-
from company vehicles (excluding employee vehicles)	6.4	13.1	16.2
Total	15.4	22.6	26.7

Calculation method

NOx and SO2 emissions inherent in the company's car fleet have been calculated with reference to the values published on the site (<http://www.sinanet.isprAmbiente.it/it/sia-ispra/fetransp/>) in relation to vehicles intended for the transport of people in all contexts (urban, suburban and motorway driving). The ABI Lab Guidelines were used to calculate the emission factors.

The ABI Lab guidelines used refer to the latest version updated and available at the report publication date and the corresponding annual report indicated in the table.

Water withdrawal by source

	2020	2019	2018
Water withdrawal by source [m ³]			
Aqueduct	125,209	128,978	130,448
Well	700	700	700
TOTAL	125,909	129,678	131,148

Calculation method

To estimate the volume of water sourced from aqueducts, the methodology described in the ABI Lab Guidelines was adopted (the values for the fixed and variable tariffs were increased by 10% to reflect the pricing conditions identified in 2020). The national average weighted tariff was calculated for buildings served by an exclusive supply contract; consequently, water consumption was estimated and a parametric value which represents the average consumption of each building was identified. This value was used to calculate the percentage contribution of water supplies for office units, which was then added to the estimated water supplies provided by exclusive supply contracts.

Human Rights performance indicators

	2020	2019	2018
Indicators			
Accidents at work and in transit ¹	37	55	66
Employees registered with the union (% of total)	57.9	64.4	59.3
Employees opting for flexible work (part-time and remote working) - (% of total)	93	37	20.7
Reports received and/or concluded for cases of discrimination	0	2	1
Cases of harassment	1 ²	0	0
Complaints regarding personal data protection	19	18	13
Thefts - number of events per 100 branches	1.2	2.9	2.6
Suppliers registered to the Supplier Gate ³ (% of total)	6.6	6.5	7.9
Donations to vulnerable and disadvantaged categories (% of total)	28.5 % ⁴	62	30

1. Injuries "en route": Injuries occurring during the normal round trip commute from home to the workplace.
2. The case relates to Credemleasing S.p.A., which nevertheless considers the counterparty's thesis as unfounded and will oppose it in court.
3. All Group suppliers are subject to checks concerning the ethics of their business, respect for human rights and workers.
4. 64% of donations were disbursed in favour of initiatives to counter the epidemiological emergency caused by COVID-19.

6.2

GRI Content Index
Correlation of material topics to GRI Standards

Material topics of Credem Group	GRI Standard
Economic sustainability	201 Economic Performance
Ethics and identity	205 Anti-corruption 206 Anti-competitive behaviour 307 Environmental compliance 417 Marketing and Labelling
Data security	418 Customer privacy
Customer satisfaction	With regards to the above topic, which is not strictly associated with a specific GRI Standard, the Group's adopted management approach and the relative indicators are reported.
Innovation and technology and digital culture	With regards to the above topic, which is not strictly associated with a specific GRI Standard, the Group's adopted management approach and the relative indicators are reported.
Sustainable Finance	With regards to the above topic, which is not strictly associated with a specific GRI Standard, the Group's adopted management approach and the relative indicators are reported.
Skills and expertise	404 Training and education
Health and Safety	403 Occupational health and safety
Wellness and digital working place	401 Employment
Inclusion and equal opportunities	405 Diversity and equal opportunities 406 Non-discrimination
Environmental impacts	301 Materials 302 Energy 305 Emissions 306 Effluents and waste

GRI Standards	Disclosure	Notes and Pages	Omissions
Reporting principles (2016) General Disclosure (2016)			
Organisational profile			
102-1	Name of the organisation	18	-
102-2	Activities, brand, products and services	16 - 17	-
102-3	Location of headquarters	Reggio Emilia	-
102-4	Location of operations	14	-
102-5	Ownership and legal form	15; 76	-
102-6	Markets served	14 - 17; 80 - 81; 121	-
102-7	Scale of the organisation	14; 118 - 119; 122; 127	-
102-8	Information on employees and other workers	127 - 128	-
102-9	Supply chain	106 - 107	-
102-10	Significant changes to the organisation and its supply chain	In 2020 no significant changes to the organisation or its supply chain were recorded.	-
102-11	Precautionary Principle	30 - 31	-
102-12	External initiatives	22 - 23; 99 - 104	-
102-13	Main partnerships and affiliations	114 - 115	-
Strategy			
102-14	Statement from the senior decision-maker	9	-
102-15	Key impacts, risks and opportunities	30 - 33	-
Ethics and Integrity			
102-16	Values, principles, standards and norms of behaviour	34 - 39	-
102-17	Mechanisms for advice and concerns about ethics	38 - 39	-
Governance			
102-18	Governance structure	18 - 21	-
102-32	Highest governance body's role in sustainability reporting	10 - 11; 20	-
102-36	Process for determining remuneration	65 - 66	-
102-38	Annual total compensation ratio	66	-
Stakeholder engagement			
102-40	List of stakeholders	24	-
102-41	Collective bargaining agreements	128	-
102-42	Identifying and selecting stakeholders	24	-
102-43	Approach to stakeholder engagement	25 - 26; 59 - 60	-
102-44	Key topics and concerns raised	24 - 26; 59 - 60	-

GRI Standards	Disclosure	Notes and Pages	Omissions
Reporting practices			
102-45	Entities included in the Consolidated Financial Statements	10 - 11; 15	-
102-46	Defining report content and topic boundaries	10 - 11; 27; 120	-
102-47	List of material topics	27 - 120	-
102-48	Restatements of information	10 - 11	-
102-49	Changes in reporting	27 - 28; 120	-
102-50	Reporting period	10	-
102-51	Date of most recent report	April 2020	-
102-52	Reporting cycle	10	-
102-53	Contact point for questions regarding the report	sostenibilita@credem.it	-
102-54	Reporting declaration in accordance with the GRI Standards	10	-
102-55	GRI Content Index	141 - 149	-
102-56	External assurance	10; 150 - 152	-

GRI Standards	Disclosure	Notes and Pages	Omissions
GRI 200: Economic series			
Economic performance			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	76 - 78	-
103-3	Evaluation of the management approach	76 - 78	-
Economic performance (2016)			
201-1	Direct economic value generated and distributed	78; 118 - 119	-
Procurement practices			
GRI-103 Management approach (2016)			
103-2	The management approach and its components	106 - 107	-
GRI-204: Procurement practices (2016)			
204-1	Proportion of spending on local suppliers	107	-
Anti-corruption			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	37 - 39	-
103-3	Evaluation of the management approach	37 - 39	-
GRI-205: Anti-corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	38	-
Anti-competitive behaviour			
GRI-206: Anti-competitive behaviour (2016)			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and relative outcomes	39	-
GRI 300: Environmental series			
Materials			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	51	-
103-3	Evaluation of the management approach	51	-
GRI-301: Materials (2016)			
301-1	Materials used by weight or volume	133	-

GRI Standards	Disclosure	Notes and Pages	Omissions
Energy			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	44; 47 - 50	-
103-3	Evaluation of the management approach	44; 47 - 50	-
GRI-302: Energy (2016)			
302-1	Energy consumption within the organisation	134	-
302-2	Energy consumption outside of the organisation	135	-
302-3	Energy intensity	135	-
302-4	Reduction of energy consumption	136	-
Emissions:			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	43 - 50; 52	-
103-3	Evaluation of the management approach	43 - 50; 52	-
GRI-305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	136	-
305-2	Indirect (Scope 2) GHG emissions	137	-
305-3	Other indirect (Scope 3) GHG emissions	138	-
305-4	GHG emissions intensity	138	-
305-6	Ozone depleting substances (ODS) emissions	49	-
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	139	-
Effluents and waste			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	51	-
103-3	Evaluation of the management approach	51	-
GRI-306: Effluents and waste (2016)			
306-2	Waste by type and disposal method	133	-
Environmental compliance			
GRI-307: Environmental compliance (2016)			
307-1	Non-compliance with environmental laws and regulations	39	-

GRI Standards	Disclosure	Notes and Pages	Omissions
GRI 400: Social series			
Employment			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	56 - 57; 67 - 70	-
103-3	Evaluation of the management approach	56 - 57; 67 - 70	-
GRI-401: Employment (2016)			
401-1	New employee hires and employee turnover	129	-
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	69	-
401-3	Parental leave	132	-
Labour/management relations			
GRI-103 Management approach (2016)			
103-2	The management approach and its components	57	-
Occupational health and safety			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	67; 72 - 73	-
103-3	Evaluation of the management approach	67; 72 - 73	-
GRI 403: Occupational health and safety (2018)			
403-1	Occupational health and safety management system	72 - 73	-
403-2	Hazard identification, risk assessment and incident investigation	72 - 73	-
403-3	Occupational health services	72 - 73	-
403-4	Worker participation, consultation and communication on occupational health and safety	72 - 73	-
403-5	Worker training on occupational health and safety	72 - 73	-
403-6	Promotion of worker health	67; 72 - 73	-
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	72 - 73	-
403-9	Workplace injuries	131	-


GRI Standards	Disclosure	Notes and Pages	Omissions
Training and education			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	61 - 62	-
103-3	Evaluation of the management approach	61 - 62	-
GRI-404: Training and education (2016)			
404-1	Average hours of training per year per employee	132	-
404-3	Percentage of employees receiving regular performance and career development reviews	57	-
Diversity and equal opportunities			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	71 - 72	-
103-3	Evaluation of the management approach	71 - 72	-
GRI-405: Diversity and equal opportunities (2016)			
405-1	Diversity of governance bodies and employees	18; 130	-
Non-discrimination			
GRI-103 Management approach (2016)			
103-2	The management approach and its components	71 - 72	-
GRI-406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	140	-
Freedom of association and collective bargaining			
GRI-103 Management approach (2016)			
103-2	The management approach and its components	40; 57	-
Child labour			
GRI-103 Management approach (2016)			
103-2	The management approach and its components	40	-
Forced labour			
GRI-103 Management approach (2016)			
103-2	The management approach and its components	40	-
Human rights			
GRI-103 Management approach (2016)			
103-2	The management approach and its components	40; 140	-

GRI Standards	Disclosure	Notes and Pages	Omissions
Marketing and Labelling			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	38	-
103-3	Evaluation of the management approach	38	-
GRI-417: Marketing and labelling (2016)			
417-1	Requirements for product and service information and labelling	38	-
417-3	Cases of non-compliance concerning marketing communications	During 2020, the Group did not record cases of non-compliance with regulations and/or marketing communication codes	-
Customer privacy			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	90 - 91	-
103-3	Evaluation of the management approach	90 - 91	-
GRI-418: Customer privacy (2016)			
418-1	Substantiated complaints concerning breaches of privacy and losses of customer data	123	-
Sustainable Finance			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	91 - 95	-
103-3	Evaluation of the management approach	91 - 95	-
Sustainable Finance			
-	Products and services with social goals	124 - 125	-
-	Products and services with environmental goals	124 - 125	-
-	Percentage of goods subject to positive and negative environmental or social scrutiny	92	-

GRI Standards	Disclosure	Notes and Pages	Omissions
Customer satisfaction			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	82 - 83	-
103-3	Evaluation of the management approach	82 - 83	-
-	Net Promoter Score	82	-
Innovation, technology and digital culture			
GRI-103 Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	27; 120	-
103-2	The management approach and its components	84 - 87	-
103-3	Evaluation of the management approach	84 - 87	-
-	Digital transactions	122	-

6.3

Independent Auditor’s Report



Building a better working world

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Relazione della società di revisione indipendente sulla dichiarazione consolidata di carattere non finanziario ai sensi dell'art. 3, c. 10, D. Lgs. 254/2016 e dell'art. 5 del regolamento Consob adottato con Delibera n. 20267 del 18 gennaio 2018

Al Consiglio di Amministrazione di Credito Emiliano S.p.A.

Ai sensi dell'articolo 3, comma 10, del Decreto Legislativo 30 dicembre 2016, n. 254 (di seguito "Decreto") e dell'articolo 5 del Regolamento Consob n. 20267/2018, siamo stati incaricati di effettuare l'esame limitato ("limited assurance engagement") della dichiarazione consolidata di carattere non finanziario di Credito Emiliano S.p.A. e sue controllate (di seguito il "Gruppo" o "Gruppo Credem") relativa all'esercizio chiuso al 31 dicembre 2020 predisposta ai sensi dell'art. 4 del Decreto, e approvata dal Consiglio di Amministrazione in data 11 marzo 2021 (di seguito "DNF").

Responsabilità degli Amministratori e del Collegio Sindacale per la DNF

Gli amministratori sono responsabili per la redazione della DNF in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e ai "Global Reporting Initiative Sustainability Reporting Standards" definiti dal GRI - Global Reporting Initiative (di seguito "GRI Standards") da essi individuati come standard di rendicontazione.

Gli amministratori sono altresì responsabili, nei termini previsti dalla legge, per quella parte del controllo interno da essi ritenuta necessaria al fine di consentire la redazione di una DNF che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili inoltre per l'individuazione del contenuto della DNF, nell'ambito dei temi menzionati nell'articolo 3, comma 1, del Decreto, tenuto conto delle attività e delle caratteristiche del Gruppo e nella misura necessaria ad assicurare la comprensione dell'attività del Gruppo, del suo andamento, dei suoi risultati e dell'impatto dallo stesso prodotti.

Gli amministratori sono infine responsabili per la definizione del modello aziendale di gestione e organizzazione dell'attività del Gruppo, nonché, con riferimento ai temi individuati e riportati nella DNF, per le politiche praticate dal Gruppo e per l'individuazione e la gestione dei rischi generati o subiti dallo stesso.


Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sull'osservanza delle disposizioni stabilite nel Decreto.

Indipendenza della società di revisione e controllo della qualità

Siamo indipendenti in conformità ai principi in materia di etica e di indipendenza del Code of Ethics for Professional Accountants emesso dall'International Ethics Standards Board for Accountants, basato su principi fondamentali di integrità, obiettività, competenza e diligenza professionale, riservatezza e comportamento professionale. La nostra società di revisione applica l'International Standard on Quality Control 1 (ISQC Italia 1) e, di conseguenza, mantiene un sistema di controllo qualità che include direttive e procedure documentate sulla conformità ai principi etici, ai principi professionali e alle disposizioni di legge e dei regolamenti applicabili.

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Responsabilità della società di revisione

È nostra la responsabilità di esprimere, sulla base delle procedure svolte, una conclusione circa la conformità della DNF rispetto a quanto richiesto dal Decreto e dai GRI Standards. Il nostro lavoro è stato svolto secondo quanto previsto dal principio "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (di seguito "ISAE 3000 Revised"), emanato dall'International Auditing and Assurance Standards Board (IAASB) per gli incarichi limited assurance. Tale principio richiede la pianificazione e lo svolgimento di procedure al fine di acquisire un livello di sicurezza limitato che la DNF non contenga errori significativi. Pertanto, il nostro esame ha comportato un'estensione di lavoro inferiore a quella necessaria per lo svolgimento di un esame completo secondo l'ISAE 3000 Revised ("reasonable assurance engagement") e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti e le circostanze significativi che potrebbero essere identificati con lo svolgimento di tale esame.

Le procedure svolte sulla DNF si sono basate sul nostro giudizio professionale e hanno compreso colloqui, prevalentemente con il personale di Credito Emiliano S.p.A. responsabile per la predisposizione delle informazioni presentate nella DNF, nonché analisi di documenti, ricalcoli ed altre procedure volte all'acquisizione di evidenze ritenute utili.

In particolare, abbiamo svolto le seguenti procedure:

- analisi dei temi rilevanti in relazione alle attività ed alle caratteristiche del Gruppo rendicontati nella DNF, al fine di valutare la ragionevolezza del processo di selezione seguito alla luce di quanto previsto dall'art. 3 del Decreto e tenendo presente lo standard di rendicontazione utilizzato;
- analisi e valutazione dei criteri di identificazione del perimetro di consolidamento, al fine di riscontrarne la conformità a quanto previsto dal Decreto;
- comparazione tra i dati e le informazioni di carattere economico-finanziario inclusi nella DNF ed i dati e le informazioni inclusi nel bilancio consolidato del Gruppo al 31 dicembre 2020;
- comprensione dei seguenti aspetti:
 - modello aziendale di gestione e organizzazione dell'attività del Gruppo, con riferimento alla gestione dei temi indicati nell'art. 3 del Decreto;
 - politiche praticate dall'impresa connesse ai temi indicati nell'art. 3 del Decreto, risultati conseguiti e relativi indicatori fondamentali di prestazione;
 - principali rischi, generati o subiti connessi ai temi indicati nell'art. 3 del Decreto.Relativamente a tali aspetti sono stati effettuati inoltre i riscontri con le informazioni contenute nella DNF ed effettuate le verifiche descritte nel successivo punto 5, lett. a).
- comprensione dei processi che sottendono alla generazione, rilevazione e gestione delle informazioni qualitative e quantitative significative incluse nella DNF. In particolare, abbiamo svolto interviste e discussioni con il personale della Direzione di Credito Emiliano S.p.A. e con il personale della stessa abbiamo svolto limitate verifiche documentali, al fine di raccogliere informazioni circa i processi e le procedure che supportano la raccolta, l'aggregazione, l'elaborazione e la trasmissione dei dati e delle informazioni di carattere non finanziario alla funzione responsabile della predisposizione della DNF.

Inoltre, per le informazioni significative, tenuto conto delle attività e delle caratteristiche del Gruppo:

- a livello di Gruppo

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- a) con riferimento alle informazioni qualitative contenute nella DNF e in particolare al modello aziendale, alle politiche praticate e ai principali rischi, abbiamo effettuato interviste e acquisito documentazione di supporto per verificarne la coerenza con le evidenze disponibili;
 - b) con riferimento alle informazioni quantitative, abbiamo svolto sia procedure analitiche che limitate verifiche per accertare su base campionaria la corretta aggregazione dei dati.
- per le società Credito Emiliano S.p.A., Euromobiliare Asset Management SGR S.p.A. e Euromobiliare Advisory SIM S.p.A., che abbiamo selezionato sulla base delle loro attività e del loro contributo agli indicatori di prestazione a livello consolidato, abbiamo effettuato verifiche nel corso delle quali ci siamo confrontati con i responsabili delle suddette società e abbiamo acquisito riscontri documentali circa la corretta applicazione delle procedure e dei metodi di calcolo utilizzati per gli indicatori.

Conclusioni

Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che la DNF del Gruppo Credem relativa all'esercizio chiuso al 31 dicembre 2020 non sia stata redatta, in tutti gli aspetti significativi, in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e dai GRI Standards.

Bologna, 2 aprile 2021

EY S.p.A.

Giuseppe Riele
(Revisore Legale)

Storytelling and Graphic Design,
Editing and Graphic Layout

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Credito Emiliano S.p.A.

Consolidated non-financial statement as
at December 31, 2020

Independent auditor's report pursuant to article 3, par. 10,
of Legislative Decree n. 254, dated December 30, 2016 and
article 5 of Consob Regulation n. 20267 dated January 18, 2018

(Translation from the original Italian text)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3, par. 10, of Legislative Decree n. 254 dated December 30, 2016 and to article 5 of Consob Regulation adopted with Resolution n. 20267 dated January 18, 2018 (Translation from the original Italian text)

To the Board of Directors of
Credito Emiliano S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to article 3, paragraph 10, of Legislative Decree n. 254 dated December 30, 2016, (hereinafter "Decree") and article 5 of Consob Regulation adopted with Resolution 20267/2018, on the consolidated non-financial statement of Credito Emiliano S.p.A. and its subsidiaries (hereinafter the "Group" or "Credem Group") for the year ended December 31, 2020 in accordance with article 4 of the Decree and approved by the Board of Directors on March 11, 2021 (hereinafter "NFS").

Responsibilities of directors and those charged with governance for the NFS

The directors are responsible for the preparation of the NFS in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" published by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The directors are also responsible, within the terms provided by law, for such internal controls as they determine is necessary in order to enable the preparation of the NFS that is free from material misstatements caused by fraud or not intentional behaviors or events.

The directors are also responsible for the identification of the contents of the NFS within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The directors are also responsible for the definition of the Group's management and organization business model, as well as with reference to the matters identified and reported in the NFS, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the NFS with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the NFS is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgment and included inquiries, primarily with Bank's personnel responsible for the preparation of the information included in the NFS, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant topics in relation to the activities and characteristics of the Group reported in the NFS, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the NFS with those included in the Credem Group's consolidated financial statement as at December 31, 2020;
4. understanding of the following aspects:
 - o Group's management and organization business model, with reference to the management of the topics indicated in article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in article 3 of the Decree, results achieved and related key performance indicators;
 - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the NFS and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the NFS.
In particular, we have conducted interviews and discussions with the Management of Credito Emiliano S.p.A. and with its personnel and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the function responsible for the preparation of the NFS.

Furthermore, for significant information, considering the Group activities and characteristics we have:

- o at Group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidences;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- o for the entities Credito Emiliano S.p.A., Euromobiliare Asset Management SGR S.p.A. and Euromobiliare Advisory SIM S.p.A., which we have selected based on their activities and their relevance to the consolidated performance indicators, we carried out reviews, during which we discussed with relevant personnel of the above mentioned entities and obtained evidences about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that NFS of the Credem Group for the year ended December 31, 2020 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Bologna, April 2nd, 2021

EY S.p.A.

Signed by: Giuseppe Miele, Auditor

This report has been translated into the English language solely for the convenience of international readers.