



GRUPPO

CREDEM

connections

between environment, economy and society:
the **strength of bonds**
generates **shared value**

2022 Consolidated Non-Financial Statement Pursuant to
Italian Legislative Decree 254/2016

Connections create sparks.
They motivate challenges and inspire ideas.
They are a fusion of several voices, from science to histories to people and ideas.
Connections have the power to wake us up to start a revolution,
to inspire action and set real change in motion.
Connected, we can leave this planet better than we found it.

National Geographic

Sustainability for Credem: the power of connections generates shared value

Sustainability means creating shared value.
Stakeholders - and more generally people - inspire the Group's sustainable actions, extending the focus from "I" to "we".
Credem promotes positive connections.

The threads of string art become metaphors for actions and reference points for stakeholders.

And so, just as the many coloured threads connect points to create forms full of meaning, Credem's sustainable practices seek to generate positive relations for and with its universe of stakeholders by implementing actions, activities and projects which, synergistically guided by a strong purpose and a long-term strategy, allow sustainability to take on a concrete and recognisable form.

/strɪŋ ɑrt/

string art

a figurative art technique featuring a complex arrangement of coloured threads and fixing points to create geometric patterns or designs. Created in the 19th century to introduce children to mathematics and geometry, it became a full-fledged form of art around 1960

Principles of Governance

String art requires vision, strong ideas and substance.
Skilful hands are needed to weave a complex web of threads that will then shape the project.
Similarly, Credem wanted to define a forward-looking strategy, structured through strong, consistent and credible governance

Planet

Thread is the very basis of string art. The geometry created produces harmony and balance, elements that must also characterise an organisation's relationship with its surroundings.
Credem's ability to continue generating value also depends on its ability to preserve and protect natural capital through actions focused on climate change adaptation and mitigation

People

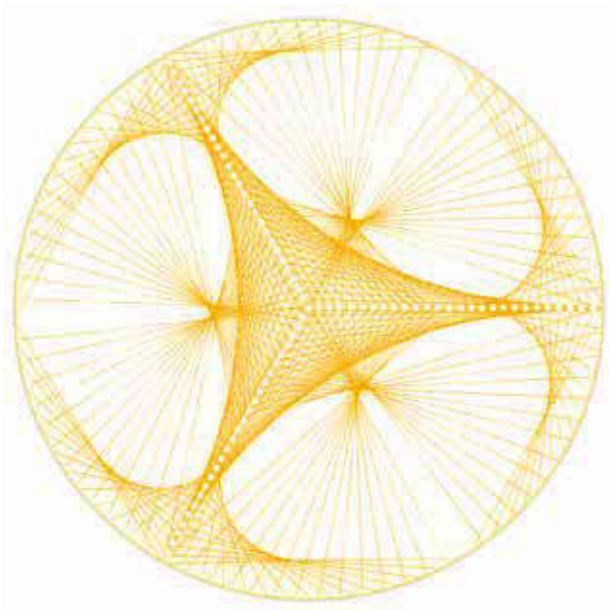
The fixed points are at the very heart of string art: their arrangement allows different shapes to be modelled.
The heart of organisations is their employees, who also become the recipients of sustainable action.
Credem faithfully invests in its employees and collaborators, putting their skills, growth and shared corporate culture at the centre of its philosophy

Prosperity

A seemingly confusing set of threads is rationalised and takes shape thanks to string art.
The threads, which become a representation of the actions, render Credem's sustainable philosophy concrete: a philosophy that is transformed into prosperity and value shared with stakeholders, generating positive effects on the company and the territory

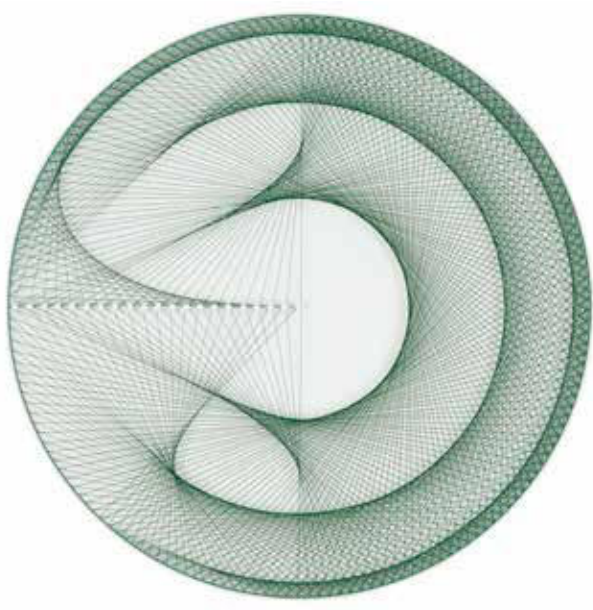
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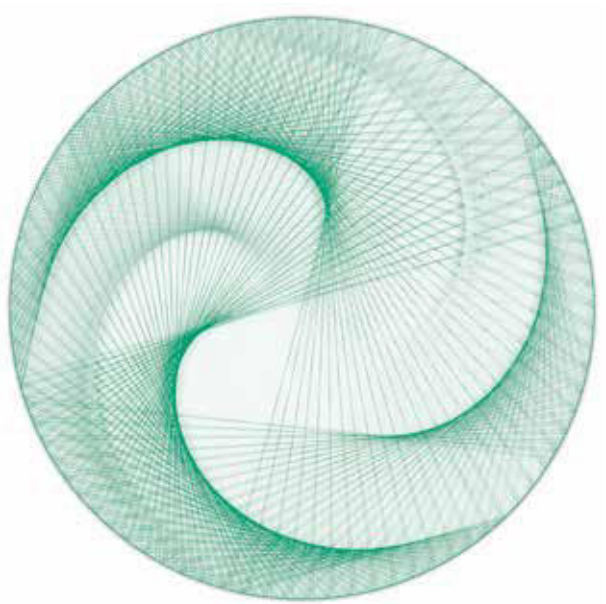
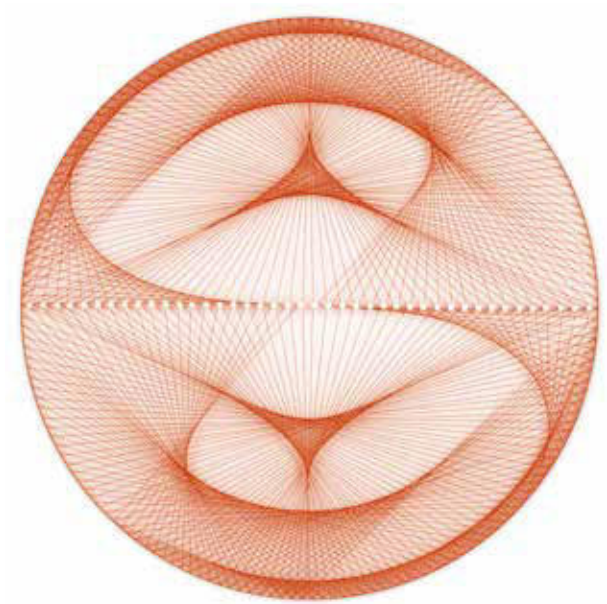
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Dear Stakeholders,

The Non-Financial Statement allows me to take an important moment to reflect on corporate sustainability and what I believe is our main goal: **the creation of shared long-term value through the balanced pursuit and satisfaction of our mutual interests.**

Profit is and will continue to be the goal of every enterprise: without a positive margin between revenues and costs, neither wealth nor employment is created.

However, we must protect the quality of the profit and its utility for each of us: shareholders, employees, customers, suppliers and, indirectly, the environment and society.

The complexity of management in the midst of a technological-digital revolution, climate crisis, energy transition, still looming pandemic events and recurring economic-financial crises is before our eyes. All this confirms the indispensable nature of **a clear and consistent corporate vision managed by a competent, cohesive management team that prioritises long-term goals, disseminated and understood at all levels of the organisation, and ensures choral participation in their achievement.**

Climate change is playing a central role in the national and EU context.

Clear emphasis was incorporated into the Italian Constitution in 2022 on the protection of the environment, biodiversity and ecosystems, also in the interest of future generations, stating that private economic initiative may not be pursued in conflict with social utility or in such a way as to cause damage - in addition to safety, freedom and human dignity - to health and the environment.

The change paves the way for a new relationship between public policies and the market, in line with recent European choices: consider the Green

Deal, the plan devised by the European Commission in 2019 to promote massive public investment in the fields of energy, industrial policy and mobility, with a view to making the European Union the first climate-neutral block by 2050.

Consider then the Next Generation EU, the plan of more than € 700 billion to rebuild Europe post-Covid-19 by promoting a **greener, more digital and more resilient economy**, in the framework of which fall the Recovery Plans approved at national level, including Italy's **National Recovery and Resilience Plan**.

The evolution of how climate change is seen in our Group - no longer just an ethical and environmental issue, but rather a variable that carries opportunities and predictable financial and systemic risks over short-, medium- and long-term investment horizons - has significantly changed relevance.

The Board of Directors has discussed this issue extensively and in depth, guided by the Internal Board Risk and Sustainability Committee and the Group Sustainability Committee, also through dedicated Board meetings of a structured, permanent character, further enriching the meetings with professionals with qualified ESG expertise.

We are aware that while they inherently have uncertain and extended time horizons, environmental and climate risks are predictable. We also know that the extent of future financial risks largely depends on the decisions we make today.

Attention to climate change is therefore an

essential component of value creation, an integral part of our duties as Directors also through our disclosure obligations, first and foremost the Non-Financial Statement, which I am sure you will find comprehensive and complete in this respect as well.

We are conducting an **in-depth analysis of our portfolios** to check their alignment with the targets set by the Paris Climate Agreement and to qualify our policy with respect to high-emission assets, including by structuring dedicated financing and investment products and services.

We have implemented appropriate actions through control functions and embarked on a path of **integrating sustainability risks into the corporate risk management system** defining specific risk indicators, also through the integration of the Risk Appetite Framework.

Lastly, we are monitoring and complying with the **integrated strategic business plan**, which includes actions for rationalising and limiting our direct and indirect emissions generated by the energy purchased and consumed (Scope 1 and 2).

We want to meet the targets and **starting in 2025, offset the remaining Scope 1 and 2 CO₂ emissions with an equivalent number of Verified Carbon Standard certified carbon credits** issued by the leading international standard VERRA, audited by an independent third party and recognised by the United Nations Framework Convention on Climate Change.

Correctly defining the strategy will allow us to monitor the actual degree of achievement of the objectives, also through **specific environmental and climate performance indicators that we have already defined and introduced for the Executive Directors and Central Management.**

The path is marked out.
We have the means and the determination to fully commit.

The Chairman
Lucio Igino Zanon Di Valgiurata



Methodological Note

The Consolidated Non-Financial Statement (hereinafter also referred to as the 'Non-Financial Statement' or 'NFS'), prepared in accordance with Italian Legislative Decree 254/2016, ensures the ensures a clear understanding of the Group's activities, its performance, its results and the impact it produces by reporting on the relevant topics established by articles 3 and 4 of Italian Legislative Decree 254/2016 with reference to the 2022 financial year (from 1 January to 31 December).

As established by article 5 of Italian Legislative Decree 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 for the stakeholders and for the Group.

Information relating to the use of water resources (article 3.2.a 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, see the Materiality Analysis section, 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 scope³: 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.

The 2022 NFS was drafted in accordance with the Global Reporting Initiative **Sustainability Reporting Standards** (GRI Universal Standard 2021), according to the *In accordance with* option, offering a clear and comprehensive picture of the main economic, environmental and social impacts, including human rights.

Measuring Stakeholder Capitalism was also considered, which is a report published by the **World Economic Forum** to promote the measurement and reporting of organisations' sustainable value, structured according to the following areas:

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

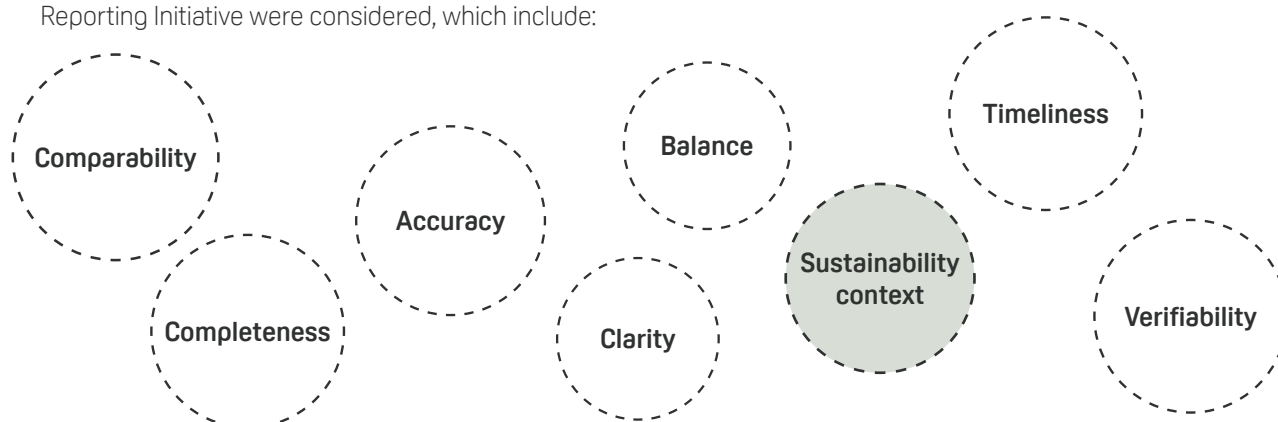
The Financial Services Sector Disclosures defined by the GRI in 2013 were also taken into consideration, as well as the Guidelines on the Banking Application of the GRI Standards (Global Reporting Initiative) in environmental matters published by ABI Lab, using the December 2022 version.

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.

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



In order to enable the comparison of data over time, data relative to 2020 and 2021 have 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 reviewed by the **Internal Board Risk and Sustainability Committee** and approved by the **Parent Company's Board of Directors** on 09 March 2023.

The report was also subjected to a verification of compliance on specific indicators, verifying processes and the correctness of the data reported, by the Internal Audit Department.

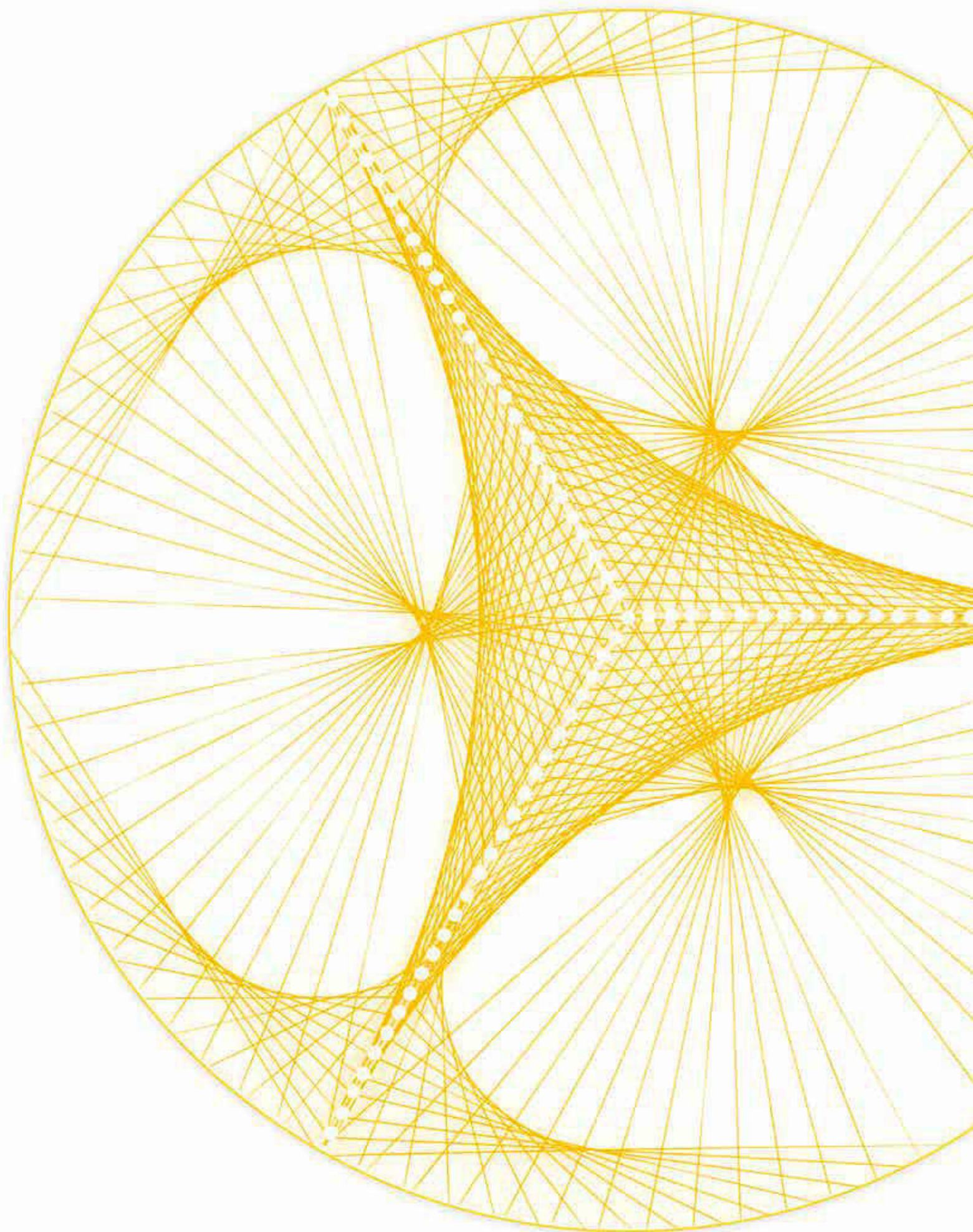
The NFS was submitted for a limited assurance engagement according to the criteria indicated by the ISAE 3000 Revised principle) by the auditing firm EY S.p.A. which, upon the completion of its work issued a report on the conformity of the information reported in the Non-Financial Statement prepared by the Credem Group pursuant to Italian Legislative Decree 254/2016.

Drawn up on an annual basis, the 2022 Non-Financial Statement is published on the website www.credem.it in the Sustainability section.

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 254/2016⁴:

MATERIAL TOPICS	SCOPE OF ITALIAN LEGISLATIVE DECREE 254/2016
climate change	environmental
innovation and digitisation	social
sustainable finance	social
health and safety	social
data security and protection	social
customer satisfaction	social
diversity, equity and inclusion	human rights
skills and expertise	personnel management
welfare	personnel management
ethics, identity and transparency	fight against corruption

⁴ For a complete description of the material topics, please refer to the section Key Performance Indicators.





01

Principles of Governance

String art requires vision, strong ideas and substance.

Skilful hands are needed to weave a complex web of threads that will then shape the project.

Similarly, Credem wanted to define a forward-looking strategy, structured through strong, consistent and credible governance.

85%
participants in stakeholder
engagement activities¹

75%
ESG Board induction
sessions¹

11 SDGs
contribution of the Group to
the UN 2030 Agenda

¹The data and information as at 31.12.2019 is considered as a baseline for the 2023 targets.

History

1910

Foundation of Banca
Agricola Commerciale

1997

Listing on the Italian
Stock Exchange

2004

The **Mission**
Excellence in the creation of value over time
and **Values** were defined
*People, Team, Proactivity, Innovation,
Communication*

1983

From Banca Agricola
Commerciale to Credem

2010

New Values:
Passion and Responsibility

1993

**The Credem Group was
founded**, with companies
specialising in different
business models

2019

Avvera was created, a new pole for credit to private customers

2016

Direct supervision by the European Central Bank

2021

Merger by incorporation of Cassa di Risparmio di Cento

2017

The European Central Bank included Credem among financial conglomerates, i.e., Italian corporate groups with significant activities in the banking and investment services and insurance sectors

2022



**EUROMOBILIARE
PRIVATE BANKING**

Creation of a new legal entity consisting of Banca Euromobiliare and Credem's private banking channel.

Credem's private banking became part of the new company in February 2023. The project represents a decisive step in the positioning, specialisation and development of the Group's private banking business

2018

Primogeniture in fee only: Euromobiliare Advisory SIM was created

A Modern Entrepreneurial Group

The parent company was originally founded in 1910 as Banca Agricola Commerciale di Reggio Emilia, a private local bank located in Emilia Romagna.

The present day name of Credito Emiliano S.p.A. was established in 1983, when the control of Banca Belinzaghi - Milan was acquired, the Group's first major step towards expansion out of its region.

Credem and its subsidiaries form a medium-large sized group, now present throughout almost all of Italy, while maintaining its traditional roots in Emilia Romagna.

94

PROVINCES

19

REGIONS

Reggio Emilia

CENTRAL MANAGEMENT

445

BRANCHES

Key:



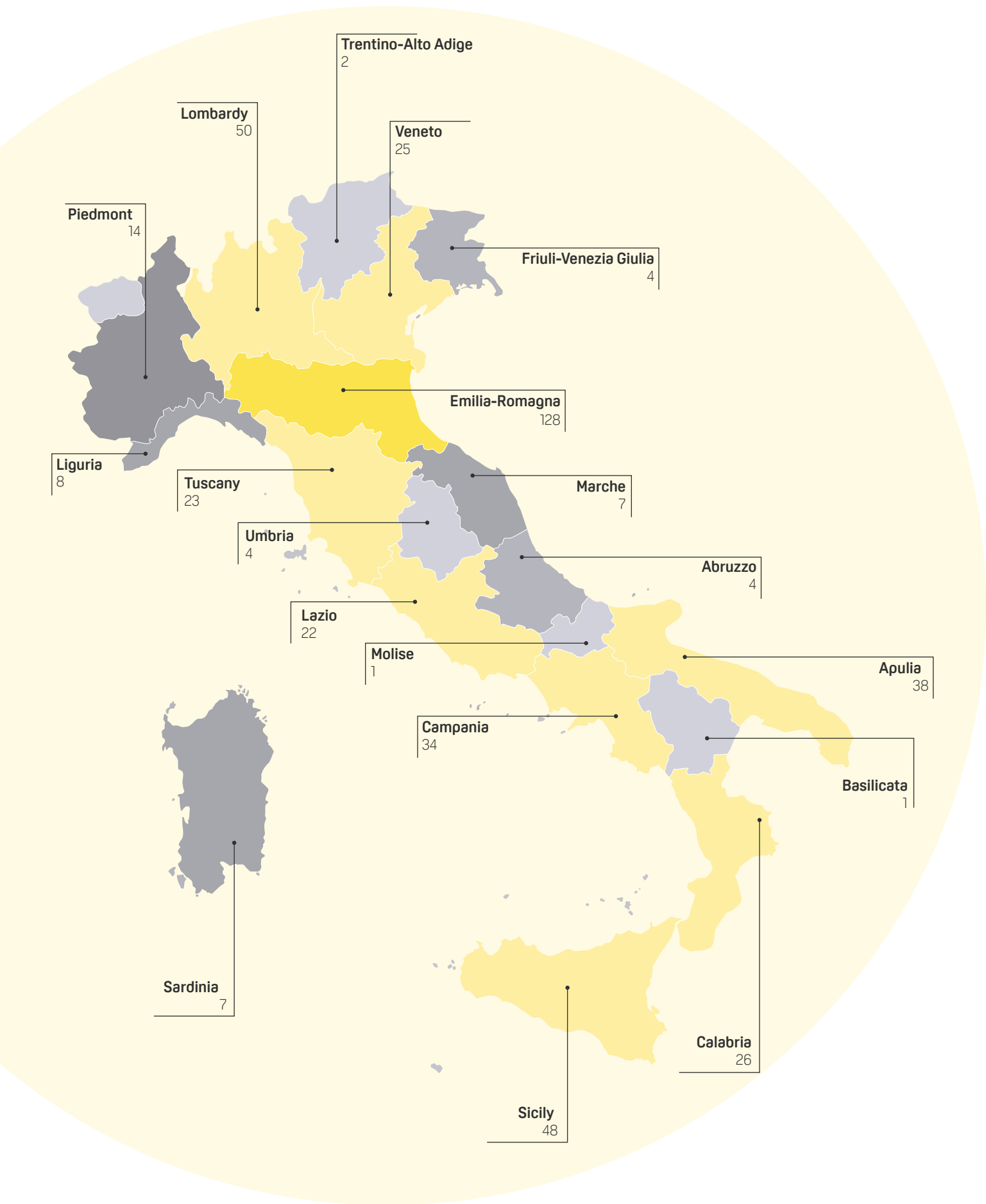
REGIONS WITH THE MOST BRANCHES



7,957
EMPLOYEES AND
COLLABORATORS



1,335,161
CUSTOMERS



Mission and Values

MISSION

Excellence in the creation of value over time, with a focus on the substance and form of our actions:

ensuring sustainable profitability for shareholders

offer customers effective, efficient solutions

ensure professional growth opportunities for employees, in a meritocratic context characterised by skills and expertise

VALUES

The company values are the summary of our organisational identity:

Passion

motivation and personal involvement

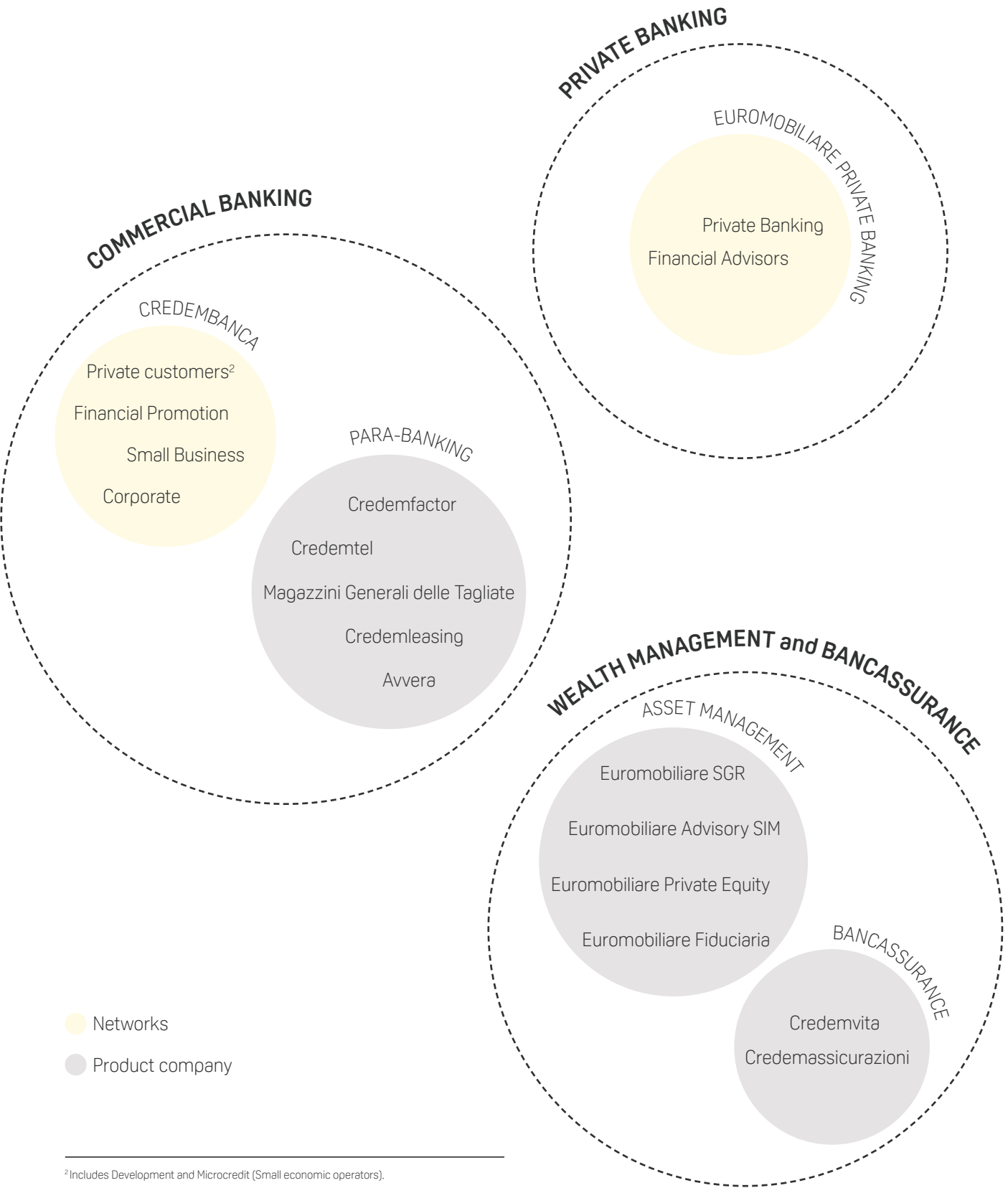
Responsibility

proactivity and expertise

The Group's activity is therefore aimed at achieving a socially generative purpose for all stakeholders:

DOING THINGS WELL.
To improve all our stakeholders' well-being

Group Structure: a Multi-Specialised Organisation



16

**SPECIALISED COMPANIES
COMPLEMENTING THE ACTIVITIES
OF THE PARENT COMPANY**

The activity of the banking Parent Company is supported and completed by 16 companies specialised in commercial banking, wealth management, bancassurance and consumer finance, which enhance and diversify the Group's business model.

The Group's main two business sectors are **commercial banking** and **wealth management**.

Commercial banking relates to the distribution of financial products and services to the Group's retail and corporate customers.

Wealth management concerns the management of mutual investment funds, SICAVs, portfolio management, private equity and hedge funds.

The area is further characterised by two insurance companies operating in life and non-life insurance, respectively:

- Credemvita S.p.A., fully consolidated and 100% owned by Credem
- Credemassicurazioni S.p.A., 50% owned in joint venture with Reale Mutua Assicurazioni.

The Group's strategy is geared towards the definition of a multi-specialised business structure, aimed at:

creating a single hub specialised in private banking, through the merger of Banca Euromobiliare and Credem's private banking structure.

Finalised in February 2023, the project is a decisive step in the development of the Group's private banking business, which had already begun in October 2020 with the creation of a single governance structure

evolving and specialising the asset management and bancassurance offer model

consolidating the subsidiary Avvera by specialising in mortgage brokerage, the placement of salary-backed loans and the disbursement of personal loans

ensuring a sustainable growth path for commercial banking through an offering of digital, innovative financial services and the contribution of the following subsidiaries:

- **Credemleasing**: a financial leasing company (car and vehicle leasing, capital equipment leasing, real estate leasing and nautical leasing) and long-term rentals
 - **Credemfactor**: a company specialising in the management, administration, collection and advances on receivables of the assigning company
 - **Credemtel**: a company specialising in the provision of digital services and electronic document management projects. To further qualify its offer, the company acquired a 75% stake in Blue Eye Solutions S.r.l. and SATA S.r.l. (the latter increased to 100% during the last year), two companies operating in the technology sector related to the production and marketing of software products
-

1.1 Governance Model

As parent company of the Credito Emiliano banking group, Credito Emiliano S.p.A. has adopted a traditional governance and control model, characterised by the presence of the following corporate bodies: **Shareholders' Meeting, Board of Directors, Executive Committee, Board of Statutory Auditors.**

Shareholders' Meeting

An occasion for meetings between Shareholders, Directors and Management, it deliberates in ordinary and extraordinary sessions on matters reserved to it by law, the Articles of Association and secondary legislation

Board of Directors³

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.

Breakdown

50%

PROPORTION OF WOMEN

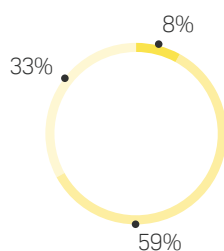
50%

LEGAL EXPERTISE

50%

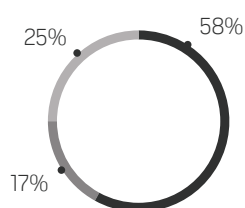
ECONOMIC AND FINANCIAL EXPERTISE

Age groups



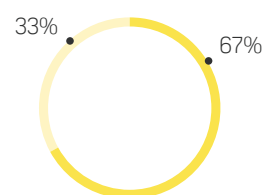
- < 50 years
- 50-65 years
- > 65 years

Seniority in office



- < 4 years
- 4-9 years
- > 9 years

Independence



- not independent
- independent

³ The BoD is composed of 50% women and 50% men, in full respect of the legislative requirements currently applicable to the bank with reference to the gender distribution criterion. 8% of all members are under 50 years old, 59% are between 50 and 65 while 33% are over 65.

Following its renewal in 2021, the Board has achieved full gender parity with a decrease in average age from 61 to 56. Each member shall remain in office for no more than three years and can be re-elected until reaching the age of 75⁴. The composition ensures the fulfilment of requirements, gender balance and the presence of independent directors (33%), in order to guarantee the quality of corporate strategies and optimised social value for stakeholders.

The Board also ensures that the bank:

- prepares and implements induction and training programmes for the members of the Bodies and succession plans for the top executive positions: the appointment of members and the replacement of Directors are governed by the Articles of Association and the Succession Plan
- activates a policy for managing dialogue with shareholders and other relevant stakeholders, keeping itself constantly informed, through the Chairman, on the development and significant contents of the dialogue that has taken place: the principles and guidelines are governed by specific internal regulations and published in the Sustainability and Investor Relations sections of the Parent Company's website⁵.

During 2022, the Board of Directors was informed on a quarterly basis about the development of the dialogue policy. Two conference calls were also held with shareholders, including and highlighting the Group's sustainability strategies.

The Parent Company carries out the initial and ongoing assessment of the suitability of the members of the management body and the heads of the main corporate departments and communicates transparently and honestly with the European Central Bank and the competent national authorities.

Each member of the Board of Directors is assessed on the basis of the following criteria, which are established in the Capital Requirements Directive:



PROFESSIONAL EXPERIENCE AND TECHNICAL EXPERTISE



RESPECTABILITY



CONFLICTS OF INTEREST (PERSONAL, BUSINESS, PROFESSIONAL, COMMERCIAL, FINANCIAL AND POLITICAL) AND INDEPENDENT JUDGEMENT



AVAILABILITY OF TIME



OVERALL SUITABILITY OF THE MANAGEMENT BODY

Following the evaluations carried out, the Central European Bank issued a positive decision regarding the suitability of the Parent Company's Board of Directors.

⁴ A person who has reached the age of seventy-five cannot be elected Director.

⁵ <https://www.credem.it/content/credem/it/gruppo-credem/sostenibilita.html>

<https://www.credem.it/content/credem/it/gruppo-credem/investor-relations.html>

The following Board Committees perform investigative, advisory and recommendation functions to support the Board of Directors and are **chaired by independent Directors**:

- **Group Internal Board Appointments Committee and Group Internal Board Remuneration Committee:** support the Board of Directors and other decision-making bodies of the Parent Company in the areas of specific competence
- **Group Internal Board Risk and Sustainability Committee:** supports the Board of Directors in evaluating and deciding on risk management and the system of internal controls to contribute to the Group's sustainable success. The Committee has been given specific responsibility for **sustainability to oversee the non-financial reporting process and environmental, climate and social risks since 2021**
- **Internal Board 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

Executive Committee

Appointed by the Board of Directors, it 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

Supervises compliance with legislation and the adequacy of the organisational, administrative, reporting and control systems. The Board of Statutory Auditors of Credito Emiliano also carries out the role of Supervisory Body pursuant to Italian Legislative Decree 231/2001 (also referred to as SB 231)

1.2 Sustainability Governance

Board of Directors

19

**SESSIONS WITH ESG
FOCUS IN 2022**

It oversees, steers and approves the sustainability strategy and the Non-Financial Statement, in particular:

- it contributes to identifying and prioritising the material topics
- it defines the strategic guidelines and sustainability objectives consistent with the prioritised list of material topics
- it approves the Non-Financial Statement and authorises its publication in compliance with Italian Legislative Decree 254/2016
- it assigns the mandate to the Independent Audit Company appointed to certify the NFS and issue a declaration of limited assurance engagement

Group Sustainability Committee

3

**SESSIONS, EVERY FOUR
MONTHS
IN 2022**

Chaired by the General Manager and also including all the Top Managers of Central Management and two members of the Board of Directors, it guarantees managerial and leadership proposals related to the definition of ESG KPIs and stimulates the application and monitoring of the Group's sustainability strategy. The collegiate body is multidisciplinary in nature and is endowed with financial resources to implement projects, stimulate internal training and co-opt experts to spread a culture of sustainability across the board.

In particular:

- it supports the Board of Directors and the Group Internal Board Risk and Sustainability Committee in the strategic proposition in the field of sustainability
- it evaluates and proposes training plans to ensure the appropriate level of knowledge and expertise
- it assesses and proposes the best allocation of financial and human resources
- it continuously monitors sustainability, sectoral and systemic benchmarks
- through the Group Internal Board Risk and Sustainability Committee, it proposes the materiality analysis and the related prioritised list of material topics to the Board of Directors
- it proposes a panel of ESG KPIs to the Group Internal Board Remuneration Committee for the composition of the related scoresheets of the most important personnel

- it defines ESG communication and reporting guidelines
- in the area of ESG issues, it proposes updating the framework to the Board of Directors and monitors the compliance of the related eligible portfolio
- with regard to monitoring environmental and climate risks, it proposes the definition of Level II indicators to the Executive Committee for the integration of the Risk Assessment Framework (RAF)

Group Internal Board Risk and Sustainability Committee

5

SESSIONS WITH ESG FOCUS IN 2022

Following the proposal of the Board of Directors:

- it contributes to the identification, measurement, management and monitoring of key environmental, climate and social risks in order to contribute to the Group's sustainable success
 - it verifies the effectiveness of the Group's monitoring of environmental, climate and social risks, including through input from other committees and assigned departments
 - it oversees the non-financial reporting process (NFS)
-

Institutional Relations and Sustainability Department

The Department oversees the implementation and achievement of sustainability objectives and monitors project activities by coordinating with cross-bank and cross-group working groups for the preparation of the Sustainability Report.

The relevant departments for the reporting process:

- ensure the qualitative and quantitative update of the relevant sections
- ensure first-level control, including through appropriate safeguards, intermediate and final controls attributable to Services, the Commercial Business Unit and Group Companies
- monitor the established targets, taking into account changes to legislation, benchmarking and the best practices in the industry.

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

⁶ Internal feedback questionnaire that helps define the overall satisfaction level of the service provided by BU COMME, Corporate Services and Group companies.

questionnaire⁶.

Following the proposal of the Group Sustainability Committee, in 2022 the Board of Directors of the Parent Company resolved to establish - as of the second quarter of 2023 - a **department dedicated exclusively to corporate sustainability governance** to ensure oversight and coordination with respect to the following project areas: governance, strategy, risk management, metrics and targets.

The Department's MISSION is to contribute to the Group's sustainable success by fully integrating environmental, social and governance factors aimed at creating long-term value for the benefit of shareholders and other relevant stakeholders, ensuring a structured communication and reporting process.

Certifications



SUSTAINABILITY MANAGER

Credem was the first Italian bank to have registered in the Sustainability Manager registry with its own representative, who coordinates the Group's non-financial reporting process.

The Sustainability Manager develops, implements, monitors and contributes to the definition of a sustainable business model, aimed at creating long-term value for shareholders and other relevant stakeholders.

The certification of knowledge, skills and expertise was provided and is renewed annually by CEPAS, a leading institute in the certification of expertise and accredited by the National Accreditation Body ACCREDIA



ESG ADVISOR

Credem achieved certification in 2022 through its own representative, who coordinates the Group's non-financial reporting process. Issued by the European Financial Planning Association (EFPA), which is the most authoritative professional body at European level for the definition of standards and professional certification for Financial Advisors and Financial Planners in the savings sector (valuation of companies and securities, portfolio choices and reporting for customers)

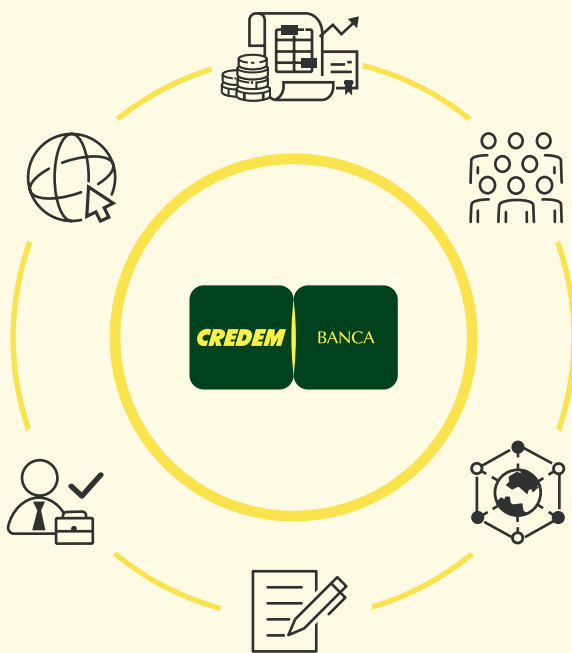
Internal Audit

It assesses the adequacy of the reporting process, verifies compliance with applicable regulations, and ensures the quality and consistency of the NFS through the selection of a sample of data and compliance checks related to the reporting requirements of the Global Reporting Initiative. The department has also defined an ESG Control Framework that will be applied starting in 2023

Board of Statutory Auditors

Supervises compliance with legal provisions and the adequacy of the organisational, administrative, reporting and control system, including the non-financial reporting process

Stakeholder Mapping



SHAREHOLDERS

CUSTOMERS

- Private
- Small, medium and large enterprises

SUPPLIERS

REGULATORY BODIES

- Competition and Market Authority
- Bank of Italy
- European Central Bank
- National Commission for Companies and the Stock Exchange
- Pension Funds Supervisory Commission
- Insurance Supervisory Authority

GROUP EMPLOYEES

Employees and Collaborators

INFOSPHERE

Globalisation of the information space. Including internet, digital telecommunications, mass media

Stakeholder Engagement Process and Activities



MAPPING

identification of the employees or groups of employees influenced by or affecting the organisation



IDENTIFICATION OF TOPICS

identification of issues for which the organisation has a positive or negative impact on stakeholders



ACTION

definition of strategies and activities
- participated and/or shared - oriented towards sustainable development



MEASUREMENT AND COMMUNICATION

measurement of the results achieved and sharing with the relevant stakeholders

Stakeholder register and dialogue tools

STAKEHOLDER	THEMATIC AREA	MAIN DIALOGUE TOOLS AND ENGAGEMENT
SHAREHOLDERS	Shared value Business strategies Corporate governance Environmental and social impacts	Shareholders' Meeting - Conference Calls - Investor Conferences - Roadshows - Direct reports - Corporate website - Sustainability Survey
CUSTOMERS	Satisfaction Privacy and data security Risk monitoring Innovation and Digitisation Sustainable Finance Environmental and social impacts	Satisfaction assessment - Sustainability survey - CoDesign of services - Consulting - Virtual Contact Centre - Virtual meetings - Institutional website - Social media
SUPPLIERS	Collaboration relationship Performance qualification and evaluation Negotiation of conditions Development of partnerships Environmental and social impacts	Supplier participation in online tenders - Meetings and calls - Institutional website - Sustainability survey
REGULATORY BODIES	Legality and regulatory compliance Industry recommendations and best practices Environmental and social impacts	Information flows - Meetings - Institutional website
GROUP EMPLOYEES	Identity and values Skills and expertise Diversity, equity and inclusion Welfare Environmental and social impacts	Climate survey - Company intranet - Top Management communications - Conference calls - Collective and second-level bargaining - Diversity portal - Portal and newsletter - Company welfare - Sustainability survey - Sustainability newsletter - Social media - Institutional website
INFOSPHERE	Shared value Business strategy Corporate governance Environmental and social impacts	Media Relations - Local meetings and events - Annual meetings and update calls with rating agencies and financial analysts - Investor Conferences - Roadshows - Representation on Boards, participation in groups, working tables and technical committees of trade associations - Webinars on climate change with sector stakeholders and participation in questionnaires on environmental impacts - Institutional website - Social media - Sustainability survey - Direct relations

1.3 Stakeholder Engagement

The stakeholder engagement process takes the form of dialogue with all individuals or groups that have an interest and are or could be positively or negatively affected by the Group's activities. Listening to the needs and expectations of stakeholders allows to identify emerging trends, understand relevant environmental and social aspects, assess the appropriate correlation of risks and opportunities and foster synergistic integration in the strategic planning process.

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



INCLUSIVITY
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



CONSISTENT RESPONSE TO EXPECTATIONS
ensure a coherent response to the expectations and concerns expressed through targeted decisions, actions and communications

Shareholders, investors, analysts, customers and Group employees were directly involved through specific online surveys and/or conference calls/focus groups that favoured participation in the definition of the material topics and the subsequent process of comparison and analysis by the Group.

In 2022, 61,417 stakeholders⁷ were involved in engagement activities: 85% responded to the surveys received.

61,417
TOTAL STAKEHOLDERS INVOLVED

85%
STAKEHOLDERS WHO RESPONDED TO THE SURVEYS

⁷10,782 stakeholders were involved in the sustainability surveys: 3,429 shareholders, 400 analysts and investors, 6,258 Group employees and 173 suppliers, 522 customers through CredemLab. Furthermore, 50,635 customers were involved: 935 through the reputational risk questionnaire, 23,100 through the Customer Satisfaction Index, 550 through IB Satisfaction surveys, 750 through Call Centre Satisfaction surveys, 23,100 through the Net Promoter Score, 1,700 through Product Satisfaction surveys, 500 involved through Mobile Satisfaction.

1.4 Materiality Analysis

The materiality analysis was carried out in line with the new Global Reporting Initiative (GRI) standards, in particular GRI 3 Material Topics 2021, which includes the concept of due diligence and reinforces that of the most significant impact - positive/negative, actual/potential, etc. - of the organisation on the economy, environment, people and human rights.

A new concept of materiality has therefore taken over, replacing the previous independent evaluation criteria, represented by the stakeholders and the organisation (materiality matrix). In fact, the very definition of stakeholders as individuals or groups that have an interest in and could be positively or negatively influenced by the organisation's activities has been modified, with its relative role with respect to the organisation's ability to successfully implement its strategies and achieve its objectives having been scaled down.

The analysis process was therefore structured according to the following steps:



RELEVANT SUSTAINABILITY TOPICS FOR THE FINANCIAL SECTOR WERE IDENTIFIED



THE SELECTED TOPICS WERE SUBJECTED TO AN ASSESSMENT OF RELEVANCE BY THE GROUP'S STAKEHOLDERS THROUGH AN ONLINE SURVEY⁸

⁸ Comparison Section 1.3 Stakeholder Engagement



FOR EACH SELECTED TOPIC, THE GROUP'S MAIN POSITIVE AND NEGATIVE IMPACTS ON THE ECONOMY, ENVIRONMENT, PEOPLE AND HUMAN RIGHTS WERE ALSO IDENTIFIED THROUGH THE ANALYSIS OF EXTERNAL NATIONAL, EUROPEAN AND INTERNATIONAL SOURCES AND A CONTEXTUAL BENCHMARK AND MARKET ANALYSIS

The following external sources were taken into account:

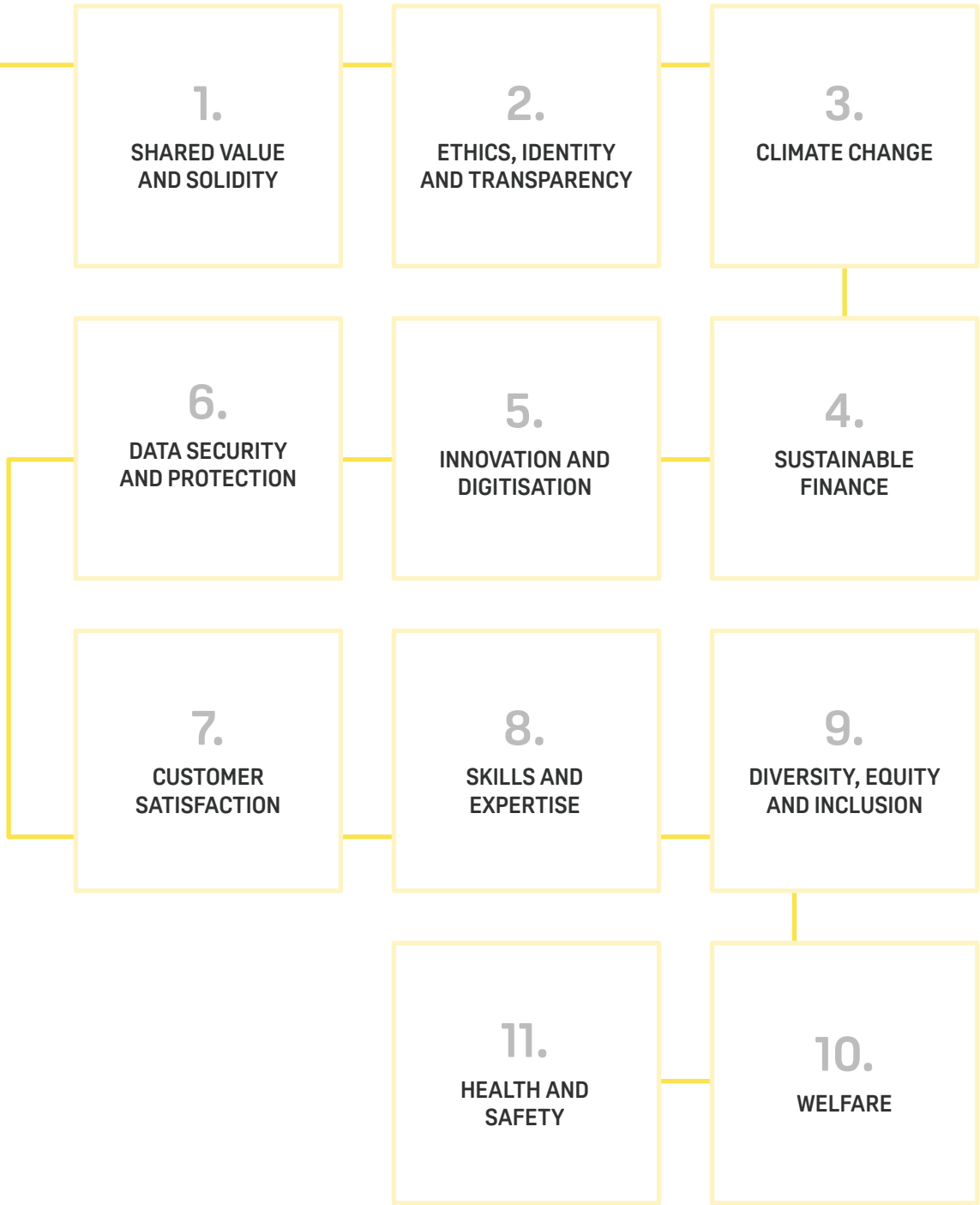
- Bank of Italy - Supervisory expectations on climate and environmental risks (2022)
- European Central Bank - Supervisory Priorities 2022 2024
- CORPORATE GOVERNANCE COMMITTEE - Corporate Governance Code (2020)
- CSRD - Corporate Sustainability Reporting Directive - (EU Directive 2022/2464)
- ESMA - European Securities and Markets Authority - European common enforcement priorities for 2022 annual financial reports
- Sodalitas Foundation - Charter for Equal Opportunities (2009)
- ILO - International Labour Organisation - Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- IPCC - Intergovernmental Panel on Climate Change - Sixth Assessment Report (2021-2022)
- NGFS - The Network of Central Banks and Supervisors for Greening the Financial System - Website 2022
- OECD - Organisation for Economic Cooperation and Development - Guidelines for Multinational Enterprises
- OECD - Due Diligence Guide for Responsible Business Conduct
- UN - Guiding Principles on Business and Human Rights
- SFDR - Sustainable Finance Disclosure Regulation (EU Regulation 2019/2088)
- SASB - Sustainability Accounting Standards Board - Website 2022
- TCFD - Task Force on Climate-related Financial Disclosures - Guidance on Metrics, Targets and Transition Plans (2021)
- European Green Deal - European Commission Strategy (2019/2020)
- EU Taxonomy (EU Regulation 2020/852)
- WBCSD - World Business Council for Sustainable Development - CEO Guide to Human Rights (2020)
- WEF - World Economic Forum - The Global Risk Report 2022
- WEF - World Economic Forum - Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation (2020)



THE ABOVE AFOREMENTIONED FINDINGS WERE WEIGHTED BY MEANS OF A QUALITATIVE ANALYSIS OF RELEVANCE ALSO CARRIED OUT THROUGH THE CONTRIBUTION OF THE MAIN INTERNAL REFERENCE SOURCES (STRATEGIC INDUSTRIAL PLAN AND INTERNAL REGULATIONS)



THE OVERALL FINDINGS OF THE ANALYSIS WERE COMPILED INTO THE FOLLOWING
PRIORITISED LIST OF MATERIAL TOPICS:



THE PRIORITISATION CARRIED OUT MEETS THE FOLLOWING OBJECTIVES:

ensure the Group's focus on the creation of shared value, in line with the definition of sustainable success⁹ set out in the Corporate Governance Code 2020

ensure the centrality the Group attributes to corporate conduct (ethics and identity) and transparency, in line with the main corporate sustainability reporting indices and the Corporate Sustainability Reporting Directive (CSRD)

include and give increasing relevance to climate change, sustainable finance, innovation and digitisation given the priority they are assigned by the Central Bank and the European Commission to ensure the transition to a sustainable, low-carbon economy

include core business topics qualifying for corporate sustainability (data security and protection, customer satisfaction) or considered enabling factors for its progressive integration into the Group business model (skills and expertise, diversity, equity and inclusion, corporate welfare, employee health and safety)

The prioritised list was shared with the Sustainability Committee, the Group Internal Board Risk and Sustainability Committee - also to assess the monitoring of risks in synergy with the Enterprise Risk Management Department - approved by the Board of Directors and reflected in the integrated strategic business plan.

The material topics are closely related to the Management Business Objectives¹⁰.



THE GROUP HAS ESTABLISHED A CORRELATION BETWEEN SUSTAINABILITY OBJECTIVES AND REMUNERATION POLICIES.

82% of the prioritised topics are related to individual KPIs attributed to Top Management and included in the remuneration policy. The weight given to each KPI ranges from 10% to 40%.

In 2022, a summary sustainable development indicator was established and assigned to the Top Managers of Central Management and the Executive Directors consisting of the following items:



*The weight given to this indicator is 10%.

Measured as final balance in 2023, the indicator achieved the following results:

- **115%:** Reduction in CO₂ emissions - Direct (Scope 1) GHG emissions
- **150%:** Sustainable Finance - Group Net Production from ESG Wealth Products
- **95%:** ESG training (% ESG training hours out of total training hours)
- **110.5%:** Gender equality
- **109%:** Compliance with the multi-year plan on environmental and climate risks - Percentage of completion compared to project planning (Assessment by the Group Internal Board Risk and Sustainability Committee)

⁹ Aim guiding the actions of the management body and embodied in the creation of long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the company, Corporate Governance Code.

¹⁰ Management by Objectives, hence the acronym MBO, is a method of personnel management based on results achieved against pre-set targets.

1.5 UN Agenda 2030

The 2030 Agenda for Sustainable Development was signed in 2015 by the governments of the 193 UN member states. It includes 17 common goals for sustainable development and is an action programme for people, planet and prosperity.



The Group's sustainability objectives are related to the UN 2030 Agenda and integrated in the strategic business plan, which also incorporates the following metrics and principles for reporting the sustainable value of organisations defined by the World Economic Forum:

PRINCIPLES OF GOVERNANCE

The principles of accountability and good governance must also be extended to the higher purpose of the company and the creation of shared wealth

PLANET

Safeguarding the planet is a corporate imperative: assessing and minimising impacts on natural resources and taking action to combat climate change with the forward-looking aim of ensuring a future for new generations

PEOPLE







The company must operate by focusing on employees and their well-being, guaranteeing dignity and equal treatment, inclusion, the development of talents, health and safety

PROSPERITY

The company must ensure the generation of profit to remunerate the capital invested, but also create value for all stakeholders in the long term

Strategic Business Plan 2020-2023:

PRINCIPLES OF GOVERNANCE






SDGs	OBJECTIVES ¹¹	Target 2023 ¹²	ACHIEVEMENT 2022 ¹³
STAKEHOLDER ENGAGEMENT			
	Increase the number of people involved in stakeholder engagement activities	+20%	+127%
MANAGEMENT BY OBJECTIVES (MBO) ON 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	82%
BOARD INDUCTIONS			
  	Share of ESG training sessions	20%	75%
<div> <div></div> Target achieved in 2020 and/or 2021 <div></div> Target achieved in 2022 </div>			

¹¹ The goals were related to the policies defined with the SDGs (Sustainable Development Goals) of the UN 2030 Agenda.

¹² The data and information as at 31.12.2019 are considered as a baseline for the 2023 targets.

¹³ The data and information as at 31.12.2019 are considered as a baseline for the 2022 targets.

PLANET

SDGs	OBJECTIVES ¹⁴	Target 2023 ¹⁵	ACHIEVEMENT 2022 ¹⁶
CIRCULAR ECONOMY			
	Waste disposed by recycling	<u>98%</u>	100%
	Use of recycled paper	<u>98%</u>	100%
	Reuse of hardware	<u>100%</u>	100%
ENERGY SAVING			
	Reduction of internal energy consumption	10%	<u>10%</u>
CARBON NEUTRALITY			
	Scope 1 emissions: reduction of direct GHG emissions from internal company activities (heating and company cars)	<u>-12%</u>	-18%
	Scope 2 emissions: reduction of indirect GHG emissions resulting from the generation of purchased electricity	<u>-19%</u>	-24%
	Scope 3 emissions ¹⁷ : reduction of indirect emissions due to the company's activity (business travel, paper consumption)	<u>-10%</u>	-42%
	Compensation of CO ₂ emissions through reforestation projects	100% in 2025	
<div> <div></div> Target achieved in 2020 and/or 2021 <div></div> Target achieved in 2022 </div>			




¹⁴ The goals were related to the policies defined with the SDGs (Sustainable Development Goals) of the UN 2030 Agenda.

¹⁵ The data and information as at 31.12.2019 are considered as a baseline for the 2023 targets.

¹⁶ The data and information as at 31.12.2019 are considered as a baseline for the 2022 targets.

¹⁷ For the Scope 3 data, the scope is limited to business travel emissions and paper consumption, consistent with the reporting published in 2020.

PEOPLE

SDGs	OBJECTIVES ¹⁸	Target 2023 ¹⁹	ACHIEVEMENT 2022 ²⁰
WELFARE			
	Increased use of/subscriptions to services provided by the welfare plan through enhanced engagement	+20%	+7%
GENDER EQUALITY			
	Equal salary certification	Maintaining certification	Maintaining certification
TRAINING			
	Share of e-learning training on the total training provided	<u>70%</u>	81%
	Share of voluntary training on the total training provided	15%	14.2%
AGILE WORK			
	Encouraging agile work	<u>22%</u>	86%

— Target achieved in 2020 and/or 2021




— Target achieved in 2022

¹⁸ The goals were related to the policies defined with the SDGs (Sustainable Development Goals) of the UN 2030 Agenda.

¹⁹ The data and information as at 31.12.2019 are considered as a baseline for the 2023 targets.

²⁰ The data and information as at 31.12.2019 are considered as a baseline for the 2022 targets.

PROSPERITY

SDGs	OBJECTIVES ²¹	Target 2023 ²²	ACHIEVEMENT 2022 ²³
RECRUITMENTS			
	Increased recruitment, favouring younger generations	<u>800 Employees</u>	1,344
MONITORING CUSTOMER RELATIONS			
	Monitoring satisfaction with the level of service provided	<u>82/100</u>	82/100
FINANCE FOR THE SDGS			
	Increased ESG product range	<u>+30%</u>	+750%
FINANCIAL EDUCATION			
	Increase in customers, students and communities involved in financial literacy initiatives	<u>+30%</u>	+91%
<div> <div></div> Target achieved in 2020 and/or 2021 <div></div> Target achieved in 2022 </div>			

²¹ The goals were related to the policies defined with the SDGs (Sustainable Development Goals) of the UN 2030 Agenda.

²² The data and information as at 31.12.2019 are considered as a baseline for the 2023 targets.

²³ The data and information as at 31.12.2019 are considered as a baseline for the 2022 targets.

1.6 Ethical, Responsible and Transparent Business Management

Policies and regulations contribute to ensuring ethics and integrity in business management.



INTERNAL CODE OF CONDUCT²⁴

defines the ethics, company values and rules of conduct with employees and external collaborators, personal operations, internal organisation and stakeholder relations

1 CODE OF ETHICS

for:

- defining standards of good conduct with regard to company policies and procedures
- sensitising all those who, with regard to the supply of goods and services, could, with the direct or indirect, active or failed collaboration of employees and/or external collaborators of Credito Emiliano S.p.A., commit offences in the interest or to the advantage, even or only, of the bank itself
- sensitising employees on the expected virtuous behaviour
- ensuring compatibility between the Group's objectives and the interests of civil society

1.1 CODE OF ETHICS AND CONDUCT FOR FINANCIAL ADVISORS AUTHORISED TO OFFER OFF-SITE AND AGENTS

includes principles aimed at ensuring fairness, morality and honesty

1.2 ORGANISATION, MANAGEMENT AND CONTROL MODEL (OMC)²⁵

Credem, together with the other Group companies, aware of the need to ensure the conditions of correctness and transparency in the performance of its business and business activities²⁶, have implemented the indications of Italian Legislative Decree 231/2001 regarding the Guidelines for the administrative liability of legal entities, companies and associations without legal responsibility through the adoption of an **Organisation, Management and Control Model (OMC)** aimed at preventing and combating the risk of the crimes envisaged in the Decree.

²⁴ Failure to comply with the code of conduct is subject to disciplinary sanctions under art. 44 of the national collective agreement for the credit sector: the disciplinary measures applicable, depending on the seriousness or recidivism of the misconduct or the degree of guilt, are: a) verbal reprimand; b) written reprimand; c) suspension from service and from pay for a period not exceeding 10 days; d) dismissal for significant breach of the employee's contractual obligations (justified reason); e) dismissal for such serious misconduct that the relationship cannot be continued, even temporarily (just cause).

²⁵ <https://www.credem.it/content/dam/credem/documenti/governance/d-lgs-231-2001/Modello%20di%20Organizzazione,%20Gestione%20e%20Controllo%20-%20Parte%20Generale.pdf>

²⁶ Credemholding and Credem CB are excluded from the scope.

The Special Section of the OMC identifies 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). A potential risk index (PIR) is attributed to the offences related to:

- 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 *Non-business Relevant* crimes.

The Special Section also indicates the monitoring (control protocols) designed to prevent the occurrence of unlawful conduct under Italian Legislative Decree 231/2001 and the relative applicable penalties.

The General Section of the OMC 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

With reference to the financial year 2022, there were no cases of corruption and/or anti-competitive, anti-trust and monopolistic behaviour .

The **Board of Statutory Auditors** of each Group company that has adopted an OMC has been allocated the role of **Supervisory Body** pursuant to Italian Legislative Decree no. 231/2001, 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.

At the proposal of the Supervisory Body, in 2021 Credem's Board of Directors approved the updates to the OMC related to the regulatory and organisational changes and the provision of new information flows to the Supervisory Body.

The updated Model has been made available to the company population for mandatory viewing.



In 2022 Credem' Supervisory Body promoted two training webinars²⁷ addressed to the members of the Boards of Directors, the Supervisory Bodies and to many employees of Credem and Credem Group companies.

An online course on the administrative liability of entities was also created for the entire corporate population, focusing on the following topics:

- legal nature of the liability of entities
- conditions for administrative liability of the entity
- 231 liability offences
- burden of proof
- the sanctions system
- the adoption of organisation and management models
- the 231 Model in the Credem Group
- the Supervisory Body
- Whistleblowing

There were no significant fines or penalties for non-compliance with laws and regulations in 2022.

²⁷ "The second pillar of the '231' architecture: the Supervisory Body. The information flow system and competence checks" and "The 231 Model: corruption offences, whistleblowing and the new Confindustria guidelines" and one online training course for certain Group employees "Companies and the new 'Guidelines': 'keeping' the OMC".

2 WHISTLEBLOWING OR INTERNAL VIOLATION REPORTING SYSTEM

leads to an internal regulatory system, consistent with the external regulations in force, which defines protective measures to ensure the confidentiality and protection of the personal data of the whistleblower of the anomalous case and of the reported person.

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 by virtue of his/her employment. **Reports can be made using a dedicated digital channel** (Whistleblowing platform), by paper or electronic means, by e-mail addressed to a dedicated inbox. The indications received are examined and evaluated by the Internal Audit Department to ensure autonomy and independence. The Compliance Department plays the role of Supplementary Manager of the Whistleblowing System if the case concerns the Audit Department itself.

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 whistleblower can personally verify, through the use of personal codes (dedicated username and password provided by the platform itself), the acceptance and progress of their report when it is sent through the dedicated digital platform.



In collaboration with the Credem Academy, a mandatory training video film was created in snippets, which recalls the possibility of reporting anomalous behaviour, as well as the protections reserved for whistleblowers and those reported: as of December 2022, it has been seen by 96% of employees/collaborators.

During 2022, moreover:

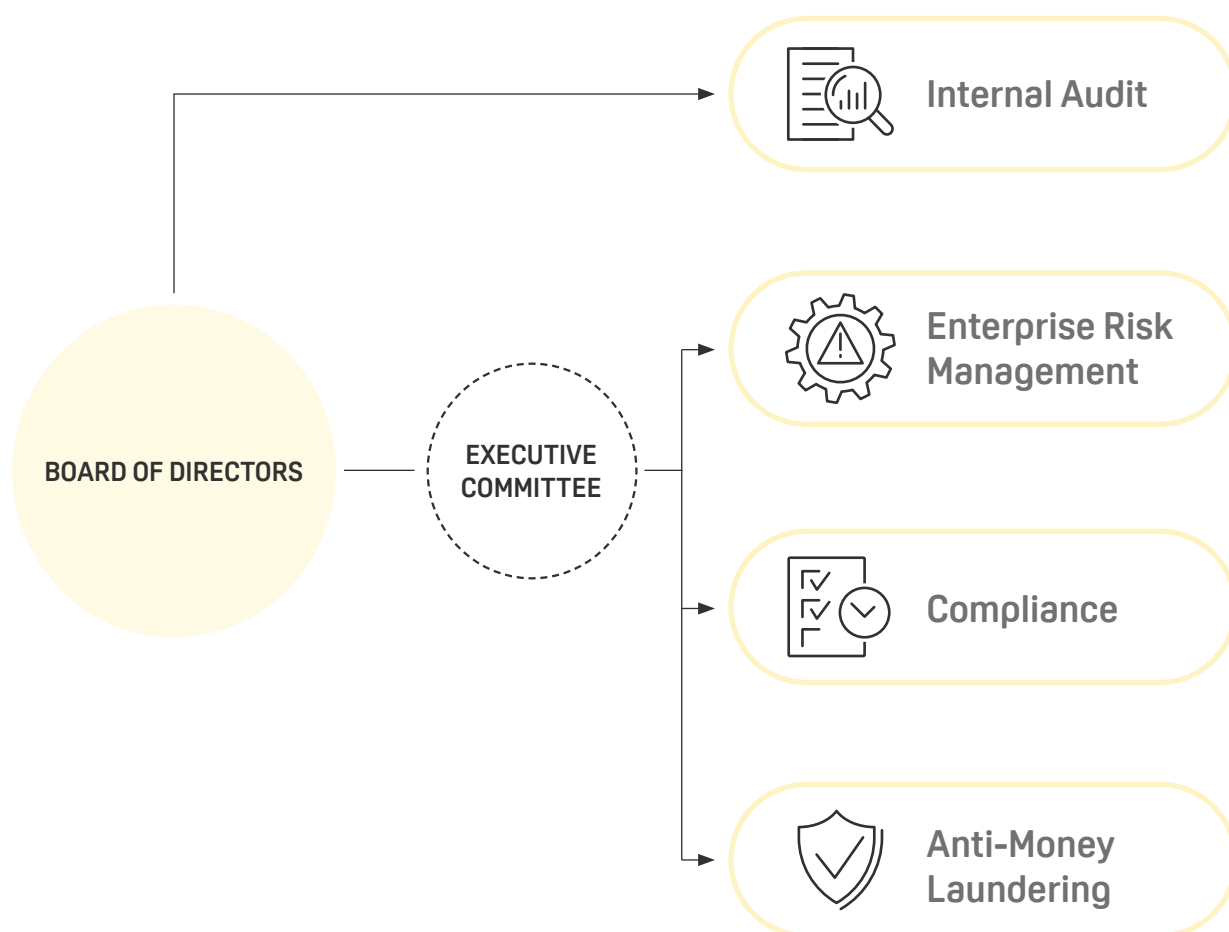
- an awareness-raising activity was carried out that was addressed to all Group employees, which involved sending an email concerning the Whistleblowing process in order to remind them of the methods and tools for making reports with complete protection and confidentiality
- the Whistleblowing Manager of the Internal Audit Department has begun a process for adapting to the changes introduced by Directive (EU) 2019/1937 (transposed 09/12/2022) "on the protection of whistleblowers reporting breaches of Union law", which will introduce several adjustments in 2023, including broadening the scope of people who can use the whistleblowing procedure.

No whistleblowing reports were received in 2022. There were, however, three *other reports* that did not fall within the scope of whistleblowing, but which were nevertheless handled in the same manner and with similar information flows.

1.7 Internal controls

The Internal Control System consists of the set of rules, functions, structures, resources, processes and procedures that aim to ensure, in compliance with sound and prudent management, the achievement of the following aims:

- verification of the implementation of corporate **strategies** and **policies**
- **limitation of risk** within the maximum accepted limit (risk tolerance or risk appetite)
- safeguarding **asset value** and protecting against losses
- effectiveness and efficiency of **business processes**
- reliability and security of **company information** and **IT procedures**
- prevention of the risk of the bank being involved, even unintentionally, in **unlawful activities** (with particular reference to those related to money laundering, usury and terrorist financing)
- **compliance** of transactions with the **law and supervisory regulations**, as well as with internal policies, regulations and procedures





Internal Audit

The Internal Audit Department carries out audits aimed at assessing the inherent riskiness of particular areas of activity and designed to ascertain that rules and procedures are being respected and that corporate conduct is correct.

During 2022, the controls focused on:

- **emerging risks arising from the Russian war in Ukraine** to assess the impact on the main risks (operational, credit, capital, reputational risks, etc.) due to changes in existing processes, new restrictive measures, exposures to countries affected by the conflict
- **IT outsourcing, cyber risk and fraud risk**, carrying out third-party risk analysis activities: sharing IT and cybersecurity risk analysis methodology; monitoring the remediation plan on cybersecurity aspects outsourced to the supplier Cedacri²⁸; trends of training for employees and clients on cybersecurity; monitoring technological obsolescence; reporting internal and external fraud risk
- **climate and environmental risk**, verification of the structuring process, pricing, market analysis and on-going management of the first ESG bond issued by Credito Emiliano
- **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
- **risky assets under administration**, through monitoring campaigns aimed at guarding against the risks associated with asset concentration and to gain a better understanding of the numerical results of transactions carried out independently by customers in the advanced channels.

The results of the audits carried out revealed a substantially adequate Internal Control System in relation to the macro-areas examined.

Any issues detected during audits are constantly monitored through follow-up processes by the Internal Audit Department and their resolution is assigned to the relevant Departments according to agreed terms and procedures.

The Audit Service also started launched a project activity in 2021 that was completed in 2022 and aimed at defining an internal ESG framework.

The main activities carried out concerned:

- the creation of a relevance matrix that allows:
 - a view of the impact of ESG regulatory requirements on the Group's business areas
 - an overview of the adaptation level of the impacted areas
- mapping macro risks and control objectives
- the identification of priorities for action on which future audit exercises should be based.

The ESG planning activities for 2023 were identified and defined by applying the above framework.

²⁸ Leading company in outsourcing services for the banking sector, financial institutions and tax collection agencies.



Enterprise Risk Management

Enterprise Risk Management is entrusted with the identification, assessment, measurement and monitoring of climate and environmental (C&E) risks.

As part of the activities carried out for the materiality analysis, the department is responsible for assessing these risks through specific analyses aimed at measuring the Group's exposure, adopting methodologies in line with the practices adopted by the Regulator and the best practices observed in the market.

ERISK also coordinates the measurement and monitoring activities related to C&E risk factors on key risks, consistent with the risk map used for the materiality analysis.

In particular, it verifies that internal procedures are adequate to ensure compliance with the risk appetite limits defined in the Risk Appetite Framework.

In 2022, the department participated in cross-functional working groups on ESG risk management²⁹ and the activities required by the European Central Bank (assessment questionnaire and definition of the corresponding action plan, Climate Stress Test and Climate Thematic Review).

Consistent with the action plan communicated to the European Central Bank, developments were also applied to the risk materiality analysis used by the Enterprise Risk Management Department and underlying the main risk management processes (RAF, ICAAP, ILAAP, RRP, etc.)³⁰. In particular, in order to fully capture the impact of climate and environmental risks on the main existing risk categories, the integration of the latter was assessed, identifying at least one new sub-category of risk for each:

- **credit risk related to physical and transition risks:** the risk that a weather event (acute and/or chronic), other environmental factors (e.g., water stress, pollution) or the transition to a more sustainable economy (e.g., low-carbon economy) may have an impact on the counterparty's creditworthiness or collateral value in the short, medium and/or long term
- **market risk related to physical and transition risks:** the risk that a weather event (acute and/or chronic), other environmental factors (e.g., water stress, pollution) or the transition to a more sustainable economy (e.g., low-carbon economy) may lead to an unfavourable trend in market variables and thus to a reassessment of market risk in the short, medium or long term
- **operational risk related to physical and transition risks:** the risk that environmental phenomena, resulting from acute natural events (e.g., landslides, floods) and/or chronic events (e.g., rising temperatures) or from the transition to a more sustainable economy, may impact the organisation in the short, medium and/or long term (in terms of operational losses, e.g., due to sanctions)
- **liquidity risk related to physical and transition risks:** the risk that a weather event (acute and/or chronic), other environmental factors (e.g., water stress, pollution) or the transition to a more sustainable economy (e.g., low-carbon economy) may have an impact on the institution's stable sources of funding in the medium to long term (e.g., due to unexpected price redefinition) and on its securities
- **strategic and business model risk related to physical and transition risks:** risk of incurring losses due to a lack of responsiveness in repositioning business to adapt to external changes (market, regulatory, etc.) aimed at a more sustainable economy (e.g., low-carbon) and to cope with/mitigate the impacts of possible weather events (acute and/or chronic) and other environmental factors (water stress, pollution)

²⁹ ESG Factors (Environmental, Social, Governance).

³⁰ RAF: Risk Appetite Framework - ICAAP: Internal Capital Adequacy Assessment Process - ILAAP: Internal Liquidity Adequacy Assessment Process - RRP: Relevant Reputational Protocol

- **reputational risk related to physical and transition risks:** the current or prospective risk of incurring losses due to business conduct and behaviour relative to which the public, the entity's counterparties and/or investors associate the Group with adverse climatic and environmental effects
- **ESG risks:** risks of a negative financial impact resulting from current or prospective effects on counterparties or invested assets by the following factors:
 - **Environmental:** related to the possible impacts of processes, products and services on natural resources, air, water, soil, biodiversity and human health
 - **Social:** related to safety, working conditions and health, labour rights, human rights, gender participation and equity, etc.
 - **Governance:** related to anti-corruption, anti-money laundering, presence of initiatives and rules to ensure ethical business, sound and transparent governance, risk management and cybersecurity.

Based on these definitions, the relevance analysis was conducted using either quantitative or qualitative approaches.

Other climate-environmental risk management activities carried out in 2022 included:

- integration, also for the 2022 Risk Appetite Framework, of a qualitative statement on climate and environmental risks ³¹
- integration of the stress scenario used for the 2022 Recovery Plan with climatic/ environmental factors
- introduction of specific KRI indicators for credit and market risk monitored in the Group Risk Management Committee.



Compliance

This department oversees the management of regulatory non-compliance risk, carrying out the necessary analyses when there is a change in the regulatory framework in order to verify the adequacy of the Group's operational structure in relation to the applicable provisions. The activity serves for the subsequent adaptation of internal processes and procedures by the relevant owners, after the Compliance Department's validation of the conformity of the adopted solutions.

In addition to the usual monitoring of regulatory developments, particular efforts were devoted to the following areas in 2022:

- regulatory change management support with regard to **the integration of sustainability into investment and insurance distribution services**
- consultancy in the planning area for the transformation of Banca Euromobiliare into a legal entity dedicated to private banking, for the digitisation of processes for the provision of investment, insurance, banking and payment services, for the definition of the necessary post-trading interventions with regard to securities in custody, for digital onboarding and signature processes, for the transparency of services provided
- **analysis and adaptation to the European ESG framework³² on sustainable finance.**

³¹ For more details, see the section Climate risks in the chapter Planet.

³² ESG Factors (Environmental, Social, Governance).



Anti-Money Laundering

Department responsible for preventing and countering money laundering or terrorist financing transactions, continuously identifying the applicable anti-money laundering rules, verifying the adequacy of the organisational structure and its compliance, requesting organisational and procedural changes where necessary.

As part of the usual monitoring activities on customer transactions aimed at ensuring the integrity of the financial system, specific monitoring actions were carried out in 2022 on the emerging phenomena of *money muling* (a case in which a person transfers money to others in digital form or in cash received from a third party, obtaining a commission in return. In this practice, criminal organisations sometimes manage to involve unwitting employees, who are liable for prosecution. *Money muling* is often connected with cyber crimes, money laundering and terrorist financing and the use of virtual currencies.

The outcome of these audits confirmed an adequate level of robustness of the controls and the overall control system.

It also monitors the efforts to ensure compliance with international sanctions, especially in the aftermath of the Russian war in Ukraine, which led to an increased level of attention and more controls, particularly in the initial phase when sanctions were issued by international authorities one after the other rather rapidly.

A compulsory online course on regulatory changes was offered all Group employees impacted by the subject, in addition to the training course aimed at the most impacted roles (operations managers and new recruits).

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
- transparency of rights and costs related to services
- comparability between the different market offers available.

The company intranet and the Parent Company's website have 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 and other useful information for consumers.

In September 2021, the inspection report was delivered by the Bank of Italy following the checks carried out in the period April-July 2021 on compliance with the regulations and supervisory guidelines on the subject of transparency of transactions and fairness of relations with customers. Certain areas for strengthening were identified throughout 2022, in some cases also with restitution consequences in favour of customers, for which a specific project activity was established for the definition and implementation of the remedial plan to overcome the anomalies reported.

1.8 Protection of Human Rights

For the protection of human rights, the Group is guided by the **United Nations Universal Declaration of Human Rights** and the **International Labour Organisation's Declaration on Fundamental Principles and Rights at Work**, which are incorporated in the Group Sustainability Policy.

In addition to enshrining the complete freedom and equality of all human beings before the law and the right to adequate judicial treatment, the UN's Universal Declaration of Human Rights explicitly prohibits any subjugation, enslavement or ill-treatment of any human being. The human right to freedom of political, religious and social thought as well as the right to have a job and fair wages is also expressed. Culture and education are also defined as fundamental rights of every human being, along with the possibility of gathering in associations and manifesting one's ideals without suffering repercussions.

The **International Labour Organisation's Declaration on Fundamental Principles and Rights at Work** enshrines the inalienable rights of workers for all organisations that have chosen to become members of the International Labour Organisation (ILO): the right to freedom of association and collective bargaining, the elimination of all forced or compulsory labour, the abolition of child labour and the elimination of all discrimination in relation to employment and occupation.

The Group's commitment to human rights includes **principles** and **policies** aimed at ensuring an inclusive approach, through **specific safeguards** that form an integral part of the governance structure and internal regulations, with which respect for cultural, social, ideological, gender and age diversity is ensured for all stakeholders, combating intimidation and harassment in the workplace.

The risk of violations, in view of the business sector and geographical scope of operations, is characterised by a low potential for negative external impacts with regard to the entire value chain, both in terms of probability and severity of occurrence.

Regardless, a structured due-diligence process has been established to ensure the monitoring and safeguarding of their protection with reference to the Group's various stakeholders:



Employees

The Group is committed to respecting the fundamental rights and physical and moral integrity of the people with whom it relates. Respect for the individual is expressed in particular through the valorisation of collaborators, whether they are employees or people bound by other professional relations, and through the establishment of relations oriented towards integrity and transparency.

As stated in the internal Code of Conduct, all employees undertake not to engage in any discriminatory behaviour, either within the workplace or in the performance of their work duties.

The Code was supplemented in 2022 with the introduction of a provision prohibiting Group employees from publishing discriminatory content (relating, for example, to sexual orientation and gender identity, ethnic/geographical affiliation, language, personal and social conditions,

religious and political beliefs) on social media.

The personnel management policies therefore have a focus to:

- **promote, right from the selection phase, equal treatment and equal opportunities between genders**, an inclusive work environment open to the values of diversity also through awareness-raising initiatives and dissemination of a corporate culture characterised by equal opportunities and inclusion
- **maintain well-being conditions at work**, ensuring an environment inspired by the principles of equality and the protection of employees' dignity and taking all the necessary actions to **prevent and remove any discriminatory behaviour**
- **take care of professional and career development according to merit criteria** that cannot in any way be influenced by factors such as gender, race, ethnicity, sexual orientation, political orientation and disability.



For the third year in a row, the Group has obtained **Equal Salary Certification**, which **certifies equal pay between women and men** and includes a quantitative analysis on salaries, a qualitative verification of management's commitment to gender equality at work, compliance with talent management and development policies and practices, and the perception of gender equality by all Group employees.



The **Top Employers Certification** continues to recognise excellence in HR policies and strategies and their implementation to contribute to employees' well-being, improve the environment and the world of work.

The Group Governance Regulation calls for an internal system for reporting violations (known as the Whistleblowing system), through which it is possible to report facts that may also constitute a violation of human rights. Any employee, intern, financial advisor authorised to offer their services outside their office or agent in financial activities employed by the Group may report any illegal conduct of which they become aware by reason of their employment relationship.

Reports can be made using a dedicated digital channel (Whistleblowing platform), by paper or electronic means, by e-mail addressed to a dedicated inbox. The indications received are examined and evaluated through specific, autonomous and independent channels. 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.

All behaviour considered harassing and/or offensive is reported to the Team People Department, which takes the appropriate disciplinary action against the perpetrators of the conduct ascertained and provides psychological support for the victim of such behaviour. No violations were reported for the year 2022.



Carta per le
pari opportunità
e l'uguaglianza
sul lavoro

The Group also signed the **Equal Opportunities Charter** in 2022, through which it intends to contribute to the fight against all forms of discrimination in the workplace - gender, age, disability, ethnicity, religious faith, sexual orientation - by committing to valuing diversity within the company organisation through:

the definition and implementation of equal opportunity policies, starting from Top Management

monitoring and impact assessment

guarantee instruments for Group employees



Customers

- **Group Personal Data Protection Policy:** envisages the adaptation of corporate policies of the Parent Company and all its subsidiaries to the GDPR (Regulation (EU) 2016/679), which safeguards the right to the protection of personal data as a fundamental right of the individual under the Charter of Fundamental Rights of the European Union
- **Group Usury Risk Management Policy:** defines the guidelines to which the Group must adhere to control the risk of usury and also incorporates the guidelines on fairness in relations with customers and management ethics that guide the Group's activities
- **Group Transparency Risk Management Policy:** defines the guidelines to which the Group must adhere in order to monitor banking transparency risk and protect the consumer's right to fairness, transparency and equity in contractual relationships.

Specific policies are applied in the wealth management area's investment process to identify issuers to be excluded in the investment and advisory phase.

The exclusion policies also consider possible human rights violations by issuers.



Suppliers

The relationships with suppliers are governed by the Code of Ethics, which is an integral part of the OMC 231, and by the related ethical standards, referred to in a specific clause pursuant to Italian Legislative Decree 231/2001¹² in supply contracts.

In fact, the Group's operations are inspired by absolute respect for the highest standards of professionalism, integrity, legality, transparency, fairness and good faith, considering them an indispensable condition for the proper functioning of the organisation, the protection of its reliability, reputation and image, as well as increasing customer satisfaction.

All suppliers and contractual counterparties in general are therefore asked to adopt standards of conduct consistent and compatible with the above-mentioned principles , inviting them to:

- report any situations against them directly to the Board of Statutory Auditors (existing on the date the relationship was initiated or arising/identified subsequently) that may constitute some anomaly/irregularity pursuant to the Decree
- conduct themselves in the strictest compliance with the ethical-behavioural principles required by the company
- maintain behaviour in line with the aforementioned ethical values.

The obligations listed above constitute a steadfast condition for the establishment and/or continuation of the contract.

Reports of unlawful conduct which relevant in relation to Italian Legislative Decree 231/01 or of violations of the Organisation, Management and Control Model and of the Code of Ethics can be sent in electronic or paper form to the Board of Statutory Auditors in its exercise of the functions of the Supervisory Body pursuant to Italian Legislative Decree 231/01.



Community

The Credem Group supports specific activities aimed at safeguarding and protecting human rights, in partnership with foundations and non-governmental organisations³³:

- Food Bank
- Caritas Reggio Emilia
- Italian Red Cross
- Italian Lymphoma Foundation
- National Dance Foundation
- Foundation for Financial Education and Investments
- Reggiana Solidarity Foundation
- Reggio Children
- Save the Children

The following table summarises the impact areas concerning the protection of human rights divided by stakeholders and provides references to the NFS pages where the topic is mentioned.

STAKEHOLDERS	AREAS OF IMPACT	REFERENCES
Employees	• workplace health and safety	Pages 109-111
	• training	Page 85
	• equal opportunities / non-discrimination and fair pay	Pages 45-46 - 100-101
	• combating staff harassment	Pages 98-101
	• freedom of association	Pages 86, 191
	• family life, through policies to support work-life balance	Page 100
	• personal and sensitive data protection	Page 110
Customers	• privacy protection	Page 47, 159-160
	• absence of discrimination	Page 47
	• policies and solutions to combat theft	Page 110
Suppliers	• inclusion of human rights criteria in the supply chain	Page 127
Community	• cultural life and beneficial activities aimed at respecting human rights	Pages 161-165

³³ For further details, please refer to the section Community Support in the Prosperity chapter.

During 2022, the Group implemented multiple training and networking initiatives to foster and consolidate a sustainable corporate culture

Board Inductions

7

sessions on corporate sustainability

Sustainability Manager

21

E-LEARNING courses

53

texts analysed and in-depth studies carried out

Group Employees

7

E-LEARNING courses

Affiliations

53

active networks

Board Inductions

- From psychological support to the meeting on well-being. Being well to work well in the Credem Group
- Innovation in the Credem Group: achievements and prospects
- Gender equality and corporate policies
- General Data Protection Regulation (GDPR)
- Climate change: physical and transitional risks for the financial sector
- Foundation Programme: Purpose and Values
- Pursuing sustainable success to create shared value

Sustainability Manager

1. E-LEARNING:

- Socially responsible investment policies following the entry into force of Regulation 2088 and the Taxonomy - Sustainability Makers
- Vision WBCSD 2050, time for transformation - Sustainability Makers
- Carbon Strategy - new guidelines for Net Zero - Sustainability Makers
- Corporate purpose in action - Sustainability Makers
- The ESG Paradigm - Polytechnic Institute of Milan
- Environmental variables - Polytechnic Institute of Milan
- Climate change - Polytechnic Institute of Milan
- Social variables - Polytechnic Institute of Milan
- Governance variables - Polytechnic Institute of Milan
- Social Impact Finance - Polytechnic Institute of Milan
- Regulations, NFRD, SFDR - Polytechnic Institute of Milan
- Non financial disclosure: analysing ESG reporting - Polytechnic Institute of Milan
- ESG Rating - Polytechnic Institute of Milan
- Green bonds - Polytechnic Institute of Milan
- Strategic asset management - Polytechnic Institute of Milan
- Asset management from an ESG perspective (I) - Polytechnic Institute of Milan
- Asset management from an ESG perspective (II) - Polytechnic Institute of Milan
- Active Ownership - Polytechnic Institute of Milan
- Measuring risk from an ESG perspective - Polytechnic Institute of Milan
- Taxonomy: what's new for companies and professionals - Ca' Foscari University, BDO
- ESG: the convergence path of financial and sustainability reporting - Deloitte and Touche SpA

Sustainability Manager

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Group Employees

E-LEARNING:

- Mandatory by all Group Employees - *Company 2030 - The Opportunities of Sustainable Development*, ITALIAN ALLIANCE FOR SUSTAINABLE DEVELOPMENT (ASVIS)
- Risk Management Department - *ESG and Sustainable Development*, LUISS BUSINESS SCHOOL
- Managers/corporate managers and relevant central structures - *Background and taxonomy, ESG scoring, ESG assessment of sustainable business, the impacts of environmental risk on corporate balance sheets and collateral*, CRIF
- wealth management area - *Applied Responsible Investment and Advance Responsible Investment, PRI, Higher Education in Sustainable Finance, ALTIS, Sustainable Finance and Economics*, RAIFFEISEN CAPITAL MANAGEMENT, *ESG investing*, SDA BOCCONI

Main Affiliations and Collaborations

Principles of Governance

- ACAMS - Association of Certified Anti-Money Laundering Specialist
- ACFE - Association of Certified Fraud Examiners
- AIFIRM - Italian Association of Financial Industry Risk Managers
- AIIA - Italian Association of Internal Auditors
- AISCA - Italian Association of Board of Directors Secretaries
- ANDAF - National Association of Administrative and Financial Directors
- AODV - Association of Members of Supervisory Bodies pursuant to Italian Legislative Decree 231/2001
- APB - Italian Association for Planning and Management Control in Banks, Financial Companies and Insurance
- ASviS - Italian Sustainable Development Alliance
- EticaNews
- ISACA - Information Systems Audit and Control Association
- SUSTAINABILITY MAKERS

Planet

- ABILAB
- 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
- AIFIN (MarketLab) - Financial Innovation - Italian Awards
- AIPB Italian Private Banking Association
- PRIBANKS Italian Private Banks Association -pri-ass.banc.priv.
- 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
- FIG - Interbank Guarantee Fund
- FITD - Interbank Deposit Protection Fund
- FNG - National Guarantee Fund
- FONDAZIONE GIUSTIZIA [JUSTICE FOUNDATION]
- Forum for Sustainable Finance
- ISDA - International Swaps and Derivatives Association
- ICOM - International Council of Museums
- ITFA – International Trade and Forfaiting Association
- QORUS - European Financial Management Association
- SGFA - Agri-Food Investment Management Company
- UPA - Associated Advertising Users

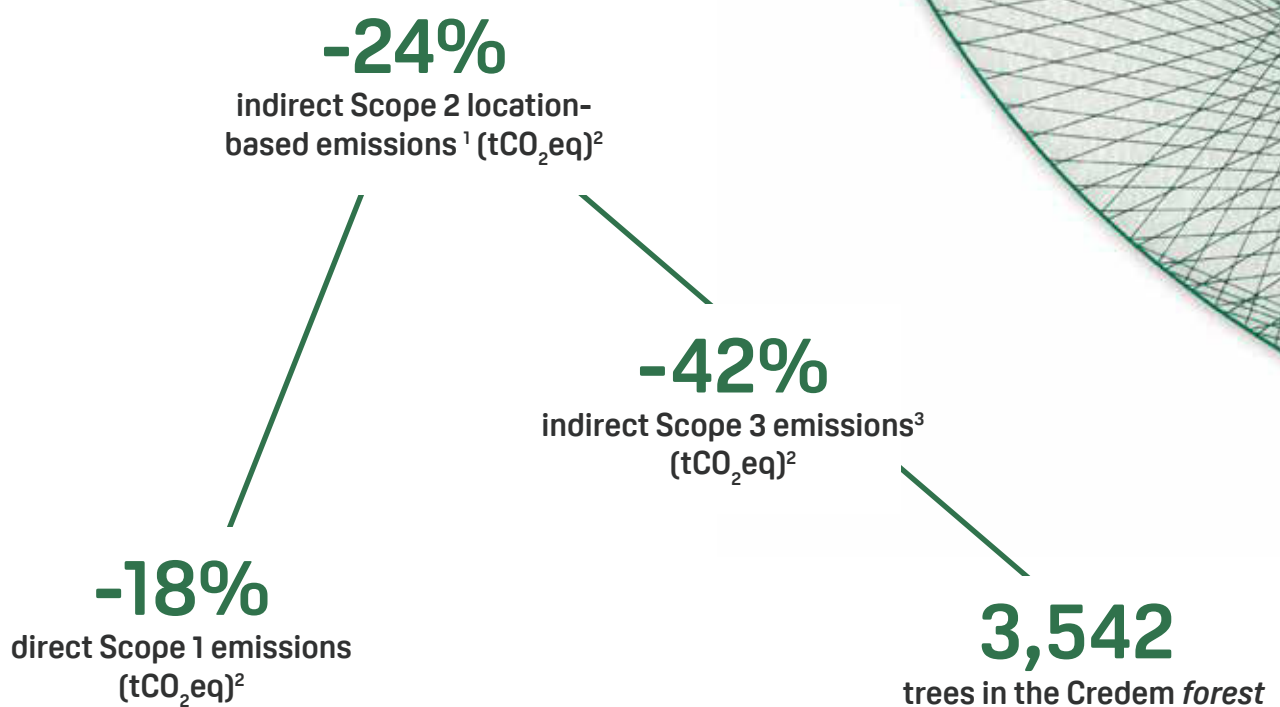
02

Planet

Thread is the very basis of string art.

The geometry created produces harmony and balance, elements that must also characterise an organisation's relationship with its surroundings.

Credem's ability to continue generating value also depends on its ability to preserve and protect natural capital through actions focused on climate change adaptation and mitigation.

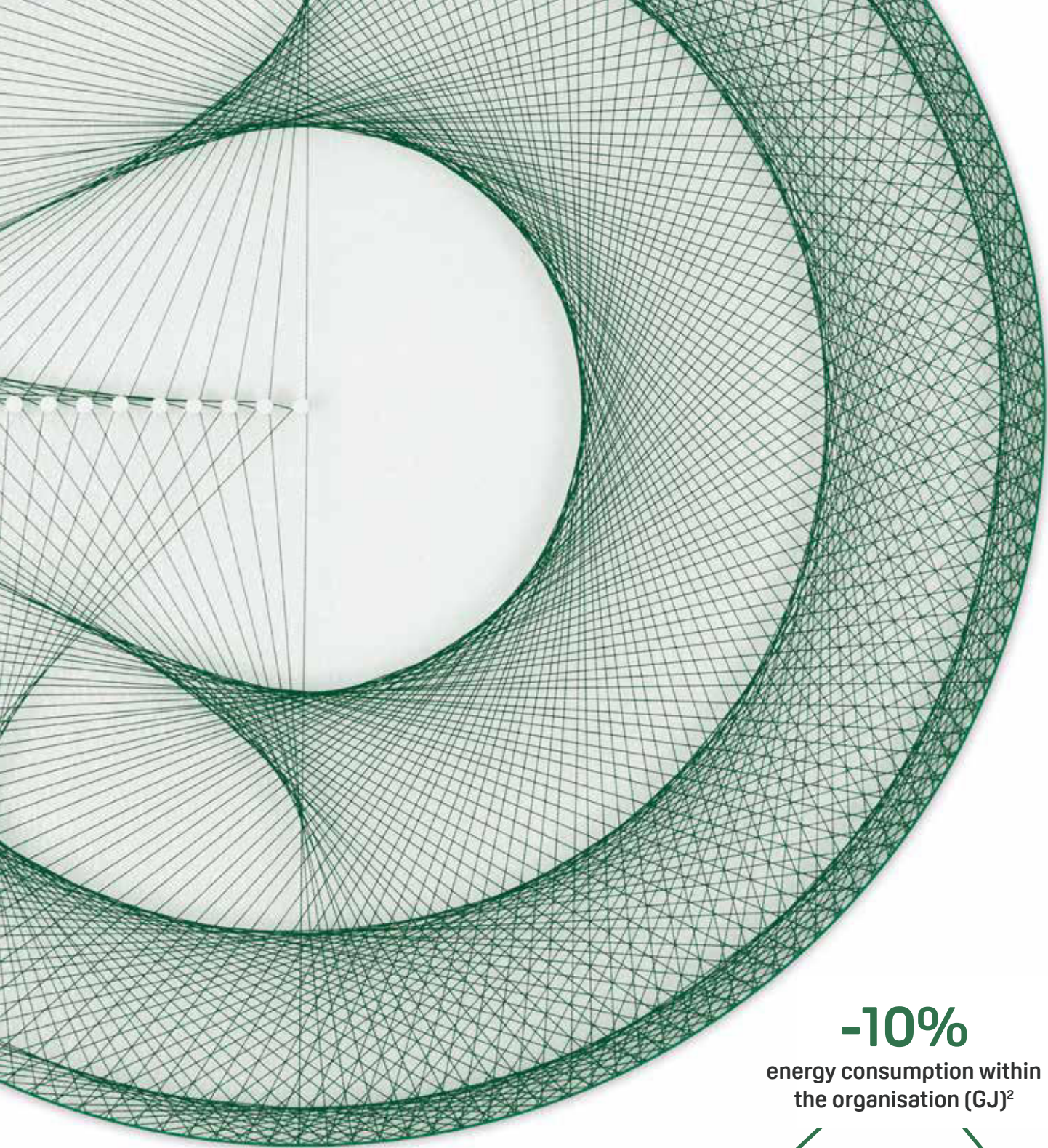


¹ The "Location-based" method reflects the average intensity of emissions deriving from the total national production of electricity; the "Market-based" method reflects emissions deriving from the electricity that companies have chosen to use and therefore is calculated on emission factors including contractual instruments for the sale and purchase of certified electricity. Data and information as at 31.12.2019 are taken as the baseline for the indicated changes and for the 2023 targets.

² Data and information as at 31.12.2019 are taken as the baseline for the 2023 targets.

³ Data and information as at 31.12.2019 are taken as the baseline for the indicated changes and for the 2023 targets.

⁴ The Group has chosen to purchase electricity exclusively from renewable sources with a Guarantee of Origin since 2003.



-10%

energy consumption within
the organisation (GJ)²

-43%

energy consumption outside
the organisation (GJ)²

100%

electricity from renewable
sources⁴

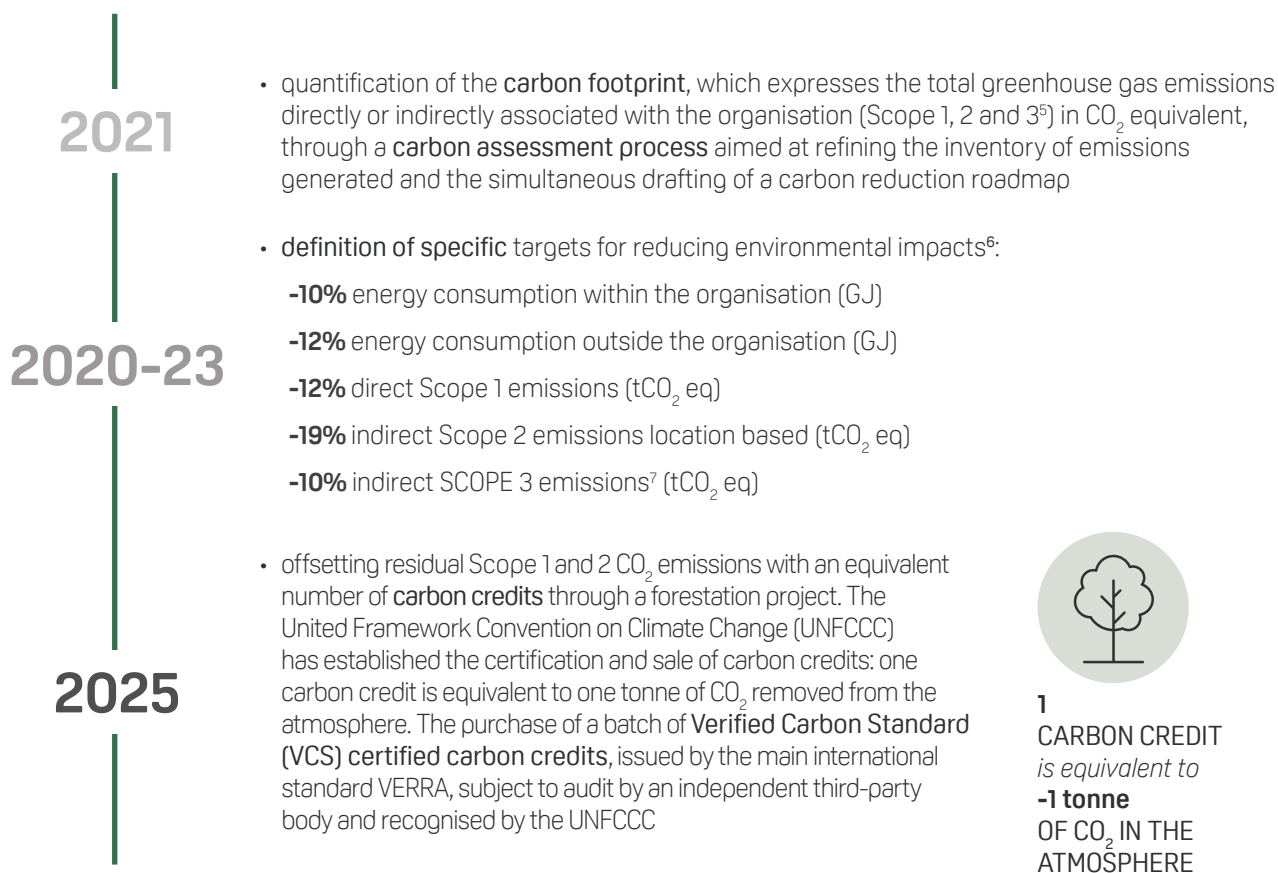
2.1 Our Goal: Carbon Neutrality for Scope 1 and 2 emissions

The Credem Group's main 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 and thermal energy)
- **other indirect emissions of greenhouse gases (Scope 3)**, attributable to **corporate activities**, but which come from sources that are not owned or controlled by Credem. In this context, the Group calculates and provides disclosure of emissions generated by public transport, employees' private cars, paper consumption and indirect emissions related to financing and investments.



CREDEM HAS PLANNED A PATHWAY FOR REACHING CARBON NEUTRALITY FOR SCOPE 1 AND 2 EMISSIONS BY 2025, FEATURING THE FOLLOWING STEPS:



⁵See note 10, page 075. In 2022, the Scope 3 emissions have been quantified with reference to travel by public transport, employees' private cars and paper consumption. Emissions related to the Group's loans and investments, which are still being fully quantified, have not been included here. Once the analysis is complete and in view of the planned carbon neutrality by 2025, adequate disclosure of the type of emissions included in Scope 3 and the related offsetting will be provided.

⁶ The data and information as at 31.12.2019 is considered as a baseline for the calculation of the indicated changes and for the 2023 targets.

⁷ The Group calculates and provides disclosure of emissions generated by public transport, employees' private cars, paper consumption.

Achieving Carbon Neutrality for Scope 1 and 2 emissions will support reaching the following objectives:

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

environmental

through the reduction of greenhouse gases, oxygen production and the protection of biodiversity

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



Farmer - Haiti



Crops - Nepal

2.2 Climate and Environmental Risk

Climate change is driving some of the most serious global transformations.

The direct and indirect impacts are already visible: more frequent and severe climate-related natural events, impacts on biodiversity and ecosystems, on people's health and social cohesion, as well as on products and services provided by companies, on production processes and supply chains, and changes in policy and legislation.

In this context, investors, regulators and other stakeholders require transparent information about the impacts of climate change on companies and vice versa. The Credem Group therefore embarked on a path of evolution in 2021 in order to increase the level of oversight of climate-environmental risks (hereinafter also referred to as 'C&E Risks') and the consequent level of effectiveness in the management of risks related to ESG issues.

Climate and environmental risks can be divided into two main categories:



PHYSICAL RISKS:

financial impact resulting from the occurrence of acute (storms, floods, fires) or chronic (temperature changes) catastrophic events

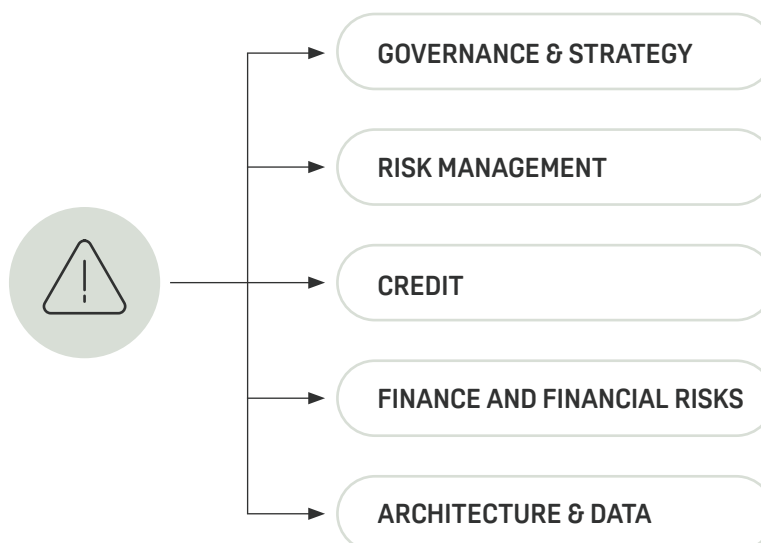


TRANSITION RISKS:

financial loss that an organisation may incur as a result of the transition to a low-carbon and climate-resilient economy (policy, legal, technological, market and reputational risks)

In particular, in relation to climate risks, an activity plan was defined in 2021 to proactively intercept the expectations expressed by the European Central Bank and to integrate the considerations that emerged in the course of the exchanges.

At the end of the assessment and roadmap design phase, the Group launched a project in 2022 to implement the evolution in C&E risk management by organising activities into five aspects:



Governance

Credem's mission is geared towards the pursuit of sustainable success through the creation of long-term value for the benefit of shareholders, taking into account the interests of other relevant stakeholders. In this context, in exercising its duties of strategic supervision, the Board of Directors guides the Group in the pursuit of the aforementioned objective. The Board's assessments must therefore consider all possible risks that may be relevant to sustainable success.

The Sustainability governance structure has been progressively implemented:

CORPORATE BODY	MAIN ROLES AND RESPONSIBILITIES
Board of Directors	Oversees, steers and approves the sustainability strategy and the Non-Financial Statement. Furthermore, within the scope of its powers, it assesses and deliberates on analyses, assessments and proposals - put forward by the specific designated Committees - on the sustainability, monitoring, estimation and management of ESG risks, and C&E risks in particular
Group Sustainability Committee (Management Committee)	Performs propositional and advisory functions in the field of sustainability to promote the progressive integration of environmental, social and governance factors in corporate activities
Group Risk and Sustainability Committee (Internal Board Committee)	Contributes to the identification, measurement, management and monitoring of key environmental, social and governance risks, taking into account characteristic activities and the internal safeguards identified
Risk Management Committee (Cross-Functional Committee)	Supports the Board of Directors and the Executive Committee in monitoring the overall risk taken by each company and its monitoring within the strategies and methods defined by the Parent Company in the Risk Appetite Framework (RAF). With regard to the risks arising from ESG factors, the ERISK Department (Enterprise Risk Management), which supports the Committee, is responsible for assessing these risks through specific analyses to measure the Group's exposure on a periodic basis. In particular, with reference to the environmental component, the above checks are carried out (specifically on climate risk) by adopting methodologies in line with the practices adopted by the Regulator and the best practices observed in the market. On the basis of these assessments, the CSR Office (Raf E Stress Test Integration) expresses a judgement on materiality, identifying criteria, setting appropriate materiality thresholds and consequently adopting safeguards and actions aimed at managing and mitigating these risks
Group Credit Strategy Committee	Monitors the level of exposure to climate and environmental factors that may affect the Group's credit policies

A quarterly reporting process to the Board of Directors will be structured in 2023 to ensure timely alignment on the progressive development and integration of climate and environmental risk management into the business model. For further details, please refer to the 'Sustainability Governance' section of this report.

Furthermore, in order to ensure the progressive alignment of the Group's organisational structure to the control of ESG risks, with particular reference to C&E risks, specific internal regulations and policies have been implemented concerning the corporate departments most impacted at a management and operational level, in particular:

- **Governance and External Relations Service**, to contribute to the Group's sustainable success through an effective and continuous stakeholder engagement activity aimed at creating value in the medium to long term for shareholders and other relevant stakeholders
- **Credit Service**, to ensure a progressive granularity of analyses on the degree of exposure to the impacts generated by climate and environmental factors on the sustainability of counterparties and credit portfolios, adjusting the relevant metrics
- **Risk Management Department**, to ensure the control and oversight of the Chief Risk Officer and the Risk Management Department as a whole.

A **synthetic sustainable development indicator** was established in 2022, assigned to the Top Managers of Central Management and the Executive Directors, which includes compliance with the multi-year plan for C&E risk management. The weight given to this indicator is 10%.

For further details, please refer to the 'Materiality Analysis' section of this report.

Strategy

The Group has supplemented its strategic business plan with sustainability goals related to the UN 2030 agenda since 2020, in particular defining Scope 1, 2 and 3 emission reduction targets and enhancing the role of sustainable finance in climate change mitigation and adaptation⁸.

In particular, the Parent Company considers it a priority to:

define strategic KPIs

commit to setting emission reduction targets on its portfolio in line with the objectives set by the Paris Agreement and consistent with credit and investment policies

expand the commercial offer with new ESG products/services

In 2022, the Group embarked on this path and:

- defined an initial set of 'ESG-specific' KPIs in its RAF framework
- initiated initial reflections on emission reduction targets for its portfolio
- began integrating the product/service catalogue for customers
- integrated C&E risk factors into the credit strategy for the large corporate/corporate segments of the loan portfolio.

⁸ For further discussion, please refer to the section UN Agenda 2030 in the Principles of Governance Chapter, and the Our Value Proposition section in the Prosperity Chapter.

With reference to the RAF, metrics have been defined as part of the second-level indicators inherent in the Supervisory Review and Evaluation Process (SREP) to monitor the exposures of the loan and investment portfolio to physical and transition risks, assessing their current and prospective concentration in high-risk C&E sectors/geographical areas.

The Group has also defined GHG emissions intensity metrics to monitor the emissions of counterparties inherent in the loan and investment portfolio (for reporting, see the 'Metrics and Risk Exposure' section here).

The table below shows the characteristics of the indicators:

KPI TYPE	RISK	C&E RISK	KPI
Concentration	Credit risk	Transition	Stock indicator that guides and monitors transitional high-risk C&E credit exposures at the reference date
	Credit risk	Physical	Stock indicator that guides and monitors the number of mortgages (and associated exposures) exposed to physical C&E risk
	Market risk	-	Flow indicator that guides and monitors the number of new mortgages (and associated exposures) exposed to physical C&E risk and their evolution over the quarter
Intensity	Credit/market risk	Transition	Indicator that guides and monitors the value of tonnes of CO ₂ emitted per €/million of banking Group revenue
			Indicator that guides and monitors the degree of the bank's exposure to counterparties with high Scope 1 and 2 emissions intensity

Risk Management

Within the context of the regulatory and prudential supervisory framework, the C&E risk integration and management process is of considerable importance to both the European Banking Authority (EBA) and the European Central Bank (ECB). The path to ecological transition entails risks and opportunities for the economic system and financial institutions, while the physical risks⁹ induced by extreme weather events, gradual climate change or environmental degradation can manifest significant impacts on the real economy and the financial sector.

For this reason, supervised institutions are required to integrate C&E risks into their overall risk management system in order to monitor, mitigate and transparently communicate them.

The activities of identifying, assessing, measuring and monitoring climate and environmental risks are managed by the ERISK Department, which also coordinates the activities of measuring and monitoring C&E risk factors on key risks, consistent with the risk map used for the materiality analysis.

For further details, please refer to the section 'Internal Controls - Enterprise Risk Management' of this report.



C&E RISK IDENTIFICATION - RISK MAP UPDATE

The process of identifying the climate-environmental, social and governance risks to which the Group is potentially exposed was partially reviewed and updated in 2021 and enhanced during 2022 through a qualitative integration of the Group Risk Map with new sub-categories of risk, in order to fully capture the impact of C&E, social and governance risks on the main existing risk categories.

These existing risk sub-categories are however also associated with and enhanced by a stand-alone category 'ESG Risks', already envisaged in 2021, in order to intercept any risk elements not included in the newly identified sub-categories, including the social and governance pillars.

Therefore, in light of the above, the following definitions have been integrated into the 'Risk identification process and materiality analysis for ICAAP, ILAAP and RAF purposes'. For further information, please refer to the section 'Internal Controls - Enterprise Risk Management' of this report.



MATERIALITY ANALYSIS OF CLIMATE-ENVIRONMENTAL RISKS

Once the sub-categories of climate-environmental risk potentially impacting the existing risk categories are identified, a dedicated analysis is prepared on an annual basis on the loan and investment portfolios, as well as on the real estate of the Group companies in order to assess the significance of the exposures to these risks.

⁹ For further information on physical risks, please refer to the disclosure provided in Table 5 - Pillar III.

Analyses of physical and transitional **CREDIT RISK** are presented below:

PHYSICAL RISK

With regard to the analysis of the relevance of physical risks, an internal methodology was developed and adopted which, starting from the main national and international literature sources, allowed to complete an initial in-depth analysis of the buildings' exposure to physical risk based on geographical location (at province level), taking into consideration **seven risk factors** linked to significant climatic events for Italy and for the sector studies (hydrogeological instability; extreme rainfall and flooding; extreme heat; variability in rainfall and drought; variability in temperatures; water stress; sea level rise).

The scope of application included all real estate used as collateral for loans granted and leased, relating to individuals and legal entities and related to Credito Emiliano and Credemleasing.

Based on the geographical location of the properties, the type of asset, the date of stipulation and expiry of the contract and the residual debt, a synthetic risk indicator (high, medium, low) was calculated as the result of the properties' exposure level to the individual climatic risks (linked to seven significant climatic events in Italy reported above) for each geographical area.

The analysis was conducted based on two future scenarios:

- optimistic scenario of **effectively combating climate change and significantly reducing greenhouse gas emissions in the atmosphere**
- **pessimistic scenario**, commonly associated with the term business-as-usual, or no mitigation, in which emissions growth continues at current rates.

The threshold defined in terms of the part-to-whole ratio between what emerged in the different risk brackets of the synthetic indicator is differentiated between the different scenarios.

The companies Credito Emiliano and Credemleasing had significant exposure to physical risk.



HYDROGEOLOGICAL
INSTABILITY



EXTREME RAINFALL
AND FLOODING



EXTREME HEAT



VARIABILITY IN
RAINFALL AND
DROUGHT



VARIABILITY IN
TEMPERATURES



WATER STRESS



SEA LEVEL RISE

TRANSITION RISK

With regard to transition risks, an analysis method was adopted which, starting from the economic sector to which the entrusted and invested counterparties belong, clusters the exposures in the portfolio into **six industrial categories** and then identifies the level of exposure to the categories considered most impacted in the medium and long term by the transition to a low-carbon economy (Fossil Fuel, Utility, Energy-intensive, Buildings, Transportation, Agriculture).

The categorisation is based on the Climate Policy Relevant Sectors (CPRS) methodology, which was called upon by the EBA as part of its pilot exercise to analyse transition risk exposure for a sample of 29 European banks.

The scope of application, established in line with that defined for credit risks, is represented by the **credit portfolio** (segments included: Banks, Retail Companies, Corporate Small Business, Corporate Large) of the companies Credito Emiliano, Banca Euromobiliare, Credemleasing, Credemfactor, and Avvera.

Consistent with the thresholds defined for credit risk, the materiality threshold assesses the value of exposures in the categories affected by climate risk as a proportion of total exposures in the credit portfolio.

The companies Credito Emiliano and Credemleasing had significant exposure to transition risk.



FOSSIL FUEL



UTILITY



ENERGY-INTENSIVE



BUILDINGS



TRANSPORTATION



AGRICULTURE

The Group refined the quantitative methodologies underlying the materiality analysis of these risks in 2022, with the aim of establishing the risks being assessed and the materiality of each of them with reference to each subsidiary. In particular, the quantitative refinement of the materiality analysis for C&E credit risk involved updating the input data of the materiality analysis for transition risk and physical risk, maintaining the methodological approach of last year; the automation of the assignment of judgements in the optimistic and pessimistic scenarios for the physical risk indicators "Flood" and "Hydrogeological Risk" and the definition of the judgement, on a residual basis, according to the logic underlying the two scenarios mentioned above, improving or worsening the as-is judgement by one notch.

MARKET RISK - PHYSICAL RISK AND TRANSITION RISK

Market risk linked to C&E risks: the definition of a materiality analysis based on a new approach using the sector heatmap on the **investment portfolio** (investments in corporate and financial issuers) of Credito Emiliano, Credemvita and Credem Euromobiliare Private Banking. A heatmap is adopted that returns a summary assessment of the riskiness of each distinct economic sector in the Environmental Pillar. The main activities underpinning the methodology for creating the sectoral matrix and quantifying the impacts of C&E factors with respect to economic sectors are:

1. reconciliation of international information sources
2. aggregation of climate-environmental impacts and conversion thereof into numerical scores
3. definition of the rating scale (High, Medium, Low) and aggregation at sectoral level (NACE).

The C&E factors adopted for the definition of the sectoral matrix are: Water quality, Air, Soil, Biodiversity and ecosystems, Resource efficiency and security, Climate, Waste, Physical risk, Transition risk, Impacts on World Heritage Sites or other protected areas, Impacts on species on the IUCN Red List of Threatened Species, Controversial living conditions or use of chemicals/medicines (e.g., excessive use of antibiotics). The materiality threshold assesses the value of exposures in the categories affected by climate risk out of total exposures in scope.

The investment portfolio owned by Credito Emiliano Spa is the only one which is relevant for transition and physical climate risk, which could have an impact through the **market risk** transmission channel.

REPUTATIONAL RISK - PHYSICAL AND TRANSITION RISK

For the analysis of the relevance of C&E factors in the reputational sphere, the Group brought the events covered by the quantitative approach for reputational risk in general into the C&E category, thereby identifying five potential scenarios.

This showed that for the financial year 2022, ESG issues accounted for a significant portion of the total value-at-risk (about 40%), and in particular events related to C&E factors accounted for 10% of the total exposure to reputational risk.

Given the "evolutionary" nature of the possible impacts of the factors analysed, the materiality of the reputational risk arising from C&E factors was also considered prospectively, and thus linked to the progressive increase in operations related to the placement and distribution of products linked to such factors. It was therefore decided to also consider a qualitative approach in the materiality analysis, identifying which Group companies are potentially exposed to a reputational risk linked to C&E components, based on their type of operations (products, services and customers).

The following were identified as relevant: Credito Emiliano, Credem Euromobiliare Private Banking, Avvera, Credemleasing, Credemfactor, Euromobiliare Asset Management SGR, Credem Private Equity SGR, Euromobiliare Advisory SIM, Credemvita.

In light of the above methodologies, the 2022 materiality matrix of C&E risks for the Group and its member companies is shown below:

		Group level	Credembanca	Credemleasing	Credemfactor	Credem Euromobiliare Private Banking	Credemvita	Euromobiliare SgR	Euromobiliare Sim	Avvera	Credem Private Equity	Credemtel	Other Legal entities
Credit	Climate Factors - Transition Risk												
	Climate Factors - Physical Risk												
	Environmental Factors												
Market	Climate Factors - Transition Risk												
	Climate Factors - Physical Risk												
	Environmental Factors												
Operational Risk	Operational Risk - Climate Factors												
	Operational Risk - Environmental Factors												
	Reputational - Climate & Environmental Factor												
Liquidity	Climate & Environmental Factor												
Strategic	Climate & Environmental Factor												
Insurance	Climate & Environmental Factors - Transition Risk												
	Climate & Environmental Factors - Physical Risk												

Significant materiality
 Minor materiality
 Not material

MEASURING AND MONITORING CLIMATE-ENVIRONMENTAL RISKS

The materiality analysis constitutes the first, fundamental step towards defining the quantification, mitigation and control methods adopted for each of the risks deemed relevant. For each risk, the same concept of materiality is consistent with what is used within the main risk management processes (ICAAP, ILAAP, RAF and Recovery Plan), in order to ensure maximum consistency in terms of material risks, capital allocation and risk targets.

In particular, with regard to C&E risk management processes in 2022, in addition to conducting the regulatory C&E stress test exercise, the Group carried out the following activities:

defined 'ESG-Specific' metrics in the RAF to monitor C&E risks (for further details, please refer to the 'Strategy' section here)

completed an analysis of the credit granting, pricing and monitoring framework for the corporate and large corporate portfolio

defined a methodological framework for measuring credit risk from a C&E perspective and started the relevant quantifications

integrated operational and reputational risk assessment processes and related scenario analyses from a C&E perspective

defined a methodology for constructing a sectoral heatmap of the investment portfolio and initiated the integration of these market risk metrics and ESG scoring within investment policies and market risk management reporting

developed an initial methodological approach for scenario analysis in relation to the Recovery Plan

planned to complete the ICAAP process, with an approach including intermediate releases on individual risk verticals, using a specific scenario analysis based on adverse weather events that may impact the Group's capital/liquidity structure through specific risk verticals sensitive to such events (first planned integration: ICAAP 2023).



focus: Credit Risk

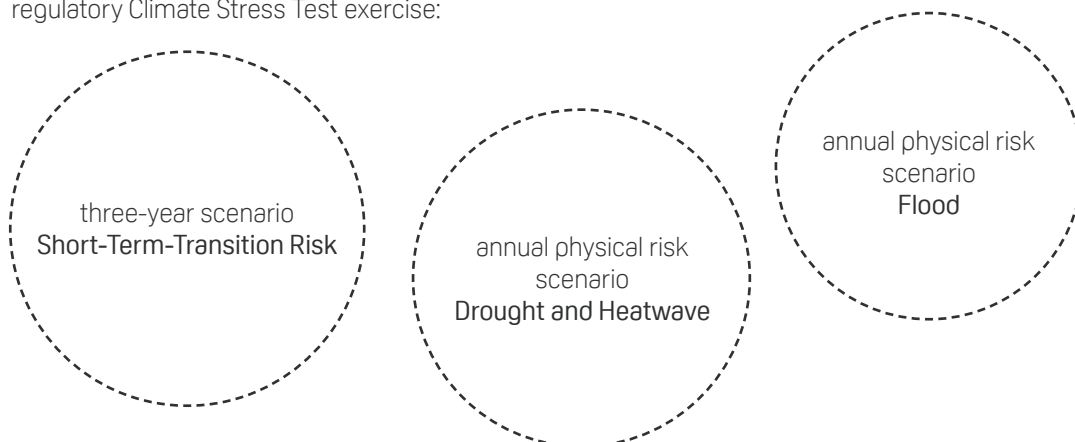
With specific reference to lending policies, several activities were carried out in 2022 to collect ESG data and information from specialised info providers to cover the overall loan portfolio and to define, for the large corporate/corporate segment, a set of ESG metrics/KPIs for assessing counterparties with the introduction of environmental scores - transition risk scores - physical risk scores included within the relevant granting, pricing and monitoring processes. The 'Group Credit Policy' was consequently supplemented by including specific attention to ESG factors among the fundamental principles for granting loans, with a focus on the degree of exposure to the impacts generated by C&E factors on the sustainability of counterparties and credit portfolios.

With regard to credit risk, a methodology was developed in order to include transition risk in the stress testing framework. The quantification of climate risk, and in particular transition risk, for ICAAP purposes is based on the inclusion of climate risk components in the Group's stress testing framework. Following market best practices, transition risk was integrated into Probability of Default (PD) through what is known as the prospective balance sheet methodology, which involves two main steps aimed at projecting the balance sheets of counterparties belonging to the corporate segment and introducing a 'climate cost', thus allowing the impact of the transition on economic-financial variables to be measured.

In more detail, the following steps were followed:

- development of econometric models for the projection of certain balance sheet items considered relevant for the structure of the Per*Fido rating model
- calculation of a climate operating cost, as the product of carbon price and GHG emissions, subtracted from EBITDA with the aim of stressing the prospective balance sheet of counterparties
- quantification of the climate impact on the balance sheet score and thus on PD
- integration of climate impacts into the PD conditioning framework.

An initial stress integration was carried out as part of the 2022 Recovery Plan. The methodological approach is based on the three climate-environmental scenarios already used in the ECB's regulatory Climate Stress Test exercise:



For each scenario, a simplified sensitivity analysis was then conducted to calculate the sum of the impacts in terms of higher impairment losses.



focus: Market Risk

With specific reference to the investment portfolio and market risk, a methodology for constructing a sectoral heatmap of the investment portfolio was defined in 2022, and work is underway to integrate these market risk metrics and ESG scoring within investment policies and market risk management reporting.

Metrics and Risk Exposure

With reference to the metrics used to assess and manage climate-related risks, the Group defined specific metrics that were refined during 2022, also thanks to the climate stress test exercise conducted for the ECB, through a more analytical calculation of the metrics themselves.

In particular, with reference to transition risk, indirect greenhouse gas emissions attributable to corporate activities, but originating from sources that are not owned or controlled by Credem, have been estimated. These emissions are often traceable to the value chain and consist of direct and indirect emissions of other organisations, which are partly allocated to the calculating company, based on specific attribution factors. In this context, the Group calculates and provides disclosure of indirect emissions related to financing and investments through a GHG emissions intensity metric.

Based on the guidance of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, GHG emissions from diverse asset classes should be allocated to financial institutions based on the proportionate share of their loan or investment in the counterparty, relative to its total value.

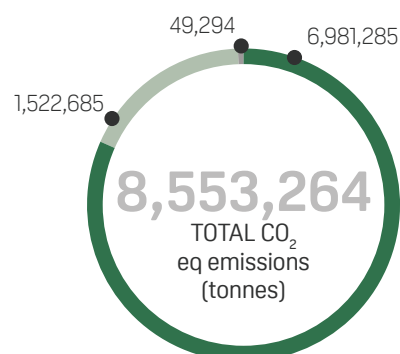
In 2021, for the first time the Credem Group calculated an estimate of indirect CO₂ emissions (Scope 3) related to financing and investments. Compared to last year, the data collection and acquisition methods have been refined in order to make the estimates more accurate. In particular, a greater granularity of emissions data on counterparties in relation to loans could be achieved with the current collection methods. This explains the significant deviation from the previous evaluation.

The Scope 3 emissions analysis of the portfolio related to the Group's financed assets and investments was carried out taking into consideration the most relevant asset classes in the portfolio and using the specific calculation methodologies set out in the PCAF "Global GHG Accounting and Reporting Standard for the Financial Industry" for each of them.

The quantification of financed emissions is based on proprietary data and methodologies of the info-provider.

Overall, GHG emissions related to more than EUR 35 billion of investments and financing¹⁰ were calculated, amounting to approximately 8.5 million tonnes of CO₂ equivalent. In terms of emission intensity, the portfolio analysed is characterised by a value of approximately 242 tonnes of CO₂ equivalent per million euros.

■ Loans ■ Investments ■ Property investments



¹⁰ The calculation was based on the loan and investment portfolios as at 31 December 2022. The coverage of the calculation made with respect to the total portfolio analysed is 83%. The unhedged portion is attributable to counterparties and/or securities for which no emissions data are available from the data provider or data relating to the total value of the company.



CALCULATION METHOD

- **Loans:** this includes loans granted to counterparties: banks and corporate. The quantification of financed emissions is based on proprietary data and methodologies of the info-provider. The financed emissions are calculated as the ratio between the cash value used by the customer and the estimated value of the counterparty in terms of total assets (sum of equity and financial debt). The aforementioned value was multiplied by the counterparty's Scope 1 and 2 emissions (data provided by info-provider). Compared to 2021, the data collection and acquisition methods have been refined in order to make the estimates more accurate
- **Owned investments:** the Investment portfolio was considered, including investments in *corporate* and *financial* issuers. The trading book, investments in *Asset Backed Securities*, *Government* and *Mortgage Securities* were excluded. The funded emissions figure was derived from info-providers, using the market value of the investment and the intensity of Scope 1 and 2 emissions in tonnes of CO₂ equivalent relative to the counterparty's EVIC (Enterprise Value Including Cash)
- **Investments:** investments in shares and bonds and investments in funds were included in the calculation, taking into account both directly managed portfolios and portfolios delegated to third parties. The funded emissions figure was derived from info-providers, using for securities the market value of the investment and the Scope 1 and 2 emissions intensity in tonnes of CO₂ equivalent relative to the counterparty's EVIC (Enterprise Value Including Cash); for funds the market value was multiplied by the emissions intensity in tonnes of CO₂ equivalent on the value invested

The Group also carried out an initial exercise to calculate the **Weighted Average Carbon Intensity (WACI)**.

In view of the significance of the business, the scope of the calculation was limited to the loan portfolio.

152

**WACI as at 31/12/2022
(TCO₂e/millions of euros)**



CALCULATION METHOD

Summation of direct GHG emissions (Scope 1) and GHG emissions from energy consumption (Scope 2) in relation to counterparty turnover (GHG intensity). The GHG intensities were multiplied by the amount of the individual counterparty's utilisation relative to the total portfolio value covered (i.e., the sum of all utilisations of counterparties for which GHG Scope 1 and 2 information is available).

Climate and environmental risk factors are also articulated within the Group Credit Policy through the definition of specific metrics and relevant indicators.

Depending on the availability of data, these metrics inform the Credit Strategy Committee and are represented, also taking into account the physical or transition risk drivers considered, with different sectoral and geographic views.

The list of key metrics reported to the Committee includes:

- environmental score
- transition score
- physical risk score, also with reference to the acute and chronic physical risk driver
- GHG intensity.

In addition, further counterparty emission intensity indicators are being assessed and subsequently integrated for the Credit Strategy Committee, in a first phase at management level only.

2.3 Energy Consumption and Greenhouse Gas Emissions

The **Real Estate Governance** 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 an integral 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 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 established for 8% reduction in internal energy 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 agile working, the rationalisation of the physical sales network and a limitation on the mileage of the corporate car fleet.

Compared to the indicated baseline, the reduction reached 10% in 2022, despite the complete consolidation of the increase in consumption brought about by the merger by incorporation of Cassa di Risparmio di Cento in July 2021.

-10%

reduction of domestic energy consumption in 2022 compared to the 2019 baseline

73

revamping
interventions

70

energy efficiency
measures in
buildings in 2022

86

branches where
energy consumption
is managed through
the Building Energy
Management System

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:



extension of the **Building Energy Management System (BEMS)** to a further 25 branches, 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 systems and monitor energy consumption in real time.

The project, which initially involved a pilot of 40 branches and one office building, **reached 86 installations in 2022** and aims to reach a total of 140 branches by 2025



in the three-year period 2020-2022, the revamping project has enabled more than 73 interventions to be carried out to replace existing fluorescent lighting systems with LEDs.

Considering the entire perimeter, it is possible to estimate **savings, compared to the 2019 baseline, of 3,200 GJ** with a consequent **reduction in emissions of 280 tonnes. CO₂ eq** (location-based method); 72% of these reductions were already consolidated in 2022 and are included in this Statement.

The revamping plan will continue over the next four years at a rate of 20-30 operations per year, reaching 150 operations in 2025



In the last three years, the ordinary annual efficiency plan has allowed 195 interventions to be carried out (70 in 2022) 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
- revamping of lighting installations
- installation of BEMS systems with remote management of the most energy-intensive installations



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 system is designed to deliver a nominal peak power of 400kW.

Since July 2021, following the merger by incorporation of Cassa di Risparmio di Cento, a small plant with a nominal peak power of 18 kW has been integrated.

In 2022, the total self-production of electricity amounted to 418 MWh¹¹, 82% of which is used for self-consumption.

The following projects were launched in this area in 2022:

- **diffuse photovoltaics** which, over the three-year period 2023-2025, envisages the installation of around **60 photovoltaic systems** on owned properties distributed throughout the country for a **total power of 1,300 KWp** and an estimated production when fully operational of 1,600 MWh, with 1,200 Mwh of self-consumption and a hypothesis of **reducing emissions by 320 tonnes CO₂e** (Scope 2 location based)
- a photovoltaic plant of 848 KWp at Magazzini Generali delle Tagliate located in Montecavolo (Quattro Castella - Reggio Emilia), the construction of which will be completed during 2023 and will allow an annual production of 948 MWh with 389 MWh of self-consumption and a hypothesis for reducing emissions by 105 tonnes Co₂e (Scope 2 location based)

¹¹ 402,941 kWh self-produced by Magazzini Generali delle Tagliate and 15,068 kWh self-produced by the former Cassa di Risparmio di Cento.

Internal and External Energy Consumption

The initiatives and objectives described in the real estate sector, together with other initiatives concerning organisational processes (agile working, rationalisation of the physical sales network and business trips), contributed to the following reductions in energy consumption compared to the 2019 baseline:

-10%

ENERGY CONSUMPTION WITHIN THE ORGANISATION (compared to a 2022 target of -9% over 2019) attributable to the enhancement of agile 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

-43%

ENERGY CONSUMPTION OUTSIDE THE ORGANISATION (compared to a 2022 target of -12% over 2019) 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

CO₂ Emissions

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

-18%

SCOPE 1 EMISSIONS (compared to a 2022 target of 11% over 2019) attributable to the enhancement of agile working and the rationalisation of the physical sales network (with impacts on the consumption of buildings), a limitation on the mileage of the 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

-24%

SCOPE 2 EMISSIONS - location-based method (compared to a 2022 target of 15% over 2019) mainly attributable to the enhancement of agile 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

-42%

SCOPE 3 EMISSIONS¹² (compared to a 2022 target of 10% over 2019) 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

¹² For the Scope 3 data, the scope is limited to business travel emissions and paper consumption, consistent with the reporting published in 2020.

2.4 Emissions from Gas Leaks such as HFC s 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 2022 was carried out through the companies responsible for maintenance services, equivalent to 305.8 tonnes CO₂eq, (with a change of -14% from 2021).

2.5 Emissions of ozone-depleting substances

At the end of 2022, nine systems containing HCFC and CFC gases (specifically R22) remained. (six of which from the merger of Cassa Risparmio di Cento not included in last year's reporting). However, no gas leaks or losses were detected.

The objective is to eliminate the presence of these systems over the next two years.

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.

2.6 Materials Used and Waste Management

A Logistics Coordination Department is responsible for managing 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 consequent 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.



100% USE OF RECYCLED PAPER

The use of 100% recycled paper was confirmed in 2022, a result achieved through a progressive change of strategy that has extended its use to all Group company users



100% TONERS AND CARTRIDGES DISPOSED OF BY RECYCLING

The most frequently used hazardous waste (toner and printer cartridges) is handed over to the commissioned party, which then directs them to the recycling market. In 2022, 100% of waste produced from toners and paper was disposed of through recycling



HARDWARE

continues to be included in a circular economy cycle, promoting a reuse campaign through disassembly to recover spare parts and/or raw materials.



focus: Plastic Free

The Plastic Free project continued in 2022 as well, aimed at the progressive reduction of plastic consumption through:

6

NEW INSTALLATIONS OF MAINS
WATER DISPENSERS
(3 in Reggio Emilia and 3 in Milan)

25

OVERALL
DISPENSERS

245

WATER BOTTLES
DISTRIBUTED TO NEWLY
RECRUITED COLLEAGUES

**focus: The Credem Forest**

Also in 2022, Credem increased the corporate *forest* created in 2018 to make all stakeholders aware of the importance of safeguarding and protecting the environment: through chlorophyll photosynthesis, trees sequester carbon dioxide and release oxygen into the air.



Farmers - Italy.



The *forest* was created in Italy and gradually extended to other territories.

In 2022, trees were planted in Haiti, Madagascar, Kenya, Tanzania, Cameroon, Nepal and Honduras.

Agroforestry projects are representative of environmental and social values:

- 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.



Landscape - Kenya.



Crops - Tanzania.



3,542

TREES PLANTED

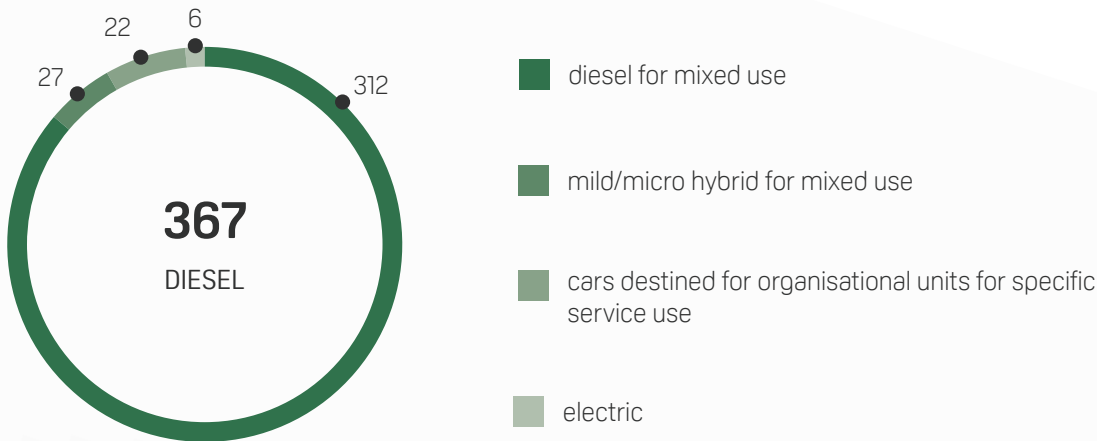
IN 10 YEARS OF LIFE THEY WILL ABSORB

397,490 kg of CO₂

2.7 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 367 CARS:



The company's fleet is characterised by long-term rental contracts, a solution that makes it possible to have the **latest generation of vehicles**, which release fewer emissions and optimise running costs.

The Group constantly monitors the evolution of the market with a view to the gradual introduction of alternative fuel cars compared to endothermic systems and closely monitors the technical evolution of vehicle batteries in terms of costs, autonomy and recharging times and the development of the public supply network in terms of capillarity and power output.

It also monitors the evolution trend of long-term rental fees and commercial market propositions which, in this phase of strong technological discontinuity, are characterised by very different positions of the players in the supply chain.

Following a specific evaluation of the inclusion of full hybrid vehicles in the car list, orders were placed in 2022 for the cars that will become part of the company fleet from 2023.



Company Carpooling: Jojob

296 users are active on the Jojob company carpooling platform, who were able to valorise the CO₂ savings from the certification of shared trips and agile working days.

The overall data determined by the users of the platform show a saving of 644,281 km in 2022, which reverberates positively in economic terms (€ 128,883 of fuel saved) and environmental terms (83,762 KG of CO₂ not emitted).

The limitations of engine capacity and power in the car list were also confirmed¹³.

644,281 km
SAVED

83,762 kg
CO₂ NOT EMITTED

€ 128,883
FUEL SAVED



MEET

All Group employees used MEET in 2022, a Google Workplace service accessible from company PCs and smartphones which allows video meetings to be organised, also with external stakeholders, thereby reducing travel.

The software was particularly appreciated during and after the COVID-19 pandemic because it facilitates and supports the agile working of Group employees and the relationship with stakeholders.

It was accessed 747,448 times during the year for virtual meetings and 81% of training was provided online, with consequent positive impacts on the environmental related to optimised physical travel.

747,448
ACCESS FOR VIRTUAL MEETINGS

81%
TRAINING PROVIDED ONLINE

¹³ Predefined list of cars composing the company fleet.



Carta per le
pari opportunità
e l'uguaglianza
sul lavoro

Charter for
Equal Opportunities



Equal Salary
certification



Equal Salary
certification

86%
agile working

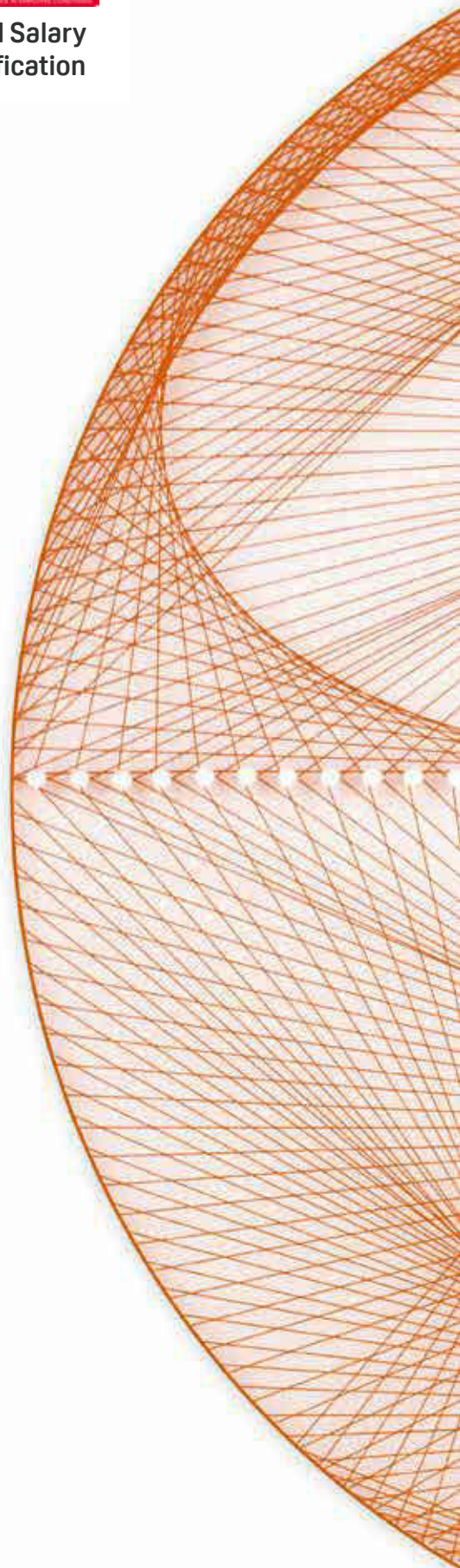
81%
e-learning

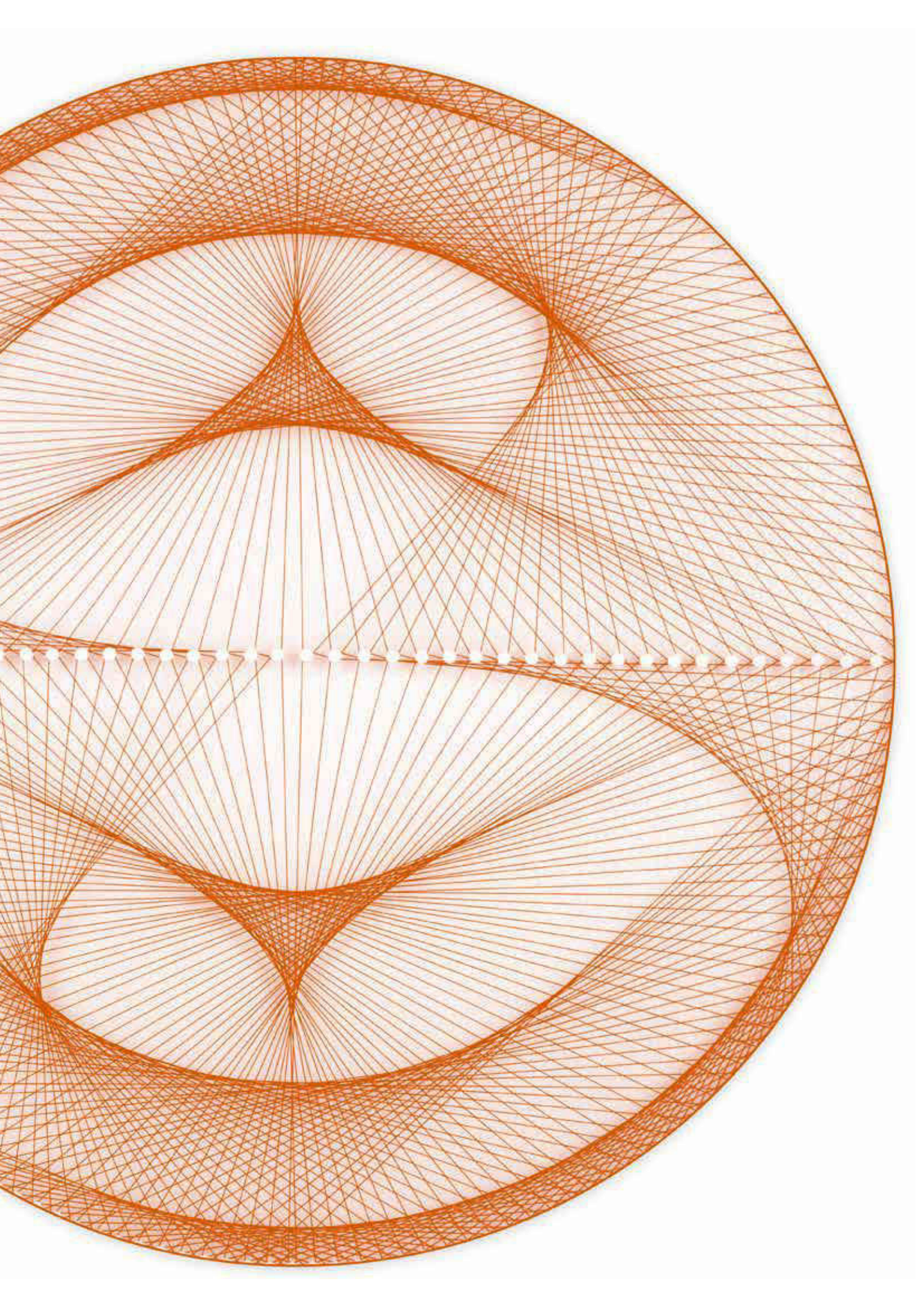
03 People

The fixed points are at the very heart of string art: their arrangement allows different shapes to be modelled.

The heart of organisations is their employees, who also become the recipients of sustainable action.

Credem faithfully invests in its employees and collaborators, putting their skills, growth and shared corporate culture at the centre of its philosophy.





3.1 Listening to People

Listening to employees contributes to the definition of the Group's corporate culture: in fact, it constitutes an integral part of the objectives related to the remuneration policy of the most important personnel, together with the quality of managerial conduct.

The Group conducted an annual climate survey in 2022 aimed at surveying the following areas:

- organisational well-being
- employee satisfaction, through a detailed analysis related to corporate life
- professional role
- relations with management and colleagues
- professional growth
- corporate culture and values.

The climate survey carried out in 2021 and finalised in 2022 counted the participation of 79% of Group employees participated.

79% Group employees who participated in the survey

SATISFACTION IN THE MOST SIGNIFICANT AREAS:



The main areas for improvement are attributable to:

PROFESSIONAL GROWTH OPPORTUNITIES

the Group constantly monitors employee's professional aspirations by preparing self-development projects and carrying out individual interviews with personnel managers (3,000/year). The high percentage of internal job rotation (one out of every three employees changes roles and/or organisational units in a year) contributes to enhancing employees through diversified professional experiences

PERCEPTION OF MERITOCRACY

video interviews with top managers of the Group, in which various corporate legends on the subject of meritocracy were analysed, explaining the meaning and criteria behind the company's meritocratic choices: **consistency of results over time, conduct consistent with corporate values, growth potential**. a special portal on meritocracy has also been created, collecting guidelines and documentation

SPEED OF DECISION-MAKING PROCESSES

continues the extension of Teal organisational models and Lean and Agile methodologies, which among other things aim to speed up decision-making processes and increase individual leadership

ACCESSIBILITY OF INFORMATION

many pages of the corporate intranet site (dedicated to the various communities) have been reconfigured based on the needs expressed by users, and several thematic portals have been created that aggregate content by topic, so as to facilitate usability and information retrieval

COLLABORATION BETWEEN DIFFERENT ORGANISATIONAL UNITS

the adoption of Teal models and Lean and Agile methodologies facilitate collaboration between different departments.

The numerous cross-departmental project and working groups strive towards the same goal: collaboration and dissemination of expertise

ERROR MANAGEMENT

the work of the dedicated Community continues, with thematic meetings featuring testimonials, training and dissemination moments. the redefinition of the Leadership model is also underway, which will significantly intervene in this area as well

3.2 Industrial Relations

The Group maintains industrial relations characterised by continuity and transparency, addressing the main organisational and commercial policy issues.

The creation of the Trade Union Delegation has allowed to **extend industrial relations to 100% of the company population in the banking sector**, even if they belong to companies lacking Trade Union Representatives.

Meetings are held every six months.

At least two sessions per year are devoted to the joint examination and evaluation of **equal opportunities, corporate welfare and workplace well-being**.

The annual information meeting address the usual topics envisaged in the national collective agreement (on staffing, workloads, contracts, part-time work, etc.) and those of shared interest (strategic outlook, structural profile, development of the quality of employees and specific interventions), and also includes the Group Non-Financial Statement and the analysis and assessment of the above-mentioned relevant social issues.



focus: Other Topics Discussed with Trade Unions

- **TRAINING**

through the work of a special joint body that meets every four months to analyse fundable training plans

- **TRADE POLICIES**

through a bilateral commission that meets every four months and discusses the main guidelines, analyses periodic summary information on existing trade initiatives and assesses any cases that have features not covered by the bilateral agreement.

In particular, new agreements were signed in 2022 on the regulations of the time bank, agile working, the renewal of health insurance and holiday planning, as part of the renewal of the second-level contract.

The consultation and discussion procedure was also initiated for the transfer of the Credem Private Business Unit within Credem Euromobiliare Private Banking, which concluded with an agreement to regulate the transfer of personnel.

3.3 The Recruitment Process

As part of the planning and scheduling processes governed by specific internal regulations, the Parent Company's Board of Directors approves the proposed personnel requirements, concurrently with the definition of the individual and Group strategic plans.

The personnel management policy is governed by specific internal regulations and seeks to:

- promote, right from the selection phase, **equal treatment** and equal opportunities between genders, an inclusive work environment open to the values of diversity also through awareness-raising initiatives and dissemination of a corporate culture of equal opportunities and inclusion
- maintain **wellness conditions in the workplace**, ensuring an environment inspired by the principles of equality and the protection of employees' dignity and taking all the necessary actions to prevent and remove any discriminatory behaviour
- take care of **professional and career development** according to merit criteria that cannot be influenced by factors such as gender, race, ethnicity, sexual orientation, political orientation, disability.

Employee management and development respond to the need for:



CONSOLIDATING A WIDESPREAD, SHARED GROUP IDENTITY



ENSURING THE DEVELOPMENT OF SKILLS AND ABILITIES



ATTRACTING, RETAINING AND ENHANCING VALUABLE EMPLOYEES



STIMULATING MOTIVATION TO ACHIEVE RESULTS AND CONSEQUENTLY REWARD SKILLS AND MERIT

Selection and Recruitment Policy

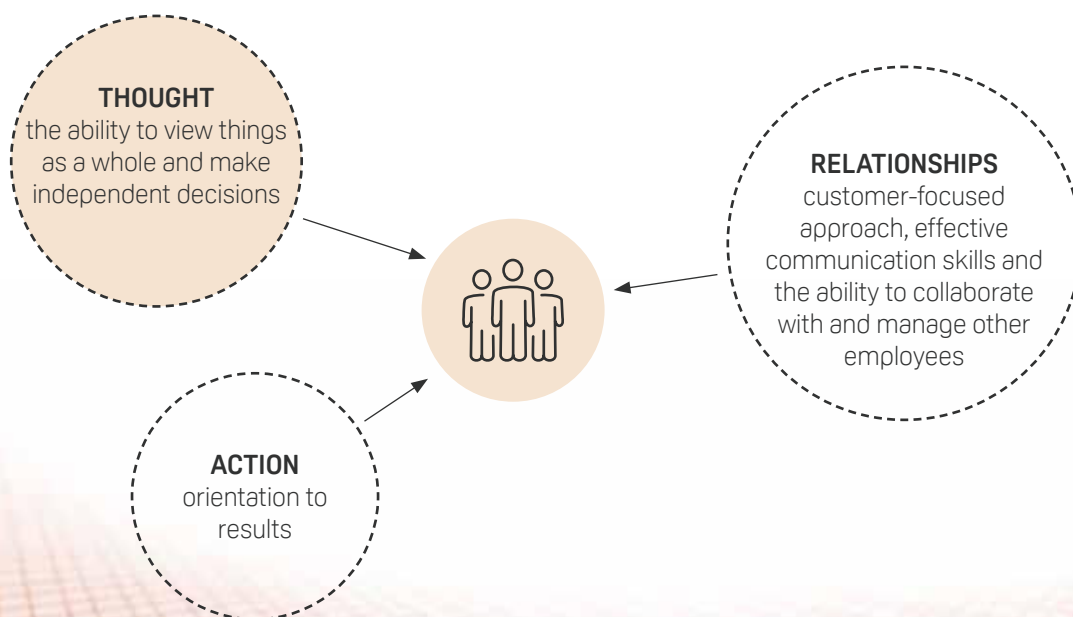
In the **recruitment of new hires** who are graduates under 30 or recent graduates, personnel selection is carried out through:

- the adoption of specific methodologies for detecting potential
- the analysis of skills and knowledge, in compliance with specific internal parameters
- possible specialised support from the relevant departments (services, business units, control functions, information systems, etc.).

On the other hand, the **recruitment of experienced personnel** is decided in accordance with established autonomy and through the analysis of professional and aptitude skills (e.g., examination of CVs, experience and professional history, etc.).

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:



3.4 Remuneration and Incentive Policy

The remuneration policy is applied through different instruments:

- grading and fixed remuneration (remuneration measures)
- incentivising systems
- benefits

After receiving the opinion of the **Remuneration Committee**, which is supported by the **Compensation Policy** Department, the **Board of Directors** annually proposes the Group's personnel remuneration policy (Executive Directors, most important personnel¹, other personnel and distribution network operators) to the **Ordinary Shareholders' Meeting** for approval.

During 2022, the Group enlisted the support of external consultants for a benchmark analysis concerning the remuneration of the General Manager and Top Management and for appropriate ex-post verifications of the remuneration policies carried out by Internal Audit.

Remuneration Measures

Remuneration measures concerning the fixed component of remuneration (such as salary increases or the assignment of a higher contractual grade) are defined and proposed, also through the involvement of the managers of organisational units, in order to **reward and stimulate the achievement of significant performance over time, the enhancement of skills, the increase in responsibility or as a result of extraordinary projects or initiatives implemented.**

Short-Term Incentive Schemes

Short-term incentive schemes (up to 12 months) aim to stimulate employees to achieve individual goals and are related to the annual budget

With regard to the annual incentive scheme, the **Board of Directors**, on the proposal of the **Remuneration Committee**, approves the annual incentive scheme for the different categories of personnel (most important personnel and other personnel):

- ceiling to be allocated
- general objectives to be achieved at Group, Bank and Business Unit level (*goals*)
- individual objectives of the most important personnel as well as the procedures for the payment of any bonuses (payment instruments, deferrals, malus and claw back clauses).

If the incentive system includes a component based on financial instruments, also in compliance with national and European regulatory standards, the **Board of Directors** proposes the plans to the **Shareholders' Meeting** for approval.

¹ As specified by the Bank of Italy Provisions, 25th Update of Circular 285/2013 (10.2018), the most important 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.

The application operating modes for personnel other than the most important personnel (e.g., role and individual KPIs, grids or percentage rates or price scales to be applied in specific amounts for determining bonuses, adjustment factors, etc.) are defined by the **People Management** Department with the participation of the **Compensation Policy** Department.

The **Remuneration Committee** ascertains the achievement of the gates, thereby triggering the reward systems, approves the proposal for the allocation of the overall ceiling and verifies the achievement level of individual performance for the most important personnel. The **Remuneration Committee** proposes the approval to the **Board of Directors** for the individual bonuses for the **General Manager, other members of Central Management, Service Managers/Managing Team Leaders, Business Unit Managers** and other most important personnel.

The **Remuneration Committee** proposes the approval of the ceiling to be distributed for the remaining personnel and the proxies for individual bonuses to the **Board of Directors**.

Medium-Term Incentive Schemes

Medium-term incentive schemes (over 12 months) are designed to guide the behaviour of employees with high responsibilities, professional skills and potential and implement strategies aimed at the creation of value over time; they also represent useful loyalty mechanisms.

The definition of medium-term incentive plans (excluding bonus banks, retention and direct agreements to personnel other than the most important personnel) is the responsibility of the Board of Directors which, on the proposal of the **Remuneration Committee**, defines:

- system characteristics
- ceiling
- objectives to be achieved.

If the incentive system includes a component based on financial instruments, the **Board of Directors** proposes the plans to the **Shareholders' Meeting** for approval.

The **Remuneration Committee** proposes the approval to the **Board of Directors** for the individual target bonuses and the modes for their disbursement in relation to the **General Manager, other members of Central Management, other employees with the role of Service Managers/Managing Team Leaders and Business Unit Managers** and other most important personnel.

The **People Management Department** proposes the approval of individual target bonuses for personnel other than the most important personnel to the **Board of Directors**.

With the contribution of the **Remuneration Committee**, the **Board of Directors** ascertains the attainment of the gates, triggering the bonus system and their actual disbursement.

For the most important personnel, the bonus/variable component is subject to deferred payment to ensure that the remuneration takes

into account the bank's risk performance over time. The payment is therefore deferred, in part by means of financial instruments. The variable bonus/component is subject to ex-ante and ex-post correction mechanisms which are suitable to reflect performance levels net of the risks assumed, also taking into account misconduct phenomena, and it contracts until it reaches zero, in relation to the results actually achieved.

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, prudent 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.

The Managers of the organisational units are responsible for assigning and subsequently evaluating KPIs.

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 Management 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.

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.



focus: ESG KPIs

The Group has undertaken a correlation between sustainability objectives and ESG KPIs:

2021

- each material topic included in the materiality matrix was correlated to individual KPIs attributed to the Top Management of Central Management and set out in the remuneration policy
- the sum of individual KPIs with ESG connotations ranges between **10%** and **40%**

2022

In 2022, a **summary sustainable development indicator** was created and assigned to the Top Management of Central Management and the Executive Directors and validated by the Group Risk and Sustainability, consisting of the following items:

- Scope 1 Emissions
- sustainable finance
- ESG Training
- gender equality
- multi-year plan on environmental and climate risks: the Group Internal Board Risk and Sustainability Committee is responsible for assessing the monitoring adequacy level

The weight assigned to the Indicator is **10%**

2023

- the summary sustainable development indicator will be extended to the entire scope of the most important personnel, with similar characteristics and the same weighting (10%) used in 2022.

ANNUAL TOTAL COMPENSATION RATIO

In 2022, 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 is **19.99** (in 2021 it was 20.79 and in 2020 it was 17.53).

The following were included in order to determine the value of the highest-paid employee's total annual compensation: salary, agreements, bonuses, equity and non-equity incentive plans and any other compensation

3.5 Employee Management

Teal Organisation

The **Teal organisational model** envisages the evolution from a hierarchical structure to a fluid system characterised by distributed and horizontal leadership that enhances skills and merit, guarantees operational agility (also in change management), promotes transparency and compliance with internal rules and company values, and stimulates entrepreneurship.

ADOPTION OF THE TEAL MODEL:



The experiments will be progressively extended, encouraging the creation of fluid teams, which include surpassing certain professional figures (supervisor, coordinator) with the emergence of new equally recognised and valued roles:

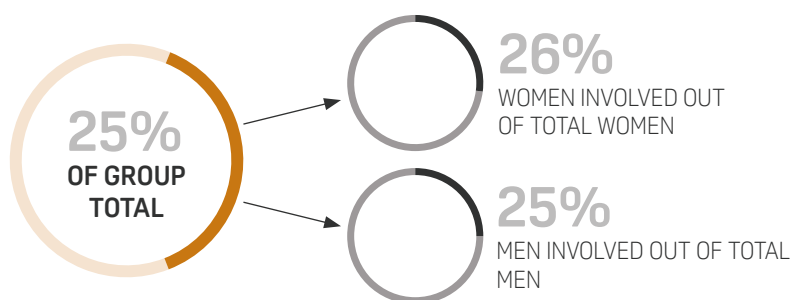
- **COMPETENCE LEADERS**
recognised for their expertise and approach to work and with colleagues
- **TEAM LEADERS**
coaches ensuring goal achievement and resource management.

People Review

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

Job Rotation

Job Rotation is regularly planned to promote professional development and a better knowledge and overall vision of the company. In 2022 it involved 25% of the Group's employees: 26% of women and 25% of men were entrusted with new tasks



Top Management Succession Plans

In order to ensure the Group's operational continuity, the **People Management** Department annually draws up succession plans indicating possible candidates for succession in key Top Management positions (including the **General Manager**) in the event of termination of employment, change of duties/role, revocation of office.

After having been validated by the **General Manager**, the succession plans are submitted to the **Appointments Committee** for evaluation and to the **Board of Directors** for approval.

3.6 Skills and Expertise

Within the framework of the Group Policy on personnel management, the Skills and Training Department 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.

In particular, the Department's activities are aimed at:

defining a training strategy and offer that is consistent with current regulations, corporate projects, the evolution of culture and business, the needs of employees and the organisation, identified through periodic needs analysis

defining and maintaining the **company's skills** model and coordinating its implementation through the monitoring and use of diagnostic (e.g., assessment centre) and development tools (86 coaching courses and 76 development centres activated in 2022)

contributing to the evaluation of employee potential

defining and maintaining the **corporate leadership** model, designing and delivering all training and project initiatives useful for its dissemination

supporting the various corporate departments in change management by leveraging training

planning teaching activities and the organisation of internal and external courses, facilitating participation in training activities, optimising (individual and group) learning and investments

monitoring the use of courses (in particular those online), checking the scores of final tests and preparing adequate information on the activities carried out (statistics, performance reports, budget evolution, etc.)

collaborating with universities and external bodies/institutions on innovative training projects, also with a view to employer branding and the development of attractive skills: in 2022, Credem financed two scholarships to support particularly deserving students enrolled in the International Master's Degree Course in Digital Automation Engineering at the University of Modena and Reggio Emilia to train expert professionals in digital automation engineering, capable of mastering the mathematical, IT and technical tools of the main disciplines regulating automation processes in a digital context, fostering the ability to design, implement and manage automated systems and digital infrastructures

Overseeing the level of expertise and skills is fundamental in guaranteeing growth tools for employees and collaborators, the quality of the service provided to customers and to promote financial education within communities, protecting against the risks and criticalities linked to inadequate specialist and relational preparation.

The Group has therefore adopted a training model based on the following three pillars:



CONTINUOUS TRAINING

planned over an annual time horizon, integrating regulatory, behavioural and commercial content



SELF-ACTIVATION

of employees who, also thanks to diagnostic tools, can access the training offer that is most consistent with their growth objectives and skill level



RESPONSIBILITY

of employees and leaders in using training as an opportunity for professional and personal growth.

Work is simultaneously being carried out on four fronts:

TECHNICAL SKILLS

craft and cross-cutting characteristics

DIVISION BETWEEN COMPULSORY, VOLUNTARY AND SUGGESTED TRAINING

alternating between classroom and online training, which can be used flexibly

SKILL CERTIFICATION

and inclusion in employees' training curriculum, available on the People Training platform

REWARDING

aimed at enhancing employee's commitment also in the use of courses that are not strictly required by law.

The training provided is diverse, based on a process of listening to needs and includes a last phase related to the level of satisfaction.



A summary sustainable development indicator was introduced for Top Management and Executive Directors in 2022; one of its components also includes the percentage of ESG training hours in relation to the total.

During the year, corporate training was characterised by skills and knowledge relating to corporate sustainability, including through the attainment/maintenance of the following certifications:

1

SUSTAINABILITY MANAGER

within the Institutional Relations and Sustainability Department, to maintain certified knowledge, skills and experience in corporate sustainability management

1

ESG ADVISOR

within the Institutional Relations and Sustainability Department, to ensure the valuation of companies and securities, portfolio choices and reporting to customers respecting ESG criteria

2

ESG ANALYST

within the Risk Management Department, to integrate the main ESG factors and their impact on risk

8

ESG ANALYST

within the following Group companies: Credemvita, Euromobiliare Asset Management SGR and Euromobiliare Advisory SIM

The following are envisaged:

- **courses for young people** with high development potential aimed at teamwork, self-confidence, error management and feedback management
- **role pathways, which include a predefined training set of the knowledge and skills necessary to suitably fill the specific role**
- , to meet behavioural needs arising from projects and/or changes in the service model. By way of example, the following were activated in 2022:
 - **wePlas training programme**, delivered to approximately 3,000 employees with the aim of identifying and coaching virtuous conduct in consultancy to continue to make the brand promise a reality
 - **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 work areas

The **Maestri di Mestiere** are a selected group of senior managers with proven experience, skills and performance who represent the Group and its values, which is entrusted with the role of supporting employees assigned to a new role through a structured tutorship path.

345

**MAESTRI DI MESTIERE
IN 2022**

The **training catalogue** available to employees can be accessed voluntarily or by suggestion, and is increasingly broad to encourage continuous training, self-activation and responsibility, all concepts that underpin the 4.0 training model.

For example, language training is open to all Group employees with optional participation: between 2021 and 2022 it involved about 1,000 employees through an interactive online platform with courses lasting eight months. About 370 employees successfully completed the course, earning the Common European Framework of Reference for Languages (CEFR) qualification according to European standards.

Training snippets aimed at improving personal well-being and a cross-cutting training catalogue which provides a series of initiatives oriented towards the development of soft skills are also available on a voluntary and continuous basis.

It is also possible to acquire extra-professional skills through ad hoc training interventions, so that employees can share personal passions and skills, making them become a shared asset and comprehensively enhancing the employee.

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.



OVER
€ 1.5 M
ANNUAL INVESTMENT
IN TRAINING

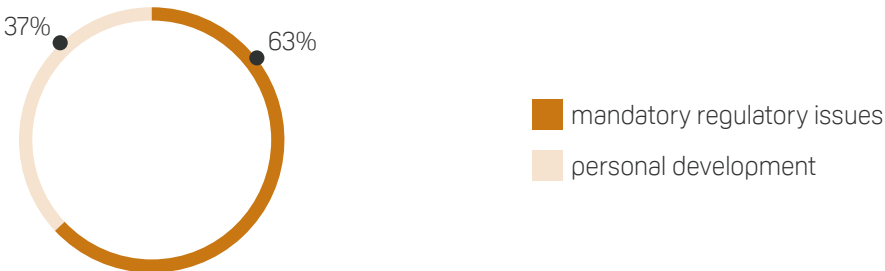


OVER
40,000
TRAINING DAYS
PROVIDED



OVER
6.1
TRAINING DAYS PER
CAPITA²

63% of the training provided was on compulsory regulatory issues and the remaining 37% on the development of role-specific, digital and language skills, as well as soft skills training, all focused on employee development (collaborators and Managers)



² Total and per-capita days were calculated considering 7.5 work hours per day.

3.7 Diversity, Equity and Inclusion

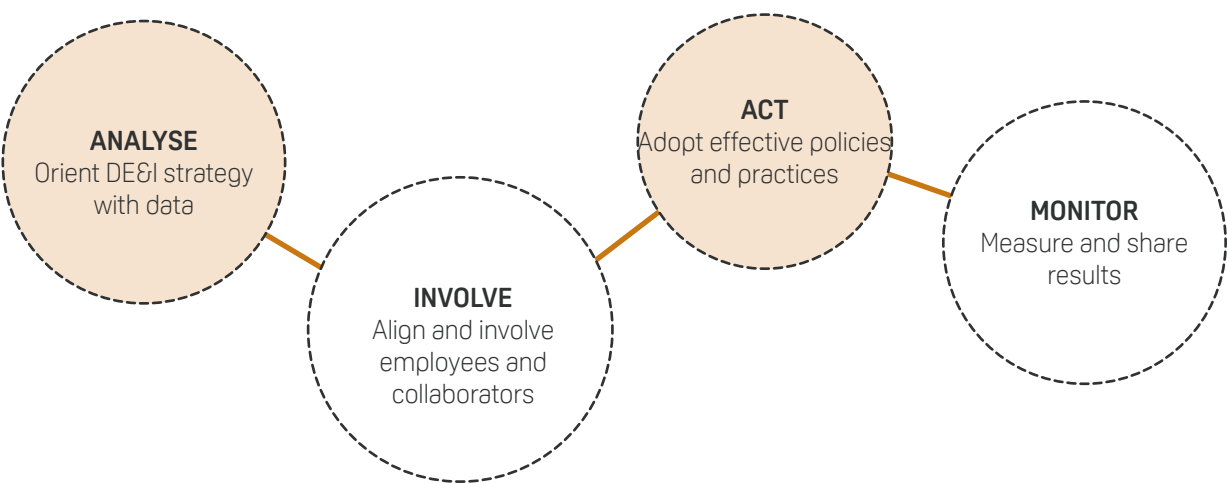
Ensuring equal opportunities and valuing diversity, inclusion and equal opportunities contributes to creating value through the cross-fertilisation of gender, knowledge, skills and experience, fostering creativity and innovation, reducing the risk of discrimination, boosting the motivation of employees and collaborators, and enhancing the ability to attract and retain high-potential employees and a better corporate climate.

The Group's Diversity, Inclusion and Equal Opportunities (DE&I) policies are regulated in the Personnel Management Policy.

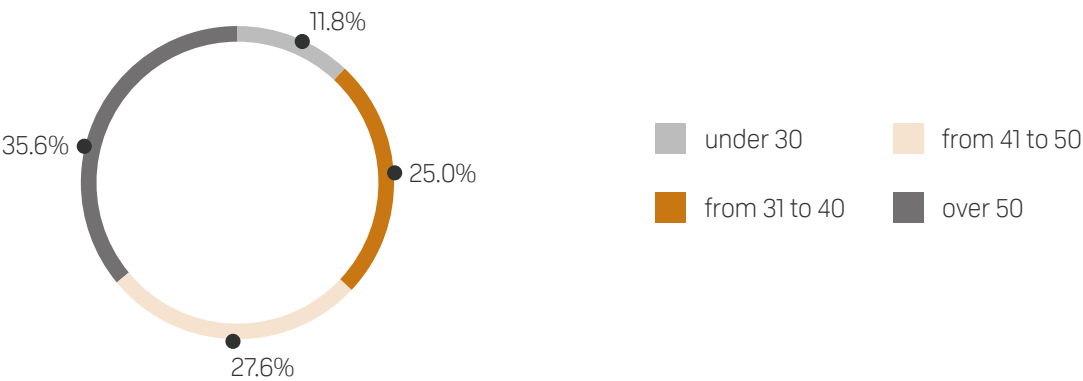
The remuneration policy also ensures the gender neutrality of remuneration practices and the bonus system. A summary sustainable development indicator was introduced for Top Management and Executive Directors in 2022; one of its components also includes gender equality.

The measurement consists of the following drivers: percentage of women hired, job rotation opportunities, perceived equal opportunities by employees and collaborators analysed through the annual climate survey, maintenance of Equal Salary certification.

Credem's Strategy for Foster Diversity, Inclusion and Equal Opportunities:



Age Distribution in the Group

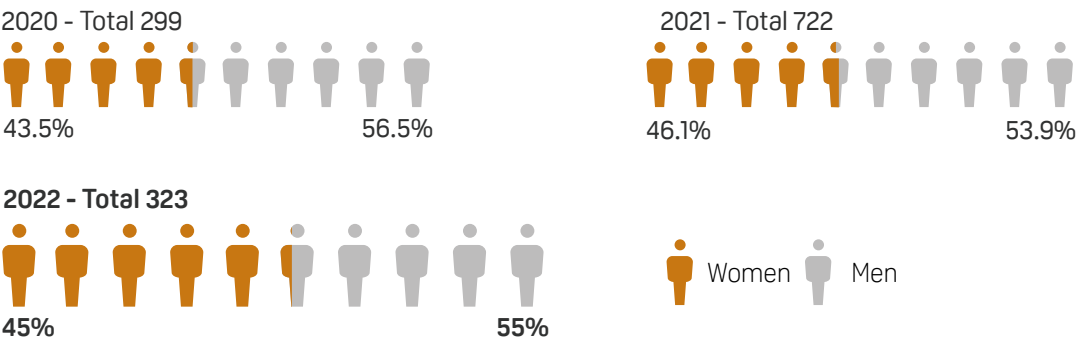


Women in the Company

The positive trend is also confirmed by the following elements:

SELECTION:

in 2022, women accounted for about half of new hires (45%)

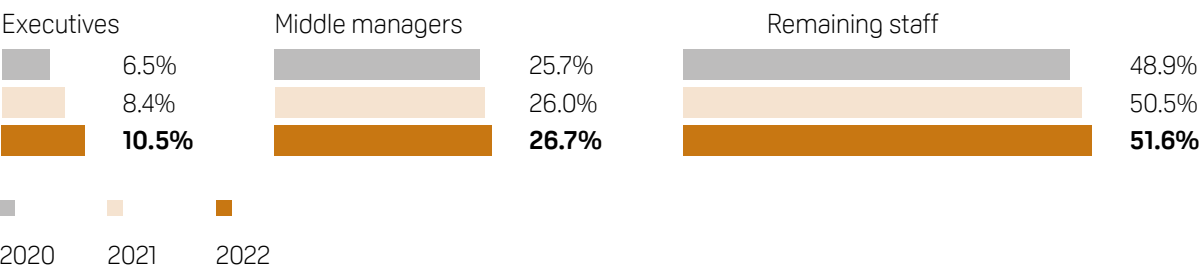


PASSING ON KEY SKILLS:

the number of women who also act as mentors to new recruits has slightly increased since 2021, representing 27% of the total number of female mentors in the company

27%
OF MAESTRI DI
MESTIERE ARE WOMEN

PERCENTAGE OF WOMEN IN THE VARIOUS CATEGORIES:



MANAGEMENT INTERVIEWS:

60% of women were interviewed during 2022 (63% men)

60%
WOMEN INTERVIEWED

JOB ROTATION:

29% of women have participated in one job rotation (by role and/or organisational unit) compared with 27% of men

29%

**WOMEN WHO
PARTICIPATED IN JOB
ROTATION**

AGILE WORK:

considering all forms of flexible working, 88% of women and 86% of men benefited from it in 2022

86%

**WOMEN WHO HAVE
BENEFITED FROM AGILE
WORK**

DEVELOPMENT OF POTENTIAL:

the percentage of talents, high-performing women to whom assessments, training initiatives and dedicated growth paths are reserved, amounts to 5%³, slightly up from 2021

5%

**WOMEN WHO HAVE
BENEFITED FROM
PERSONAL DEVELOPMENT
PATHS**

Credem adheres to the **Women in Banking Charter** promoted by the **Italian Banking Association**, through which it undertakes to enhance its corporate policies according to the following equal opportunities principles:

- promote an inclusive working environment open to the values of diversity, including gender diversity
- strengthen selection and development methods suitable for promoting equal gender opportunities, in a corporate environment oriented at all levels to equal role opportunities and equal treatment
- disseminate full and effective participation of women at every company level
- promote gender equality also outside the bank, for the benefit of the reference communities
- implement appropriate initiatives to address and enhance corporate gender equality policies.



The **Equal Salary Certification** achieved in 2020 was confirmed, which found 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.

³ The corresponding development of potential for men was 3.2% in 2022.



**Carta per le
pari opportunità
e l'uguaglianza
sul lavoro**

The Group also signed the **Charter for Equal Opportunities** promoted by the Sodalitas Foundation in 2022. The organisation is active in Italy to promote corporate social responsibility, to help to combat all forms of discrimination in the workplace - gender, age, disability, ethnicity, religious faith, sexual orientation - by committing to enhance diversity within the corporate organisation through:

- the definition and implementation of equal opportunity policies, starting from Top Management
- monitoring and impact assessment
- guarantee instruments for Group employees.

Within the People Management Department, a liquid working group was

established consisting of the Team Leader 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 **130 Group Diversity Coaches** - figures dedicated to bringing together these issues and the various areas of the Group - are planned with specific initiatives and proposals.

The principle of merit is a strategic cornerstone which excludes the adoption of pink quotas in the staff management policy, focusing attention and monitoring on the principle of **transparency** and **equal opportunities for growth throughout the entire professional life cycle**.

Attention to gender balance is summarised by progressive growth in the number of female employees: in 2022, this number increased by 0.7% compared to 2021, standing at 39% of the Group's total workforce.

130

DIVERSITY COACHES:

spokespeople for needs and requirements related to diversity and inclusion

+0.7%

**INCREASE IN THE
NUMBER OF FEMALE
EMPLOYEES COMPARED
TO 2021**



focus: training

Four online courses are available for all the Group's employees which explore the **themes of diversity and inclusion**, touching, among other things, on aspects of language and different cultures



focus: corporate culture

Initiatives aimed at disseminating a corporate culture based on the values of inclusiveness continued during the year:

- reconciliation of work hours and private life through the incentive to agile work (part time and remote working)
- initiatives to support parenthood and women's professions (dedicated talks during maternity leave and meetings for new mothers)
- 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 continued based on these assumptions:

- internal community on corporate social networks
- professional development project dedicated to listening to employees for colleagues in the 30-40 and over 50 age groups with specific initiatives
- organisation of events/webinars aimed at sharing and discussion with witnesses from outside the corporate world
- portal dedicated to diversity, which contains updates and summaries of the initiatives implemented to encourage the spread of a corporate culture that values and includes diversity



focus: Over The Rainbow



The Over The Rainbow business community is dedicated to **LGBTQ+**, lesbian, gay, bisexual, transgender, queer people and, more generally, to all those employees who do not feel fully represented under the label of heterosexual man or woman.

In 2022 it had **132 members** who met weekly to further the field of observation and develop activities related to sexual and emotional orientation:

- the hashtag #OverTheRainbow allows to follow the many initiatives on the corporate group currents
- the Over The Tea meetings opened by the Team Leader of the People Management Department encouraged testimonies and discussions between experts, employees and parents on the subject of coming out

3.8 Welfare

Corporate welfare ensures the integration and development of policies focused on the well-being of the Group's employees by improving work-life balance, the corporate climate and activating prevention tools, reducing potential negative impacts on work-related health at corporate level, and indirectly at social level.



Top Employers certification is a clear recognition of the effort to achieve excellence and a continuous focus on employee growth and well-being.

The following evaluation criteria were followed to achieve the certification:

- working conditions
- corporate culture
- talent development
- social commitment
- betting on innovation.

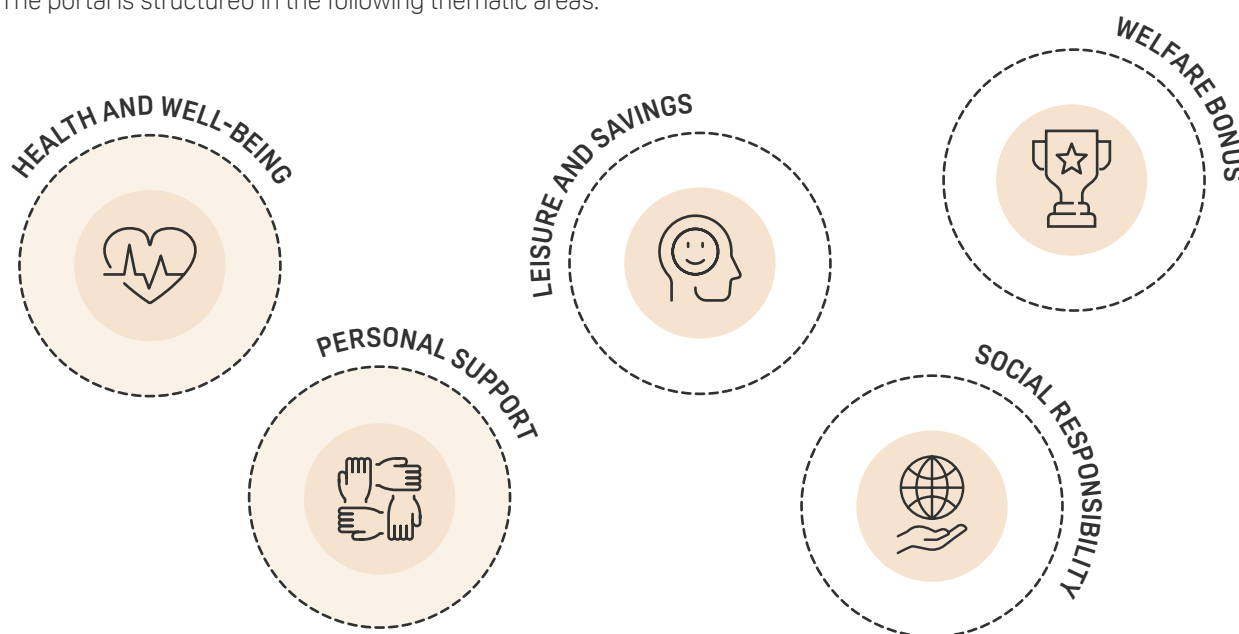
The criteria have evolved over time to adapt to the increased complexity of organisations and the new needs that have emerged in the areas of talent attraction, onboarding, engagement strategies, organisational, training, career plans, sustainability, values, ethics, diversity, inclusion, up to the latest priorities related to innovation and further prompted by the pandemic crisis.

The corporate welfare strategy is aimed at enhancing, motivating and engaging employees and improving the internal climate. These objectives promote lower absenteeism and turnover and improve employer branding, i.e., the Group's attractiveness as a place to work.

A **dedicated portal** on the company's intranet collects the initiatives and services available.

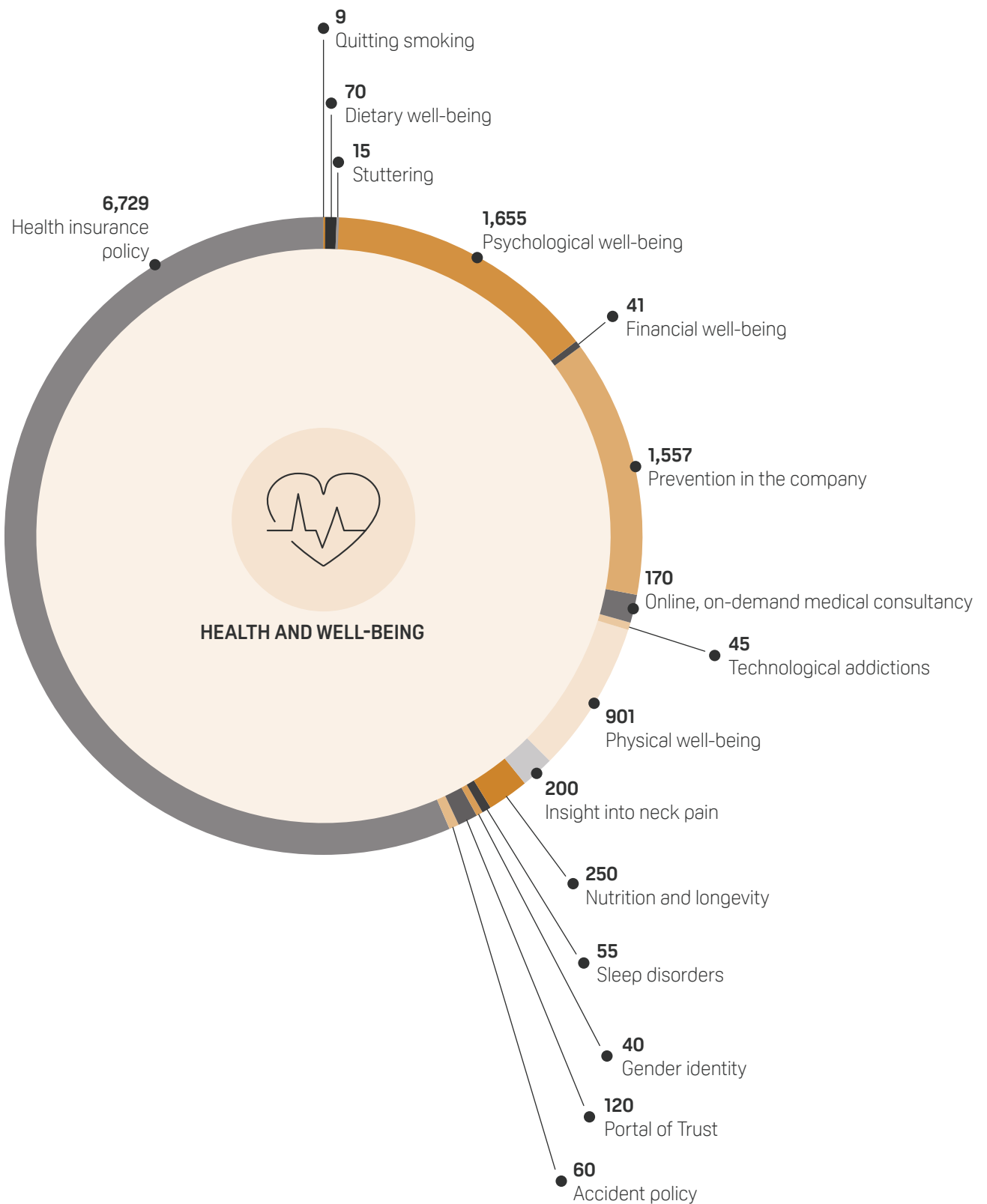
Each Group employee can indicate the areas of greatest interest and benefit from a consequent personalised response to their needs by means of continuous communications and updates on welfare services.

The portal is structured in the following thematic areas:

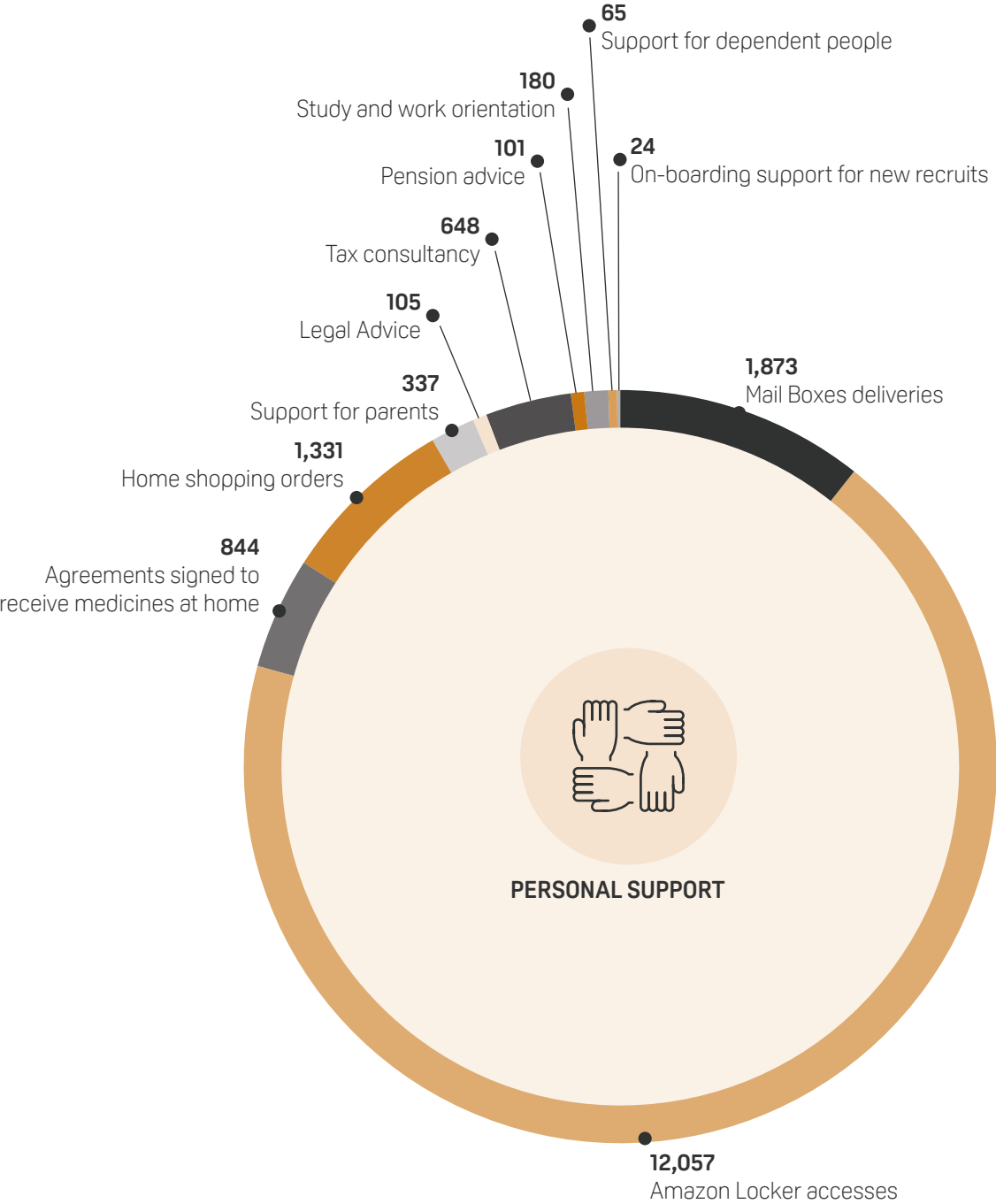


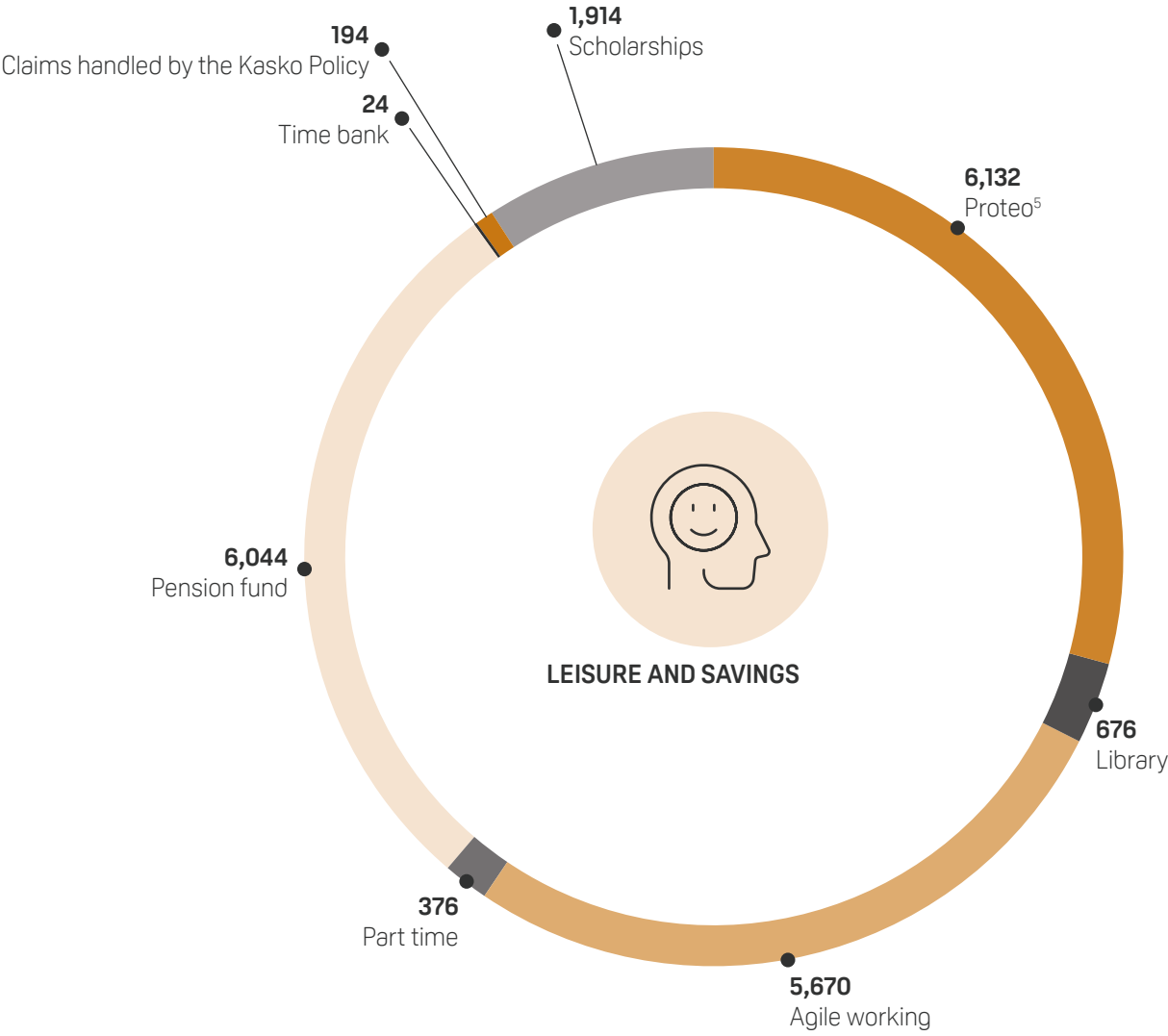
The following pages detail the initiatives and services that characterised the 2022 Welfare Plan

Group Employees Benefiting from Services included in the 2022 Welfare Plan:⁴

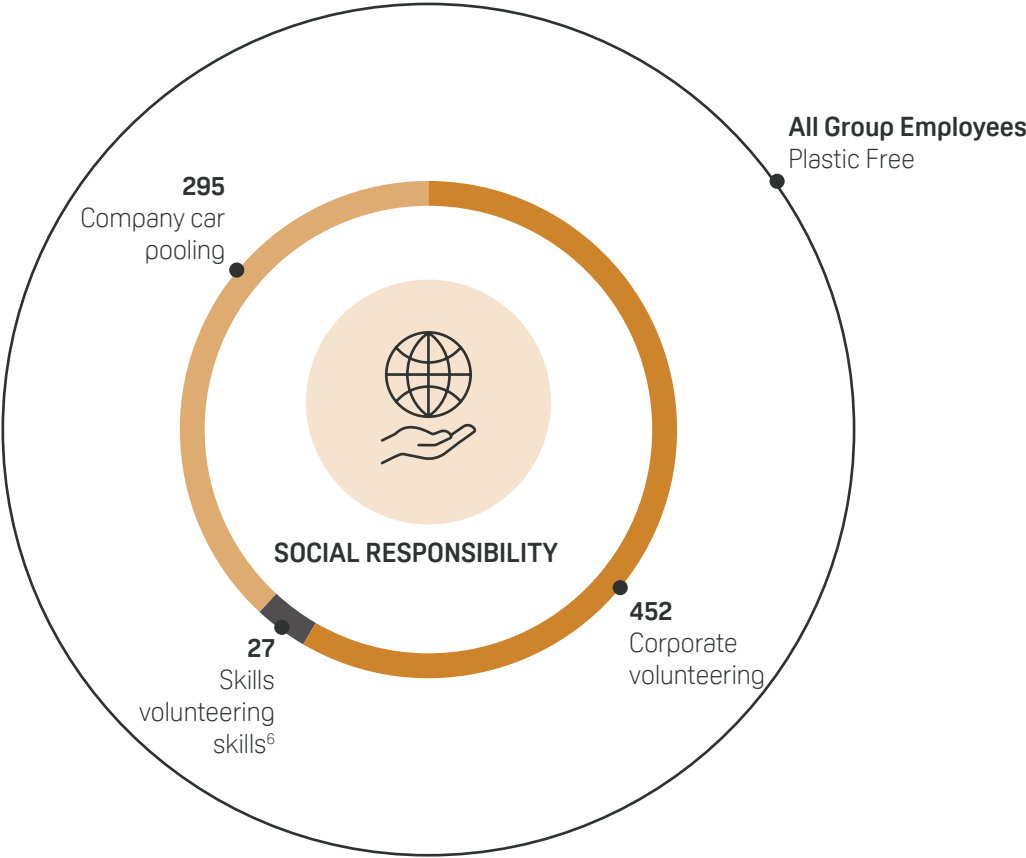


⁴ Please refer to the *appendix* for more details, p. 194.





⁵ Cultural association of Group employees which organises leisure events and offers its members commercial discounts and benefits. In 2022, € 195,000.00 euro was paid to the association: 130,000.00 by employees and shareholders and 65,000.00 by the Parent Company.



⁶ Digital tutoring in partnership with the association Gulliver to accompany children throughout their studies.

The supplementary contract was also renewed in 2022 which, as of 2023, envisages:

increase in meal tickets

increase in the Welfare Bonus

temporary increase in mileage reimbursements

possibility of requesting additional days of agile working to support difficult home/work mobility and caregiving situations. Where operational needs allow it, and subject to authorisation by the relative Manager, the Group allows the use of its own spaces, where available, for agile work in the offices and encourages the gradual expansion of remote work also to colleagues operating in the network, ensuring full customer service operations

increase in the contribution to be paid by the company for the bonus relating to the Health Policy

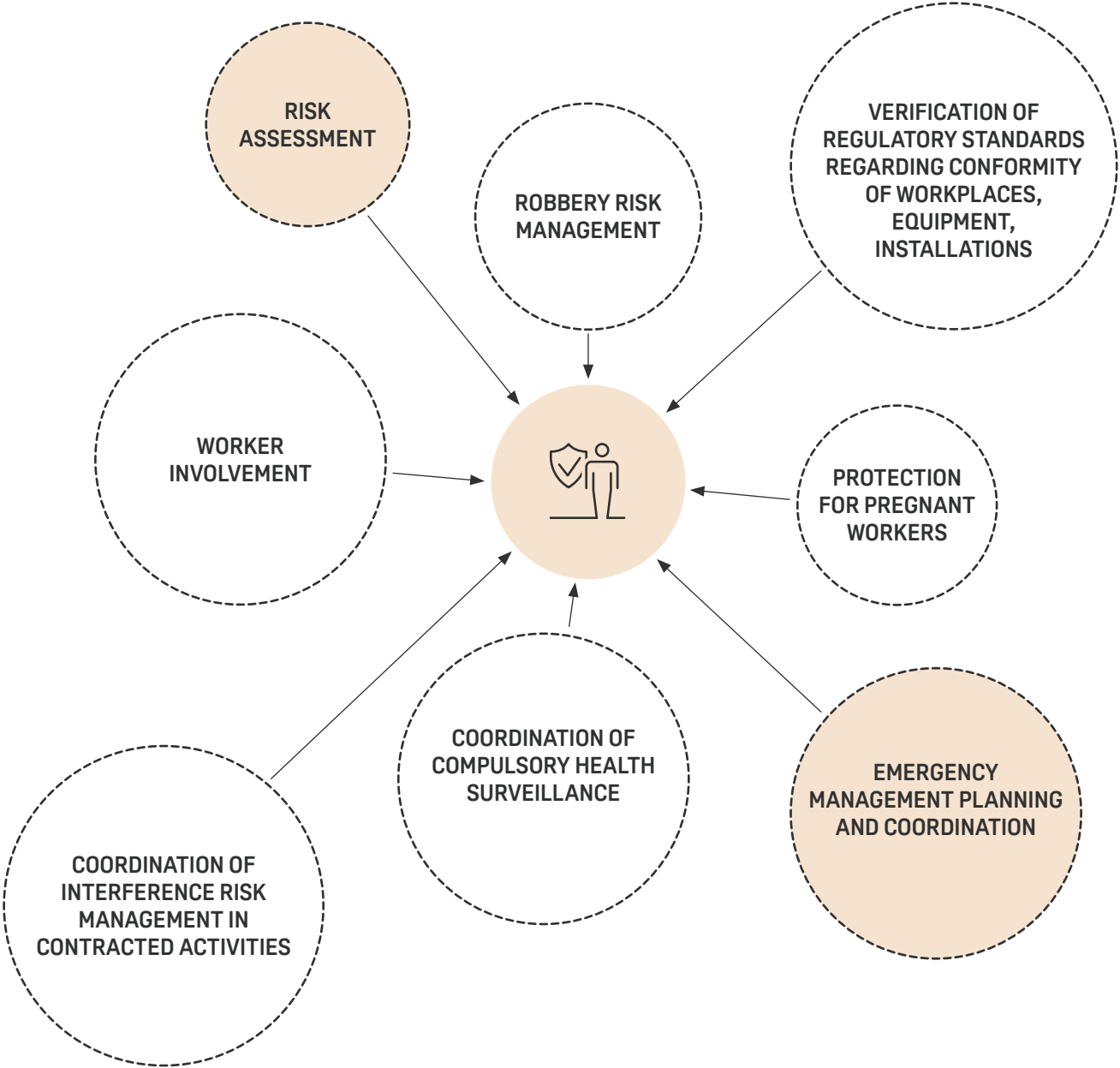
During 2022, an extraordinary contribution of € 300.00 was also made to all Group employees, which can be used on the company Welfare Bonus platform.

3.9 Health and Safety

The health and safety management system is extended to all Group employees and locations and complies with the requirements of Italian Legislative Decree 81/08 on the protection of workplace health and safety. The procedures and processes adopted are summarised in a special portal on the company intranet and all the activities carried out in this regard are reported annually in a special report prepared by the Workplace Prevention and Safety Department for the Employer (pursuant to Italian Legislative Decree 81/08) and analysed by the Board of Directors.

The dissemination of a culture of safety and prevention translates into a reduction in the risk of workplace accidents and related illnesses and enables the Group to make a positive contribution to improving social health and reducing welfare/pension costs in its communities.

The Workplace Prevention and Safety Department defines the processes of risk assessment and identification of prevention and protection measures, implementing, among others, the following key 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. If injuries, dangerous events or accidents occur, the event is analysed and, where necessary, the related corrective actions are identified

VERIFICATION OF REGULATORY STANDARDS REGARDING CONFORMITY OF WORKPLACES, EQUIPMENT, INSTALLATIONS:

when new workplaces are opened or renovated, monitoring is carried out through inspections by the Prevention and Safety Department, during which specific assessment checklists are applied in order to highlight any critical issues or anomalies and identify corrective or mitigation measures. The Department also advises the offices responsible for defining implementation standards in relation to workplaces, equipment and facilities to verify compliance with the safety regulations currently in force

WORKER INVOLVEMENT:

takes place through consultation with the Workers' Safety Representatives, through specific moments for communications and at regular prevention meetings, at least annually. Workers are also involved during practical evacuation drills organised annually at offices with at least ten employees (workers and external collaborators) present

COORDINATION OF COMPULSORY HEALTH SURVEILLANCE:

organisation of medical fitness examinations for video terminal workers (about 30% of the company population) and management of related activities (inspections by company doctors at work sites, custody of health records, etc.). Occupational health services are entrusted to external company doctors who, after coordination by the responsible department, apply health protocols, participate in the risk assessment process and provide sector advice. Data on workers' health conditions (health records) are kept in paper and electronic format in compliance with professional secrecy and privacy legislation

PREGNANT EMPLOYEES:

occupational safety regulations, specifically Italian Legislative Decrees 81/2008 and 151/2001, provide special protection for pregnant female employees. The Group has therefore defined specific procedures to safeguard the health of all female workers, with particular distinctions for video terminal operator and front office roles

COORDINATION OF THE MANAGEMENT OF RISKS FROM INTERFERENCE IN CONTRACTED ACTIVITIES

: support and advice to other corporate departments in monitoring all obligations related to work contracts

EMERGENCY MANAGEMENT PLANNING AND COORDINATION:

drafting of internal emergency and evacuation plans, supervision of emergency management figures, definition of verification and control plans and planning practical workplace evacuation drills carried out annually at all offices with more than ten employees present

ROBBERY RISK MANAGEMENT:

in response to the risk that workers may be harmed as a result of criminal events, a psychological support course has been implemented, which is activated by the company doctor for particularly cruel events. Support includes group (post-robbery debriefing) or individual interventions (psychological interviews at the worker's request) conducted by occupational psychologists specialised in handling emergency situations

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 EXTERNAL TRAINING BODIES/ COMPANIES**

The courses are provided to the entire company population in classrooms and in e-learning mode (for those cases where this is legally permitted) through a dedicated training catalogue compliant with regulatory requirements. The needs are diversified by role, job or workplace.

All the courses provided in the field of health and safety include a verification of learning through assessment tests.

Credem joined the **Workplaces promoting health** programme in 2022; it is supported by the Emilia Romagna Region as part of the 2021-2025 Regional Prevention Plan and is implemented by the Workplace Prevention and Safety Service of the Reggio Emilia Local Health Authority, which identifies the workplace as a favourable place for promoting health.

By adhering to the above-mentioned project for workers and focusing on social and health equity, the Group voluntarily commits itself to:

- ☒ building, through a participatory process centred on the role of the company doctor, a context that facilitates workers' adoption of positive health behaviour and choices
- ☒ take an active role in the promotion of health and well-being and positively influence workers' lifestyle habits by supporting their healthy choices
- ☒ improve the corporate climate by working on the motivational aspects of employees

04

1,335,161

Customers: +1%
(vs. 2021)

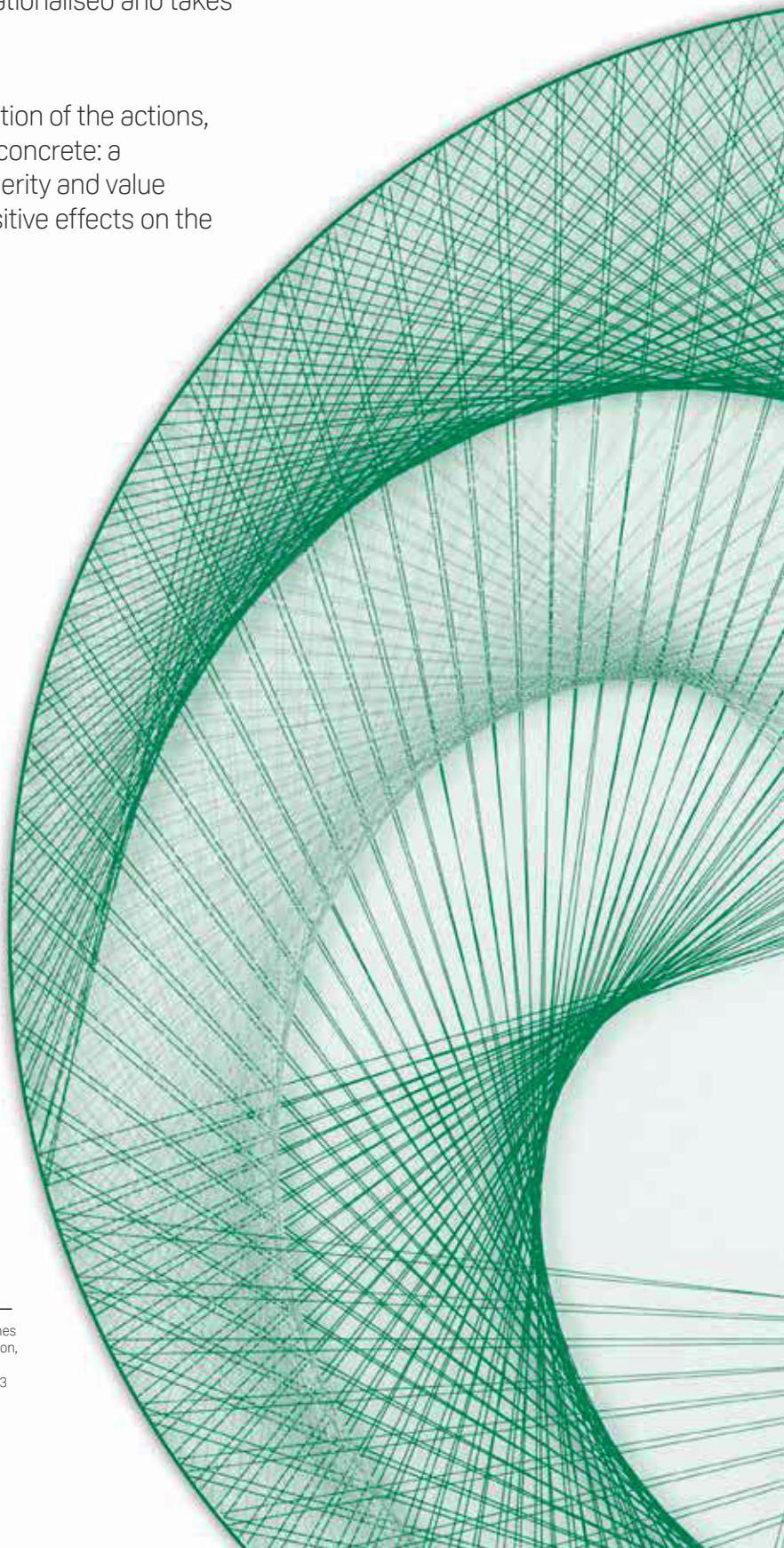
Prosperity

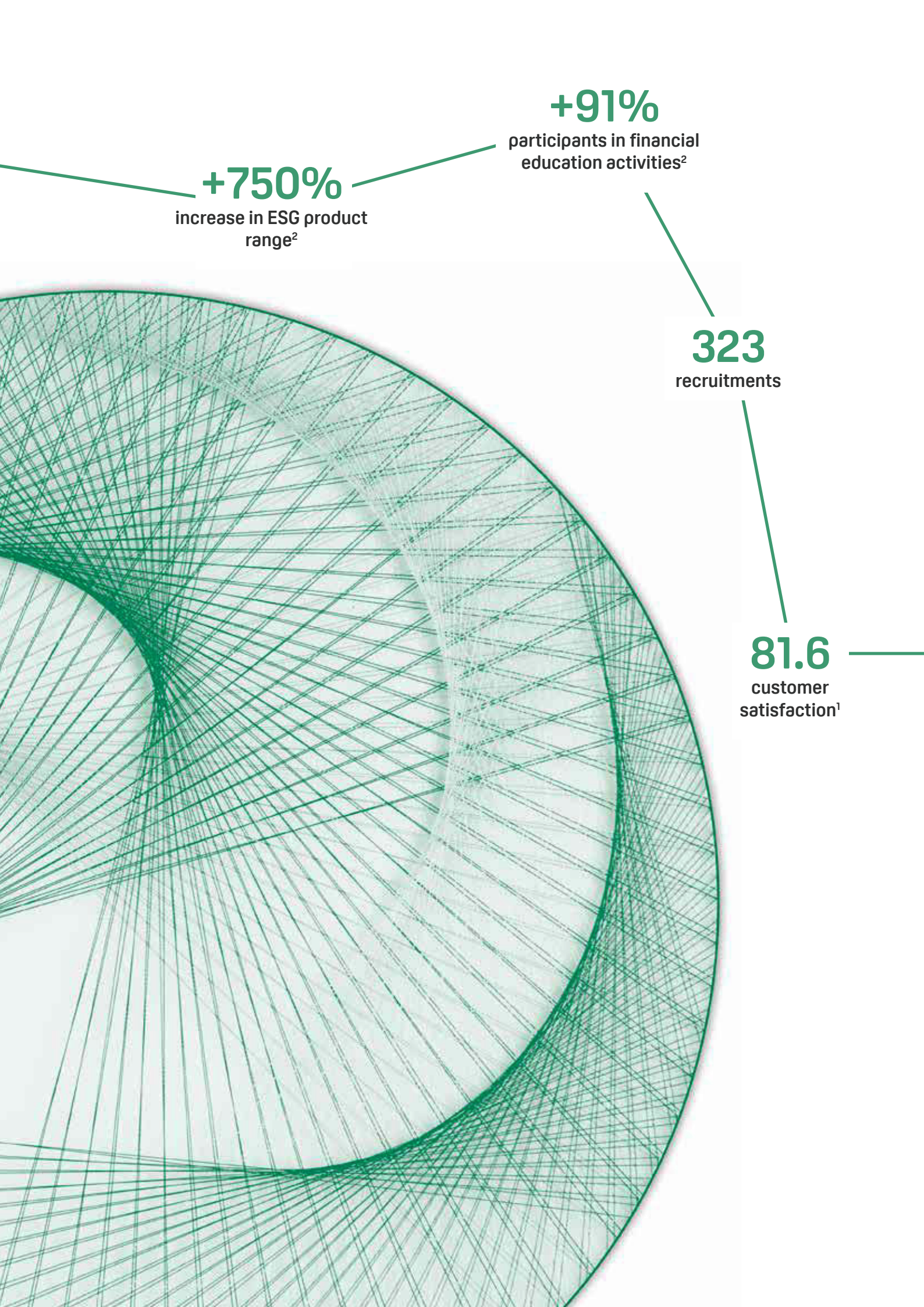
A seemingly confusing set of threads is rationalised and takes shape thanks to string art.

The threads, which become a representation of the actions, render Credem's sustainable philosophy concrete: a philosophy that is transformed into prosperity and value shared with stakeholders, generating positive effects on the company and the territory.

¹It summarises customer satisfaction with Credem as a whole (relating to branches and remote channels used) in a single value; 2022 confirmed customer satisfaction, with a score of 81.6 points out of 100.

²The data and information as at 31.12.2019 is considered as a baseline for the 2023 targets.





+750%

increase in ESG product
range²

+91%

participants in financial
education activities²

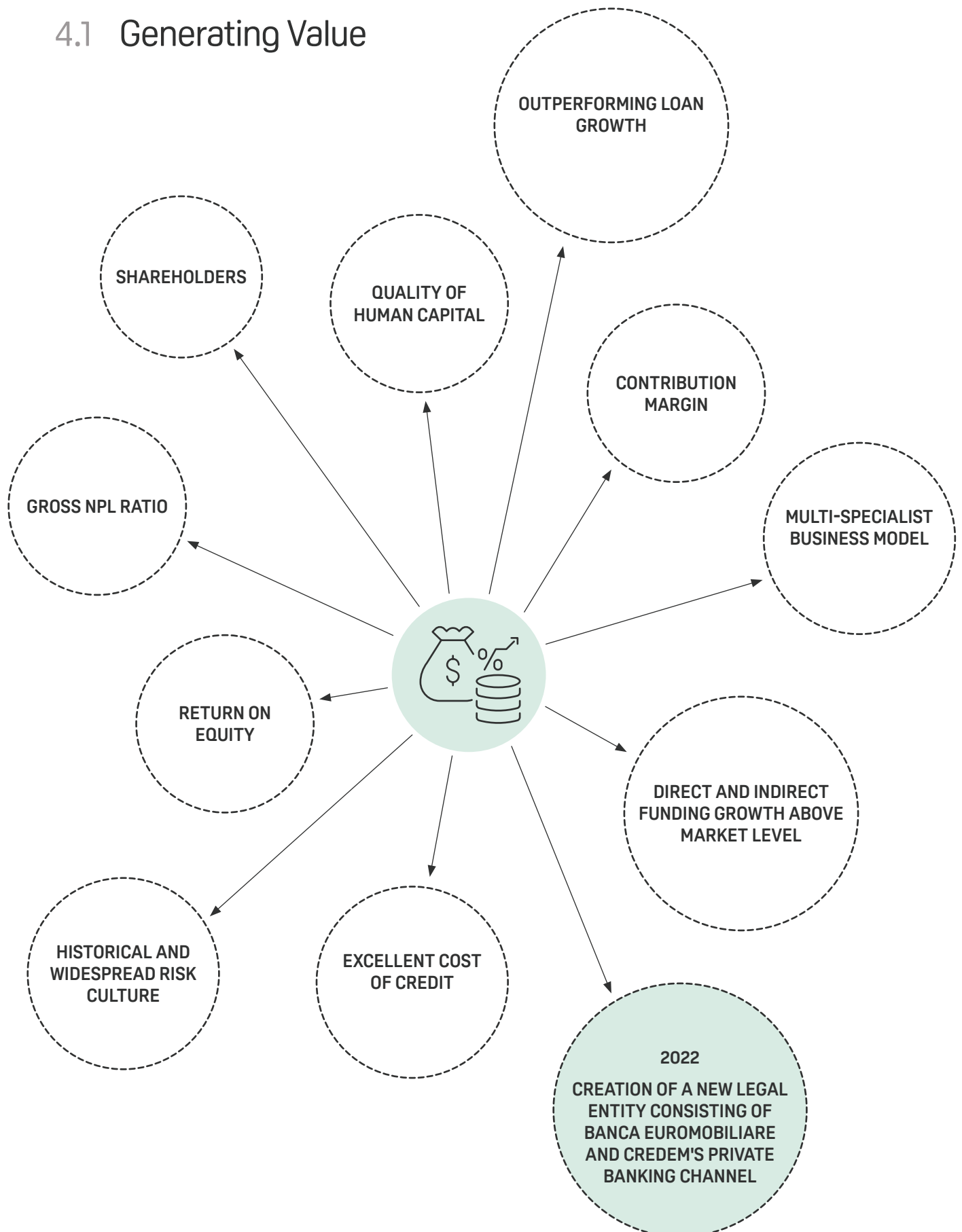
323

recruitments

81.6

customer
satisfaction¹

4.1 Generating Value



SHAREHOLDERS

Our shareholders: a long-term vision

The Parent Company's largest shareholder is Credemholding SpA, with a 79% shareholding and floating shares totalling 21%. The company consists of more than 3,000 shareholders and has as its goal the performance 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.

77% 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 policies, objectives and results oriented to the medium to long term period



CREDITO EMILIANO SPA SHARE PERFORMANCE:



The three-year period 2020-2022 was characterised by significant and peculiar volatility in the financial markets, first triggered by the spread of the pandemic and then intensified by the Russian war in Ukraine. During these different economic cycles, the share performed over 27% compared to a positive performance of about 0.10% of the Italian banks index (FTSE Italia All Share Banks)

QUALITY OF HUMAN CAPITAL

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**, **method** and **flexibility**.

The search for continuous cultural and professional contamination in 2022 ensured the recruitment of **323 employees³**, of whom 201 were under 30 years of age (105 women and 96 men)



323

**NEW HIRES
IN 2022**

CONTRIBUTION MARGIN

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



572.6 €/million

MULTI-SPECIALIST BUSINESS MODEL

Revenue sources guaranteed by a multi-specialist business model

The diversification of the business model has made it possible to effectively respond to the economic and social context⁴

RETURN ON EQUITY

Calculated as net profit on average shareholders' equity in 2022

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 2023, 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



9.8%

ROE 2022

³ See UN Agenda 2030 ESG Target 2023, page 36.

⁴ Please refer to the section Our Value Proposition, page 130

DIRECT AND INDIRECT FUNDING GROWTH ABOVE MARKET LEVEL

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

*Source: ABI Monthly Outlook January 2023 - var% y/y Total customer deposits (private sector and PA)

NET PRODUCTION IN 2022:

4.4 €/million

INCREASE IN DIRECT FUNDING FROM CUSTOMERS



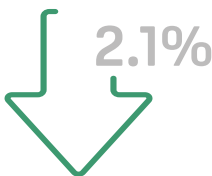
EXCELLENT COST OF CREDIT

The monitoring of credit quality reflects a significantly lower cost than the system average

15 bps = 0.15% OF AVERAGE LENDING IN 2022

GROSS NPL RATIO (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.



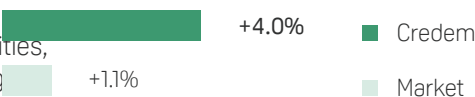
NET NPL RATIO (INCIDENCE OF TOTAL NET NON-PERFORMING LOANS ON NET LOANS)

Low incidence of net non-performing loans (NET NPLs), thanks to further growth in coverage levels (coverage FY22 56% vs 53.7% FY21)



OUTPERFORMING LOAN GROWTH

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, monitoring and strategic risk management

NEW LEGAL ENTITY: CREDEM EUROMOBILIARE PRIVATE BANKING

A new legal entity was created in 2022, consisting of Banca Euromobiliare and Credem's private banking channel. Credem's Private Banking became part of the new company in February 2023. The project represents a decisive step in the positioning, specialisation and development of the Group's private banking business




focus: ESG Rating and Recognition of Group Sustainability⁵

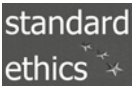





ESG ratings are represented by a synthetic judgement issued by rating agencies specialised in collecting and processing information, certifying the soundness of an issuer, a security or a fund from the point of view of environmental, social and governance aspects.

This judgement supports the information investors need to make informed decisions.

In 2022, the Group received significant recognition from a number of leading ESG rating agencies:

RATING	DESCRIPTION	SCORE
	reflects ESG performance and relations with external stakeholders	2023 65 scale from 0 to 100

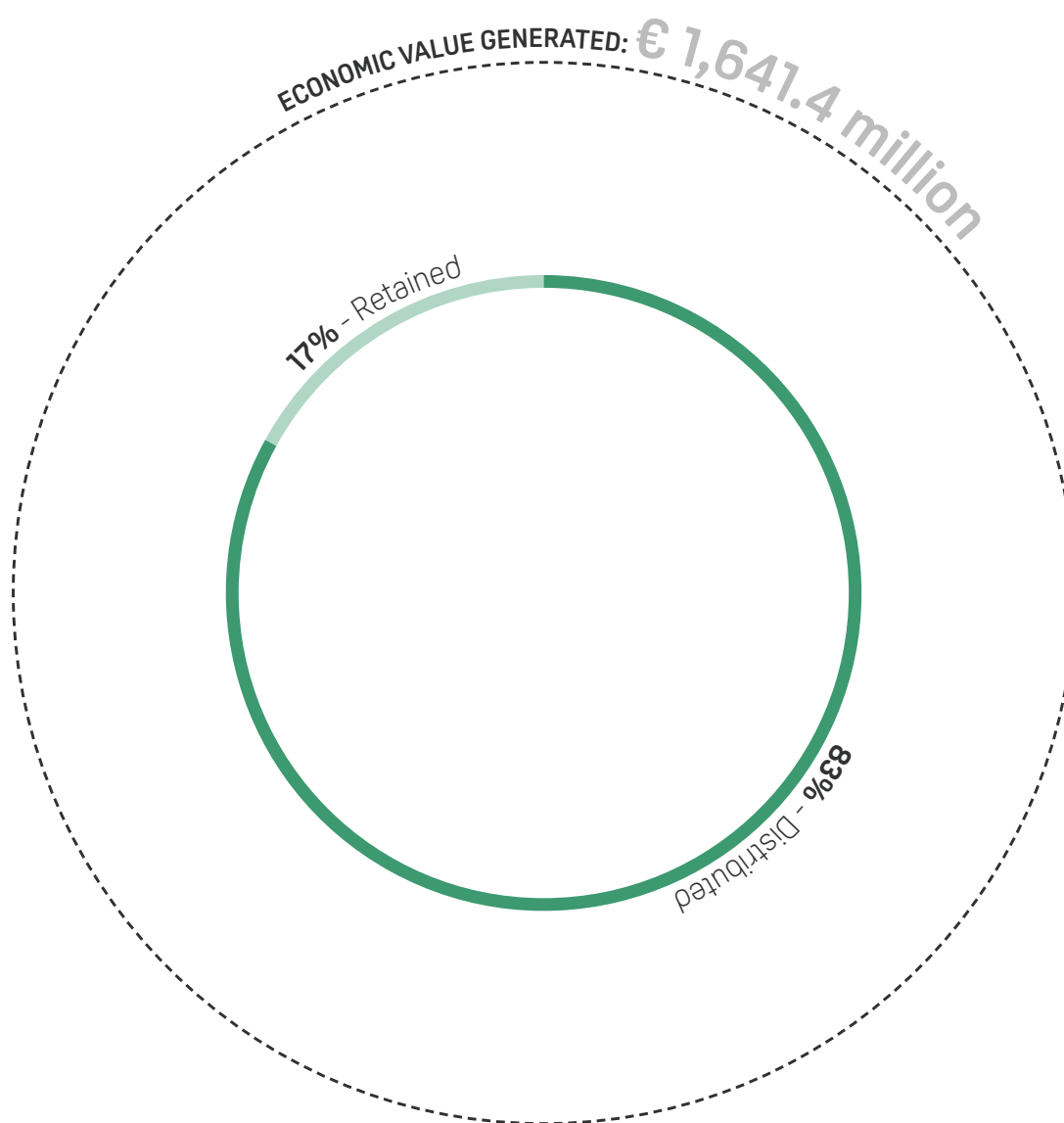
⁵ There are many observable aspects in ESG ratings and scores, both quantitative and qualitative, and many characteristics are observed for each criterion (environmental, social, governance). When the rating is requested by the rated entity itself (or a related entity), it is called a solicited rating; when it is requested by a third party or issued by the agency on its own initiative, it is called an unsolicited rating. All the ratings in the table are unsolicited, with the exception of CDP. Apart from the issuer, the main difference between solicited and unsolicited ratings is the availability of information for the rating: in the case of solicited ratings, it is in the interest of the requesting companies themselves to provide all data and information necessary for a thorough examination, whereas unsolicited ratings are based solely and exclusively on information which is publicly available.

RATING	DESCRIPTION	SCORE
	Measures the company's alignment with sustainability principles (UN, OECD and EU)	2022 E Very low scale from F to EEE
	Reflects the company's ability to manage environmental risks and measure environmental impacts	2022 D scale from F to A
	Reflects the company's level of resilience to ESG risks	2023 A scale from CCC to AAA
	Measures the company's exposure to specific ESG risks identified in its sector and its ability to manage them	2022 26.5 Medium Risk scale from 0 to 40+
	Reflects the company's performance with respect to social, environmental and governance (ESG) areas	2022 46/100 scale from 0 to 100
	Reflects the company's ESG performance against its sector benchmark	2022 Social: C- Governance: C Environmental: D Scale from D- to A+

Economic Value Generated and Distributed

The results achieved in 2022 testify to the Group's ability to remunerate its stakeholders and generate value for the organisation and the company, including by supporting the financial system.

The image below shows the total Economic Value Generated by ordinary operations broken down in terms of Economic Value distributed and retained.



€ 1.366.3 million

DISTRIBUTED ECONOMIC VALUE

€ 275 million

ECONOMIC VALUE RETAINED

The portion of **Distributed Economic Value** is divided among the main stakeholders:

Employees and Collaborators: € 665.7 million for salaries, amounts paid to state institutions on behalf of employees and the benefits paid to them



48.7%
EMPLOYEES AND COLLABORATORS

Central and Peripheral Public Administration: € 359.8 million for tax payments and contributions to funds at international, national and local level, supporting society and the communities in which the Group actually operates.

In particular, the Group contributed to **the following funds in 2022 to support the economic system:**

- **European Single Resolution Fund - SRF: € 34.3 million** to contribute to crisis management in an orderly manner through more effective instruments and the use of private sector resources, reducing the negative effects on the economic system and preventing the cost of bail-outs from being borne by taxpayers
- **Deposit Guarantee Scheme Fund - DGS: € 23.1 million** through:
 - the reimbursement of depositors in the event of compulsory liquidation of banks authorised in Italy and, with regard to branches of EU banks that are members of the fund on a supplementary basis, in cases where the guarantee scheme of the bank concerned has intervened
 - financing of resolution, in the event of resolution of consortium banks authorised in Italy, in accordance with the modalities and limits set out by Italian Legislative Decree 180 of 16 November 2015, implementing Directive 2014/59/EU on the reorganisation and resolution of credit institutions and investment firms (BRRD)



26.3%
PUBLIC ADMINISTRATION

Suppliers: € 226.9 million to support the procurement costs of goods and services that are a vital element in maintaining a competitive advantage capable of profitably contributing to the Group's economic results



16.6%
SUPPLIERS

Shareholders: € 112.2 million to ensure an adequate return on invested capital, on which the Group can rely in its business activities



8.2%
SHAREHOLDERS

Community and Environment: € 1.7 million to support specific projects for social benefit and environmental protection



0.1%
COMMUNITY AND ENVIRONMENT

4.2 Our Customers

Passion and Responsibility also distinguish the Group's relations with its customers.

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
- digital channels: internet and mobile banking, contact centre and the website.

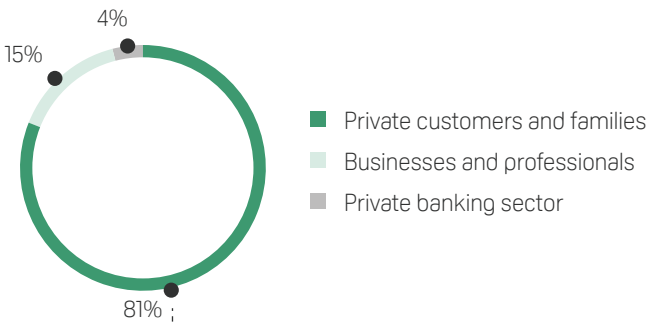
During 2022, the Group did not record cases of non-compliance with regulations and/or marketing communication codes.

In line with the commercial growth strategy, in 2022 the number of customers of the companies Credito Emiliano S.p.A. and Banca Euromobiliare S.p.A. recorded an **increase of 1%** compared to 2021.



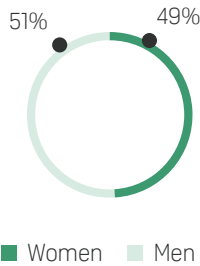
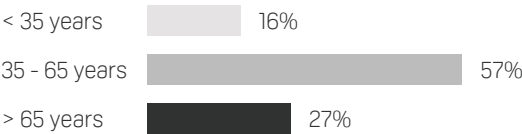
Customer Composition

As at 31 December 2022 an analysis of the **customer breakdown** of the two main banks of the Group, Credito Emiliano and Banca Euromobiliare, revealed a pronounced concentration of customers in the **private and family** sector, followed by **companies and professionals** and by the **private banking sector**



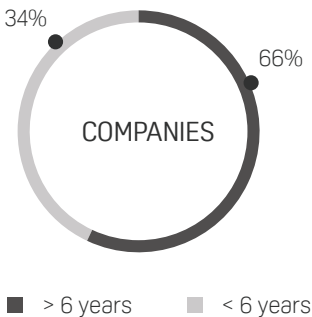
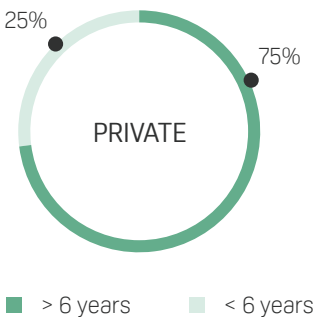
Composition of Private Customers

The breakdown of private customers reveals a mixture consistent with data from previous years¹

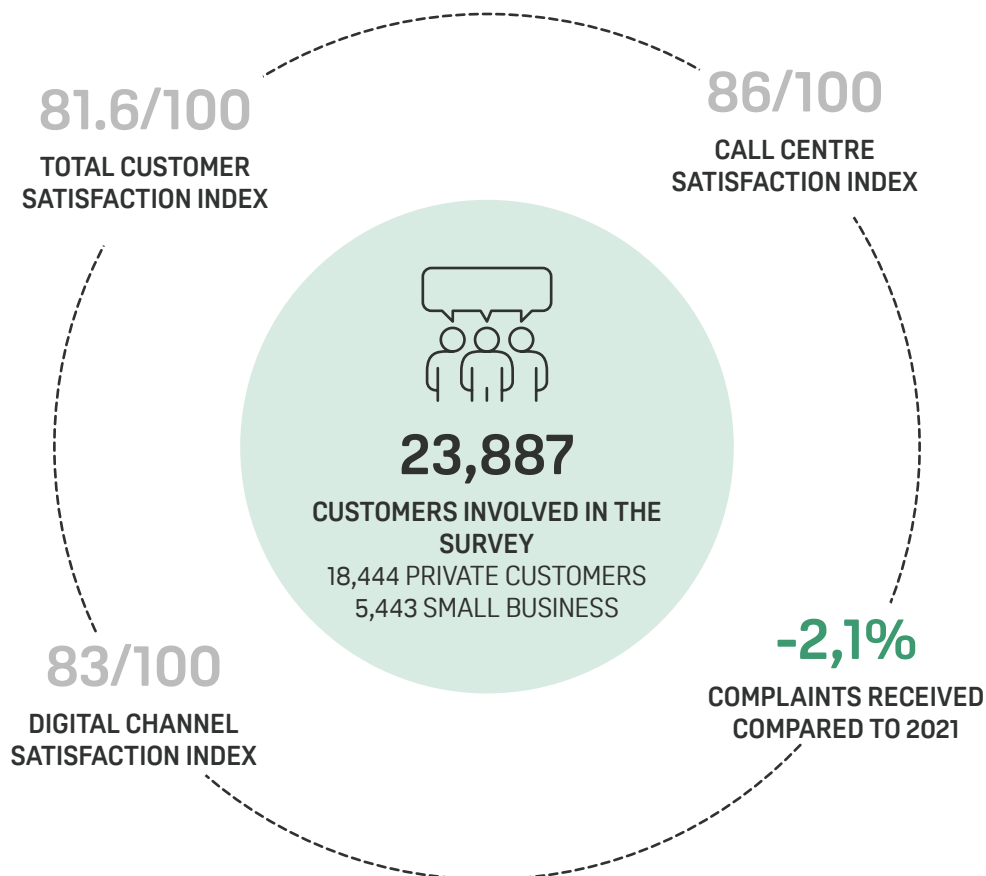


Duration of Relationships

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**



Customer satisfaction⁶



Customer satisfaction is a central, strategic corporate objective.

The commitment to customer care and assistance is an integral part of the Group's activities and is implemented in the offer of concrete, easy-to-use solutions, through a service characterised by professionalism, expertise, consistency and respect for commitments.

The following activities were enhanced in 2022:

- benchmark analyses of traditional commercial banking models and digital realities
- customer satisfaction surveys on various channels (branch, call centre, internet banking and mobile, video calls)
- evolution of the **CredemLab** community, also used for listening to bank employees
- more structured analysis of key business processes through dedicated evaluation questionnaires administered to customers and branch managers.

⁶ The data and information on customer satisfaction refer to Credito Emiliano S.p.A.

The listening activities were periodically analysed by a special committee and gave rise to fruitful, synergistic collaboration and project sharing extended to all business departments to define and carry out remediation actions.

Two general indicators were used for an integrated interpretation of the different areas investigated:

- **Net Promoter Score⁷ (NPS):** indicates how much customers recommend Credem as a bank. Calculated as the difference between the percentage of promoter customers (those who recommend Credem with a 9-10 rating) and the percentage of detractor customers (rating 1-6), in 2022 the index stood at 39 points, compared to 45 in 2021. Although decreasing, the index remains an element of excellence and at the top of the banking system; there was a greater polarisation of ratings compared to previous years, with a reduction in the "neutral" customer segment (rating 7-8)
- **Customer Satisfaction:** this summary indicator measures customer satisfaction with the Credem banking model as a whole (branches, digital channels and call centre) with a single value. The service model underwent an accelerated transition towards greater digitalisation and customer autonomy in 2022 (also through the use of tools such as self-service desks at operating branches); the value showed a slight reduction to 81.6 (-2.6), particularly on the physical and digital channels, instead recording a slight increase for the contact centre.

The data analysis highlighted some significant indicators:



the constant evolution of service models - with an increasing demand for advanced digital services and remote relationship modes - is polarising evaluations: digital customers require more skills and also proactivity from managers



the central role of the contact centre, especially in supporting customers on issues relating to payment systems and/or access/use of digital channels: satisfaction for inbound customer service⁸ stayed at the same level as in 2021 (85.7 vs. 85.8), while the Outbound service⁹ service, focused partly on caring actions and partly on commercial activities, grew by almost 1 point to 87.2, the highest figure over the last three years of the survey.

Survey Methods

The data concerning general and branch satisfaction was obtained by a phone and e-mail survey carried out between March and December 2022 on a total sample of 16,669 private customers and 5,443 small business customers. These results were integrated with the results of an online questionnaire proposed to 1,025 private customers regarding internet and mobile banking services, and a further 750 telephone calls made on annual basis to identify customer satisfaction levels with the telephone banking service.

⁷ 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.

⁸ Telephone support activated upon customer request.

⁹ Management of outgoing telephone activities to prospect or customer base users.

Contact Points

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



website (credem.it)



email: info@credem.it



app (Credem mobile Banking)



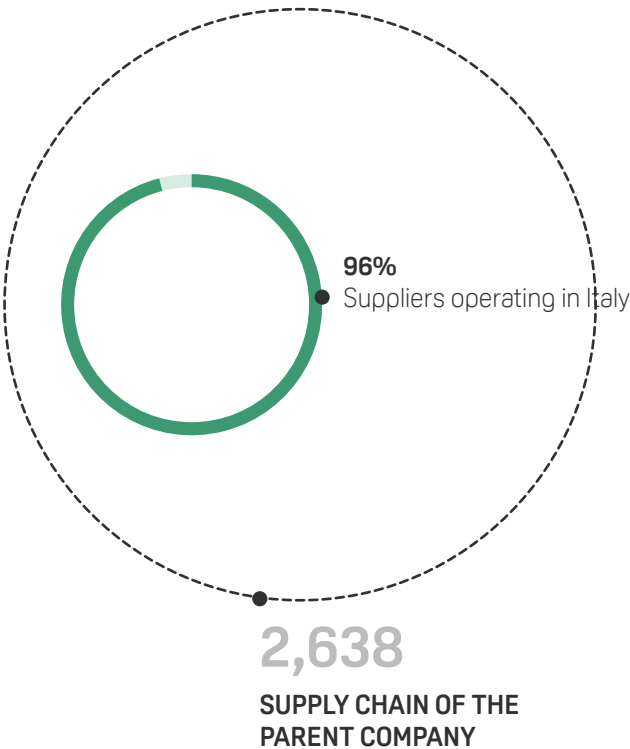
contact centre (Credem toll-free number 800 273336)



branches

4.3 The Supply Chain

The Group bases its operations on the highest standards of professionalism, integrity, legality, transparency, fairness and good faith; this approach is also applied in the choice of suppliers. In fact, sustainable supply chain management enables the development of innovation and control processes to guarantee and protect the security of relations and procedures. These actions make the company less vulnerable to risks and can therefore have a positive impact on its ability to create value for the organisation and the area in which it operates. The relationships with suppliers are governed by the Code of Ethics, which is an integral part of the OMC 231, and by the related ethical standards, referred to in a specific clause pursuant to Italian Legislative Decree 231/2001¹⁰ in supply contracts. The selection criteria for the assignment of orders and their inclusion in the Suppliers' Register are subject to objective and transparent assessments of their professionalism and business structure, giving preference, all things being equal, to companies located in Italy.



Strategic and operational oversight of the supply chain is aimed at:

constantly monitoring the markets and products/services provided

management of the purchasing and negotiation phases to ensure the best cost-quality ratio

periodic evaluation of suppliers with the assignment of a vendor rating

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 2,638 suppliers: 96% 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 Group's Sustainability Policy was supplemented in 2022 with a number of principles aimed at excluding specific business sectors or financial instruments that are not in line with its ethical and integrity principles through a cross-sectoral approach applicable, where compatible, to all stakeholders. With regard to Suppliers, the exclusion criteria for **unconventional weapons** and **derivatives on food commodities** apply.

¹⁰ For the Code of Ethics, please refer to the institutional website <https://www.credem.it/content/dam/credem/documenti/governance/d-lgs--231-2001/Codice Etico.pdf>

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 with a total invoiced amount in excess of EUR 100,000
- whose invoices exceeded € 500,000.

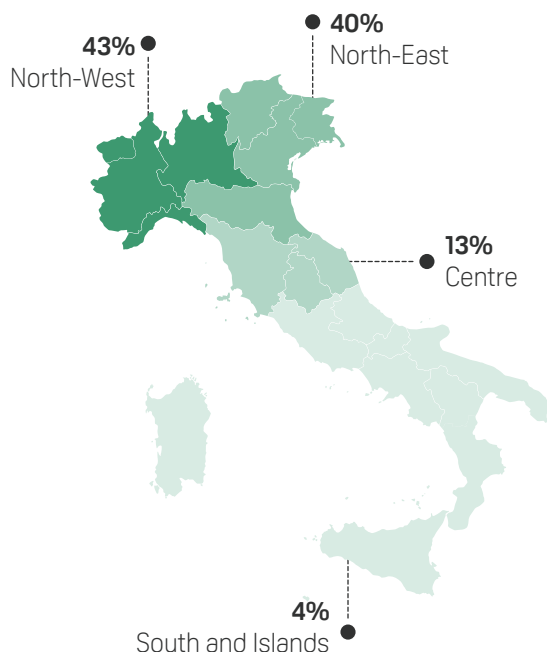
The assessment considers the criteria of professionalism, reliability, financial stability and affordability. If the supplier does not achieve the minimum score required, they are qualified as *under observation*, which involves a documented judgement as to whether the relationship should continue or be terminated. If the relationship is continued, correlated risks are nonetheless subject to closer supervision. In 2022, 93 suppliers were evaluated for vendor rating activities; 13 suppliers were placed under observation.



focus: 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 2022, 96% of the supply chain can be attributed to Italian suppliers, who represent 94% of total expenditure on supplies and provisions, in line with previous years. Among Italian suppliers, 43% of the turnover is attributable to suppliers in the North-West, 40% to suppliers in the North-East, 13% in the Centre and 4% in the South and Islands.



Sustainable Supply Chain Management Strategy

In order to raise suppliers' awareness and accompany them on a path of sustainable growth, the Group is pursuing a path of improvement of internal processes that will allow coordinated supervision by 2024, characterised by the updating and adjustment of internal procedures for managing the purchasing process, also through the integration of selection processes capable of guaranteeing compliance with the strategies that Credem intends to pursue in the field of environmental and social sustainability through:

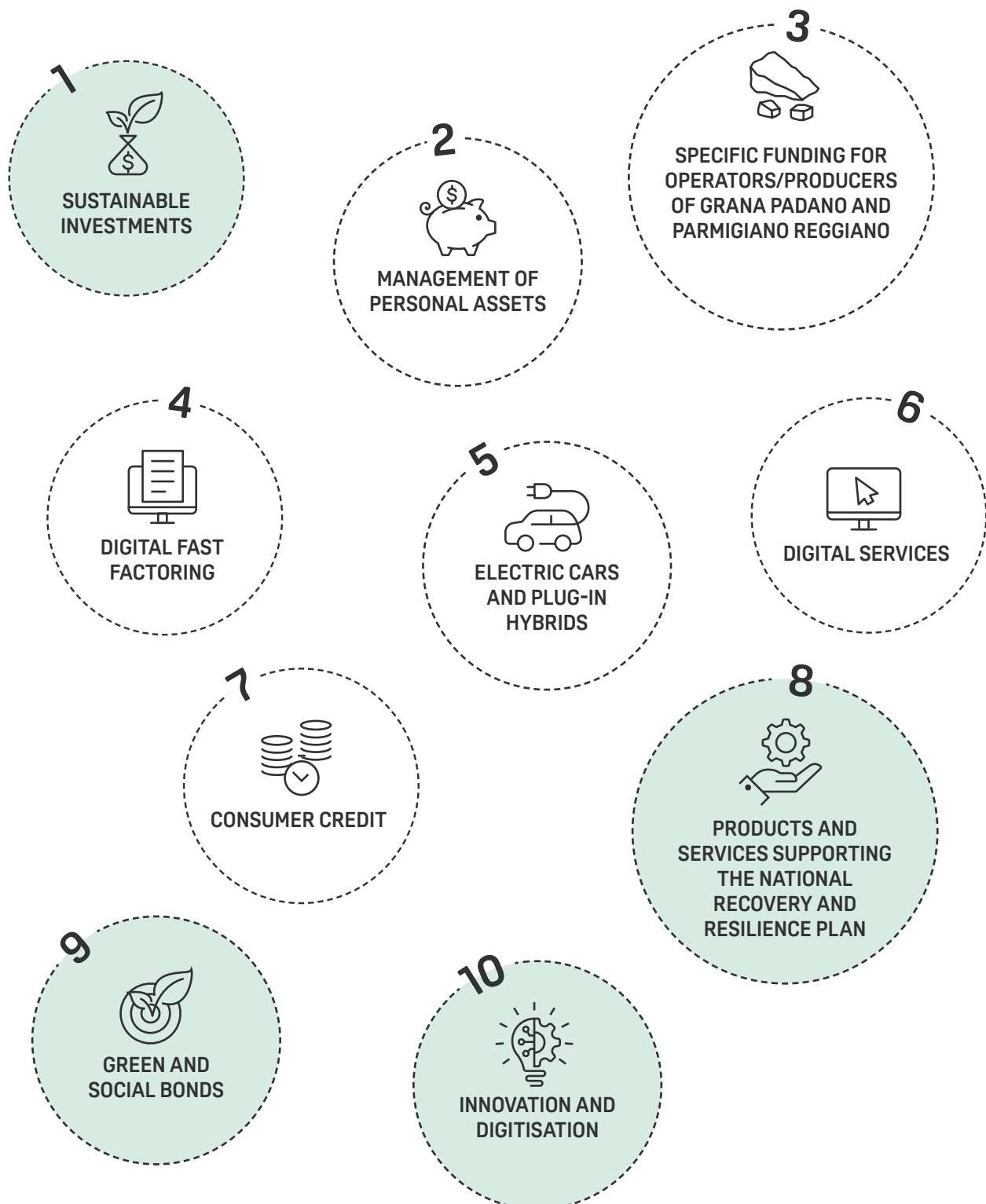
the definition and adoption of sustainability requirements to be integrated in the technical evaluation criteria for the identification of suppliers operating in line with the ESG principles adopted by the Group

the identification of specific performance indicators on sustainable development issues related to procurement processes, in order to monitor the degree of sustainability of the whole supply chain

the integration of verification processes aimed at ensuring the definition of a rating based on environmental and social value: specific criteria will be included in the supplier selection process, in the requirements for participation, in the parameters for assessing the technical offer and/or in the contractual conditions and tender procedures

4.4 Our Value Proposition

The Group's value proposition harmoniously and increasingly integrates ESG products and services so as to continue to ensure the economic sustainability of the business model, integrating environmental and social factors in the financial strategy.



Sustainable Finance

Sustainable finance directs capital towards activities capable of generating economic surplus value, combining traditional parameters (risk and return) with environmental, social and good governance factors to foster the transition to a low-carbon economy, mitigating the risks of climate change and ensuring fair and inclusive evolution.

The Group contributes to supporting the economy by financing economic activities and fostering job creation and growth through the following three lines:



1. Sustainable Investments

In 2022, the **wealth management** area continued to integrate sustainability criteria into its investment processes, governance activities and areas relating to employee training and supporting advisory services provided to the Credem Group networks through:

The introduction and application of specific exclusions, i.e., value exclusions that impact and apply to all sustainable wealth portfolios and services. These exclusions, with regard to investments in financial instruments other than UCITS, include **serious violations of human rights** and **in the area of child labour**

The introduction, in addition to specific exclusions, of general exclusion policies that aim to exclude specific business sectors or financial instruments that are not in line with the Group's principles of ethics and integrity through a cross-cutting approach applicable, where compatible, to all corporate stakeholders, including investment portfolios. These exclusions include **unconventional weapons** and **food commodity derivatives** and have been incorporated into the Group Sustainability Policy



The definition and implementation of a specific methodology for the creation of a **proprietary ESG scoring** which, starting from the information and scoring provided by accredited and primary external providers and integrating the wealth area's assessments, also based on specific due diligence carried out directly on third-party asset managers, summarises a sustainability judgement (ESG score) on individual issuers and UCITSs used for the creation of sustainable products and structuring portfolios

The introduction of a **due diligence questionnaire** for third party asset managers whose products are used within the management and advisory service: the survey will be used for sustainability risk management and engagement activities in their regard

The definition of a specific **policy and methodology for managing and monitoring major adverse effects** (known as PAI – Principal Adverse Impact) of investment decisions in the management of sustainable products and services. In this context, the following PAI indicators have been prioritised:

- PAI 2: Carbon footprint
- PAI 3: GHG intensity of investee companies
- PAI 10: Violations of UNGC principles and OECD Guidelines for Multinational Enterprises
- PAI 14: Exposure to controversial weapons

Adherence to the **Principles of Responsible Investment (PRI)**, a United Nations membership framework for the promotion of responsible management principles

Training and evaluation of ESG skills through the provision of specific training courses

Definition and implementation of specialised training courses that led to the first **international CESGA certifications** (EFFAS Certified ESG Analyst).
The training courses will continue in 2023

The implementation of all regulatory reporting activities towards customers, with reference to the requirements of the new regulatory framework

The adaptation of Euromobiliare Advisory SIM's operational process for the purpose of considering the preferences of direct clients in terms of sustainability in the provision of portfolio management and independent advisory services, in line with the changes introduced by MIFID II

The application of a sustainable handbook, extended to all Group employees, containing rules of good conduct and practical advice to reduce waste and carbon footprint



The companies in the wealth area have also adopted specific governance mechanisms with a long-term and integrated approach. In particular:

- **Wealth Area Sustainability Committee:** set up to oversee and govern, in a coordinated and harmonised manner, the management and development guidelines on sustainability issues applicable to investment companies
- **definition of liaison and coordination mechanisms between the Wealth Area Sustainability Committee, the Group Sustainability Committee and the Group Internal Board Risk and Sustainability Committee** to ensure an overall view and to pool wealth-specific expertise and guidelines
- **Specialist figures in CSR and SRI:** in particular, Area CSR Leaders, Corporate CSR Specialists and Corporate ESG Investment Analysts
- **Cross-Cutting Technical Working Group "ESG Data & Investments":** permanent group that identifies, manages and monitors joint initiatives to build sustainable portfolios and ESG databases and scores

EUROMOBILIARE ADVISORY SIM

Euromobiliare Advisory SIM manages nine lines under a management mandate from Credem Group Banks and has established **11 new direct lines, whose investment activity is oriented towards integrating financial evaluations and Environmental, Social and Governance (ESG) sustainability criteria**, also applying an instrument selection process that considers the ESG characteristics of issuers evaluated, also based on sustainability scoring provided by specialised third parties, the ESG orientation of the investment house, the management team, the investment process adopted and the engagement activity exercised by the investment house, the main negative effects through the use of specific indicators and a policy for monitoring and reducing them

EUROMOBILIARE ASSET MANAGEMENT SGR

In 2022, the offering of products with a sustainable investment objective or which alternatively promote environmental and social characteristics consists of:

- 15 funds under Italian law of which:
 - 3 with benchmarks (one equity and two bonds)
 - 12 flexible
- 7 SICAV sub-funds of which:
 - 4 with benchmarks (two equity and two bonds)
 - 3 flexible



CREDEMVITA

Credemvita's sustainable offer mainly consists of Class III and Multi-Class tariffs, through:

- the 'Simple Life' unit-linked tariff and the 'Life Mix' multi-class tariffs for retail customers that promote, among other things, environmental or social characteristics, through the proposal of an Internal Fund, Credemvita Simple Life Global Equity ESG
- the 'Collection' unit-linked tariffs and the 'Life Mix EVO' and 'Flex Life' multi-class tariffs with External ESG Funds dedicated to the private and financial promotion world.

The Internal Credemvita Simple Life Global Equity ESG Fund invests up to 100% in equity-type financial instruments mainly through UCITS/ETFs that integrate environmental, social and governance sustainability factors.

The company provided a product catalogue in 2022 with more than 30% of underlying assets qualified as ESG available to external funds.

In 2022, the composition of the Group's ESG portfolio amounted to € 7,984.5 million, equal to 29% of the total managed and the number of ESG products has grown from four in 2019 to 34 products in 2022 (+750%)

€ 7,984.5 million

ESG PORTFOLIO

+750%

PRODUCTS COMPARED TO 2019

CREDEMASSICURAZIONI

Protection products 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.

PROTECTION SERVICES WITH SOCIAL AND ENVIRONMENTAL VALUE:



¹¹ Personal protection, health protection, income protection, accident protection, accident & illness, private cyber protection.

¹² Trader protection, craftsman protection and professional protection, cyber business.



In 2022, the premiums issued for the placement of services with social and environmental value amounted to € 24.4 million, equal to 47% of the total premiums of Credemassicurazioni SpA; related compensation amounted to € 3.9 million.

€ 24.4 million

PREMIUMS ISSUED

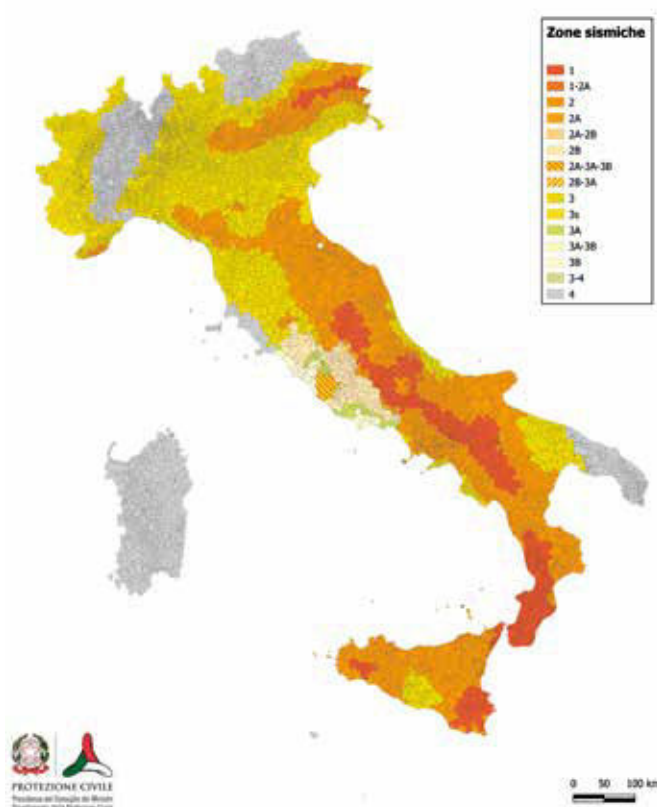
POLICIES WITH ENVIRONMENTAL VALUE

Climate change is the cause of **adverse weather phenomena and natural disasters** that are also intensifying in Italy, with extreme, cascading multi-risk events: landslides, floods, forest fires, storms, extreme weather phenomena, heat waves, drought and desertification. Italy is also exposed 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, the Group contributes to the protection of the people and property who have suffered damage as a result of events of this nature.

The placement of earthquake policies in Italy is shown below, broken down by region:

Valle d'Aosta	3
Basilicata	3
Molise	7
Abruzzo	12
Trentino-Alto Adige	17
Friuli-Venezia Giulia	34
Umbria	34
Marche	62
Sardinia	67
Liguria	88
Apulia	92
Calabria	103
Piedmont	122
Campania	231
Lazio	249
Veneto	277
Sicily	379
Tuscany	392
Lombardy	631
Emilia-Romagna	963

Seismic classification map Italy 2022¹³



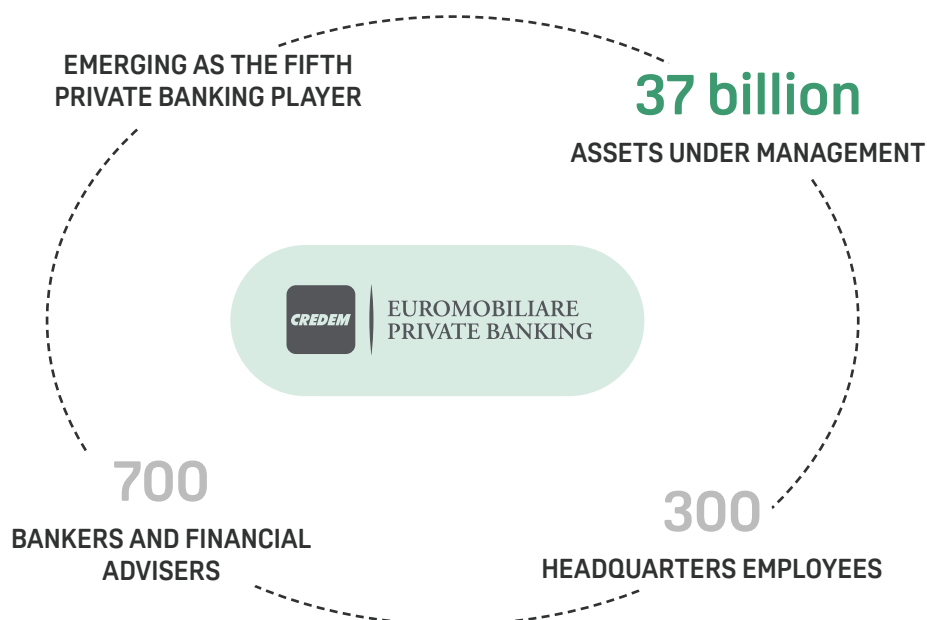
¹³ Civil Protection, exhibition of the seismic hazard level of Italian municipalities, updated to 31 December 2022.



2. Management of Personal Assets

Private Banking is making an increasingly significant contribution to the Group's business and value generation: consisting of customers with total assets over € 500,000, it continues to show very strong growth rates in the market.

Credem has therefore decided to further invest in this area through the creation, in February 2023, of a single Group Private Bank, characterised by greater specialisation and constant interaction and collaboration with the bank's other areas, in a logic of integrated specialisation. The combined strength of these two elements, together with Credem's capital solidity, represent the core values on which the value proposition of the new company is based, created thanks to the merger of Credem Private Banking and Banca Euromobiliare:



Credem Euromobiliare Private Banking is also supported by Group companies operating in the wealth management sector: Euromobiliare SGR, Euromobiliare Advisory SIM and Credemvita. Particularly attentive to the prudent management of savings through scrupulous respect for the investor's risk profile and time horizon, the company has a wide range of solutions and products natively conceived in an ESG logic.

It also pays particular attention to professional skills, with individual training courses covering both the technical side of financial markets and the relational side, in order to better manage interaction dynamics.

Lastly, starting in 2023 private bankers and financial advisors will be able to count on the Group's new evolved advisory platform, which will enable them, through qualitative indicators on the composition of portfolios, to intervene promptly to seize all investment opportunities in a logic of sustainable value creation.



3. Specific Funding for Operators/Producers of Grana Padano and Parmigiano Reggiano

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 area.

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

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.

500,000

**WHEELS OF PARMIGIANO
REGGIANO STORED**

€ 174 million

LOANS DISBURSED IN 2022

129

SUPPORTED COMPANIES

In 2022, Europe's first revolving pledge financing transaction with blockchain technology was finalised using an innovative system of shared digital registers (blockchain) that allows for the constant monitoring of the Grana Padano cheese wheels pledged as collateral for the financing through effective real-time control.



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



4. Fast factoring digitale

Credemfactor is the Group company that offers solutions for the working capital needs of small/large companies to support sustainable supply chain management. The new platform **Fast Factoring Digitale**, online and ontime, provides a complete digital experience for customers seeking to optimise processes and constantly monitor their factoring position. From onboarding, to contractual formalisation and operations of both the assignor and debtor, the platform allows financial positions to be managed by sending provisions with digital signature technology conveniently, quickly, securely and without wasting paper (with consequent benefits for the environment).



5. Electric Cars and Plug-in Hybrids

Credemleasing, a Group company specialising in financial leasing, has developed multiple product consulting services and is able to offer personalised, exclusive service through:

- real estate leasing: also for the purchase of **commercial real estate used for industrial/professional purposes and photovoltaic systems with a capacity of more than 200 kW**
- capital equipment leasing: **machinery, plants, moving machinery and vehicles, photovoltaic systems and other renewable energy sources**
- car leasing: also **hybrid and plug-in cars**
- nautical leasing: including **sail boats and motor boats**, also under construction
- subsidised leasing
- long-term rental: an innovative mobility solution that allows the use of one or more vehicles, including in a single monthly instalment, for all mobility-related services (ordinary and extraordinary maintenance, tyre replacement, insurance and replacement vehicle, resulting in time and cost savings for the customer).



Electric car, Credem company car fleet.



6. Digital Services

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 main operating areas concern:

- **electronic invoice**
- **document management**, to ensure that the same document is shared and available inside and outside the company. The **digital preservation, the dematerialisation of processes and the automatic management of Expense Reports, their signing with electronic signature and subsequent digital preservation are also foreseen**
- **Business Process Outsourcing**, to outsource the company's management processes, optimising time and resources
- **electronic signature**: simple, advanced and digital, based on static and/or dynamic credentials, graphometry and biometrics.



Credemtel strengthened its participation in specialised companies in 2022 in order to continuously improve the quality of service by guaranteeing the best solutions on the market, favouring the development of robotic process automation projects and facilitating communication between buyers and suppliers through the use of collaborative, fully digital tools.

Through the digitisation of processes, the aim is to guide and support customers towards a more sustainable, efficient and effective way of doing business, helping to create an ecosystem that facilitates collaboration through information sharing.



focus: certifications

EN ISO 9001

for the design, development, delivery and assistance in IT processes and services, interbank corporate banking and document management

UNI CEI EN ISO/IEC 27001

for the design, development, maintenance and management of digital storage services in accordance with the standard

ACCREDITED REGISTRAR AT THE AGENCY FOR DIGITAL ITALY

guaranteeing the highest standards of quality and reliability



7. Consumer Credit

Avvera is the consumer credit company established thanks to Credem's experience; it is specialised in mortgage brokerage, placement of salary-backed products and disbursement, personal and targeted loans. Specific services are provided in the following areas:



RENEWABLE ENERGY/ PHOTOVOLTAICS

direct agreements are activated with exclusive product categories: solar, thermal, photovoltaic and thermo-hydraulic



TRAINING COURSES

direct agreements are signed for financing training courses and studies



AVVERA ADESSO

remote onboarding and sales process characterised by customer recognition through SPID, Electronic Identity Card, Videocalls and use of Electronic Signature



VENDIR - REMOTE CHANNEL

process already in place for distance selling which includes a partial investigation of the file through remote operators and the activation of a telephone and/or email contact with the customer for the exchange of information and documentation



8. Products and Services Supporting the National Recovery and Resilience Plan

The European Union responded to the health and economic emergency created by COVID-19 with Next Generation EU (NGEU), a programme of investments and reforms to revitalise the economy and accelerate the ecological and digital transition.

The Credem Group wants to be a qualified partner in supporting the country's recovery and transformation.

In order to achieve this objective, a content analysis of the six missions envisaged in the NRRP¹⁴ was undertaken, aimed at offering qualified assistance to client companies with a particular focus on the manufacturing, wholesale and agriculture sectors.

The initiative has been named **Credem per l'Italia del futuro** [Credem for the Italy of the future] and includes a complete offer of products, services and consultancy to:

1 SUPPORT DIGITAL AND TECHNOLOGICAL TRANSFORMATION:

- financial products that meet the investment needs of companies: Unsecured business loans and loan with guarantee fund
- financial products able to meet specific needs and requirements related to issues in the context of the NRRP, in particular unsecured loans for companies for digital evolution, ecological transition
- instrument leasing, to support technological innovation and the competitiveness of businesses and professionals
- non-financial services to simplify day-to-day business management: Electronic Invoicing integrated into internet banking, Electronic Document Management to exploit the opportunities generated by the digitalisation of documents, Expense Report App to manage expense reporting in a fully digital way, services for managing the digital sending of documents via e-mail, certified e-mail (PEC), TNotice
- Digital Hub, a group of platforms including digital leasing, factor and supply chain management services, remotely but with the possibility of a dedicated consultant.

2 SUPPORT THE ECOLOGICAL TRANSITION THROUGH THE DISSEMINATION OF RENEWABLE ENERGY AND ECO-SUSTAINABLE BEHAVIOUR:

- leasing related to photovoltaic systems and equipment leasing.
- SACE Green: a government-backed unsecured loan available from 2023 to finance eco-sustainable projects pursuing environmental objectives

3 ENCOURAGE THE INTERNATIONALISATION OF COMPANIES AND ENCOURAGE THE EXPORT OF "MADE IN ITALY" PRODUCTS:

- financial products: Mutuo Chirografario Imprese Espandi [unsecured loan for expanding businesses], financing for SMEs that want to increase their presence in foreign markets and make them able to compete in international markets, and Mutuo Chirografario Imprese Esporta [unsecured loan for exporting businesses], to finance the needs related to a company's export operations and the preparatory or instrumental expenses for internationalisation processes or deriving from procurement from suppliers

¹⁴ Digitalisation, innovation, competitiveness and culture; Green revolution and ecological transition; Infrastructure for sustainable mobility; Education and research; Cohesion and inclusion; Health.



4 SUPPORT THE COMPETITIVENESS OF COMPANIES THROUGH THE MODERNISATION OF MACHINERY FOR MORE EFFICIENT PRODUCTION:

- subsidised Nuova Sabatini loans for the purchase of capital goods by small and medium-sized enterprises
- instrument leasing, to support technological innovation and the competitiveness of businesses and professionals

5 STRENGTHEN PRODUCTIVITY AND SUPPORT BUSINESS CONTINUITY FOLLOWING THE PANDEMIC:

- financial products to support companies: Finanziamenti Agevolati AgriFEI to support agricultural and agrifood SMEs experiencing hardships following the Covid-19 pandemic, loans for the agricultural and agri-food sector at subsidised rates assisted by the Guarantee issued by the European Investment Fund (EIF); Mutuo Chirografario Imprese [unsecured loan for enterprises] and Finanziamento con fondo di garanzia (loans with guarantee fund) aimed at the investment needs of the company, Finanziamento SACE Italia, a concrete support to companies for the COVID-19 emergency assisted by the "Garanzia Italia" issued by SACE S.p.A, Finanziamenti con garanzia dell' Istituto di Servizi per il Mercato Agricolo Alimentare (ISMEA) [loans with ISMEA guarantee] aimed at supporting the growth of agricultural companies

6 SUPPORT FEMALE ENTREPRENEURSHIP:

- unsecured loans for women's enterprises with concessions on application fees and annual fees



8.1 Welfare for 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 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 61 client companies have taken advantage of the welfare services, involving more than 15,500 employees.

**OVER
61
CLIENT COMPANIES**

**OVER
15,500
EMPLOYEES**

8.2 Other Products and Services with Social and Environmental Goals

In order to support families experiencing hardships or facilitate access to credit, the Parent Company adheres to the:



Solidarity Fund promoted by the Ministry of Economy and Finance, which allows certain groups of customers¹⁵ to request the suspension, for a maximum of 18 months, of their mortgage payments without the application of supplementary charges or interest on arrears



Fondo di Garanzia Mutui prima casa (first home loan guarantee fund), promoted by the Ministry of Economy and Finance to support consumers in the purchase of their first home through a public guarantee.

Support again continued for natural disasters in 2022 (which occurred in various Italian regions, such as Emilia Romagna, Sicily, Marche, Lombardy and Campania) 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.

¹⁵ 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.



8.3 Ecobonus

The Ecobonus is a benefit provided by the Relaunch Decree for specific energy efficiency interventions, anti-seismic interventions, installation of photovoltaic systems or infrastructures for recharging electric vehicles in buildings.

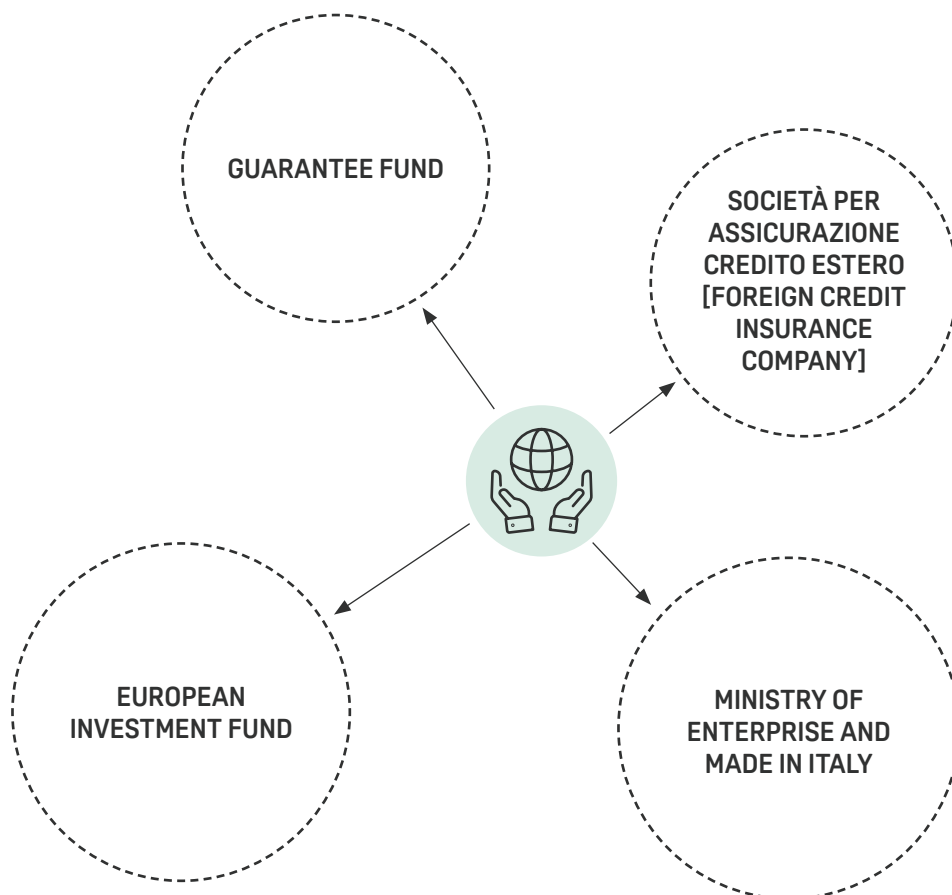
It includes the possibility (as an alternative to the direct use of the deduction) to opt for an advance contribution in the form of a discount from suppliers of goods or services or for the assignment of the credit corresponding to the deduction due.

Credem's dedicated offer to accompany individuals, companies and condominiums included:

- **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.

8.4 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, through:





European Investment Fund (EIF): in 2022, the Group began negotiating with the European Investment Fund (EIF) on the characteristics of the loans on which to obtain guarantees for small and medium-sized enterprises and mid-capitalisation companies under the new Invest EU programme.

The aim is to offer financing products in 2023 to ensure better conditions for:

- Small and medium enterprises with difficulties accessing credit
 - innovative companies or those with innovation and digitisation projects
 - companies that invest while respecting the green requirements of the Fund and in line with the European Taxonomy to contribute to the ecological transition
-

Fondo Di Garanzia (Medio Credito Centrale) to facilitate access to credit for companies and professionals with liquidity needs or who intend to make investments. To cope with the pandemic period, and subsequently the effects of the Russian war in Ukraine, companies were granted the use of temporary aid schemes (set up by the European Commission).

Credem therefore set up specific instruments to enable the aforementioned Temporary Frameworks to be used and offer the Fund's guarantee to support unsecured transactions

Società per Assicurazione Credito Estero (SACE), to simplify the internationalisation process of Italian companies.

Credem activated the following unsecured loans guaranteed by SACE and created to support companies impacted by the pandemic and the Russian war in Ukraine:

- **SACE Aiuti** (active until June 2022): guarantees on subsidised terms, counter-guaranteed by the State, on loans provided by lenders to cope with the emergency resulting from the COVID-19 pandemic
 - **SACE Aiuti Midcap** (active until June 2022): guarantees to ensure the necessary liquidity for companies affected by the pandemic, with fewer than 499 employees and not falling into the SME category
 - **SACE SupportItalia** (extended until the end of 2023): guarantees on favourable terms, counter-guaranteed by the State, to cope with the negative economic effects of the Russian war in Ukraine
-

Ministry of Enterprise and Made in Italy (MIMIT), to enable small and medium enterprises to access the concessions provided by the Sabatini Ter Law that want to purchase new plant, machinery and equipment, and make investments in digital technology, through financing and leasing.

A new initiative (Sabatini Green) will be implemented in January 2023 to support investments related to the purchase (or acquisition in the case of financial leasing transactions) of machinery, plants and new equipment for production use, with low environmental impact, as part of programmes aimed at improving the eco-sustainability of products and production processes.



8.5 Response to the Effects of Inflation

In view of the inflationary dynamics triggered by the international situation, the following measures were introduced to support households and businesses:



PRIVATE CUSTOMERS:

- suspension of mortgage instalments: possibility of requesting the suspension (until 30 June 2023) of the payment of the principal of mortgage and unsecured loan instalments
- zero-rate instalments on bill payments
- analysis and comparison service to determine possible energy savings on electricity and gas utilities



COMPANIES:

- dedicated and subsidised financing available to companies, more than € 3 billion in a ceiling by 2022, to meet liquidity needs and finance digital and energy growth and transition projects
- advisory support on energy transition

8.6 Response to the Effects of the Russian War in Ukraine

In addition to the aforementioned SACE Supporto Italia loans, Credem provided loans guaranteed by the Istituto di Servizi per il Mercato Agricolo Alimentare (ISMEA), which supports access to credit and investments for companies operating in the agricultural sector. More specifically, loans were disbursed assisted by the new 'ISMEA U35' guarantee, which is also part of the extraordinary support measures envisaged in the so-called 'Aid Decree'.



9. Green and Social Bonds

The Group has drawn up a framework in accordance with the principles and guidelines defined by the International Capital Market Association (ICMA), which ensures transparency and integrity in the transmission of information related to the ESG Strategy.

Each section of the Framework has been assessed by an external party, which has issued a "Second Party Opinion" document to ensure the quality and reliability of the information contained therein.

January 2022

As part of the aforementioned Framework, Credem placed an inaugural Green Senior Preferred bond in the amount of € 600 million and with a six-year maturity, with the possibility of exercising a call option for early repayment activated in the fifth year, intended for financing and/or refinancing eligible assets belonging, for example, to the residential and commercial Green Buildings category

May 2022

Approved the Framework's update by including CredemHolding in the scope of the issuing companies

July 2022

Placed a social subordinated Tier II bond (the first issued by a European bank issuer) in the amount of € 200 million.

The proceeds collected were transferred to Credem and are used to finance and/or refinance a portfolio of social assets in line with the categories set out in the Framework.



10. Innovation and Digitisation

The ability to find innovative solutions to cope with the digital transition, support changes in the competitive environment, better meet emerging customer needs and offer stimuli for the professional growth of employees is of paramount importance for the Credem Group.



The **Innovation Committee** is a cross-departmental body of the Parent Company tasked with guiding the identification of areas of innovation consistent with the Group's strategic priorities, needs and opportunities, submitting the assessments made and proposals for any necessary investments to the Board of Directors.

In order to ensure consistency between innovation initiatives and project activities, the **Future**

Area was created - consisting of the Organisation service, Information Systems and Innovation Unit and the Credemtel Group company - to synergistically and coherently develop strategies to face new challenges generated by a constantly changing external context.

The **Innovation Unit** aims, in particular, to support the Group's Central Management through innovation exploration activities, fostering and stimulating cultural change in the company at all levels. The team is tasked with:

- carrying out prospective and scenario analyses, grasping the fundamental elements influencing the banking and non-banking environment and identifying the main trends
- promoting and coordinating prototype activities to explore business models, functionalities, innovative services
- contributing to projects by providing methodological insight and best practices to facilitate their implementation
- fostering relationships with suppliers and fintechs to accelerate the 'time to market' of innovation and the use of new technologies
- generating partnerships and promoting participation in the share capital of start-ups to accelerate the innovation process
- contributing to the dissemination of a culture of innovation at all levels of the organisation.

In order to strengthen the connection between the Innovation Committee, the Innovation Unit and the Group, **Innovation Leaders** were identified in 2022, namely 27 company representatives entrusted with the task of identifying the main innovation needs of the relevant organisational area, facilitating the exchange of knowledge and synergy with the Innovation Team.

27

INNOVATION LEADERS

In order to offer a space where ideas can be put into practice, in 2022 planning activities continued on the **Credem Innovation Hub**, a structure located in Reggio Emilia that will provide about **800 square metres dedicated to experimentation and the territory**. The creation of the Hub, which will be completed by 2023, will activate collaborations with external partners and will involve the broad involvement of the different areas of the Group.



Thanks to **Corporate Venture Capital** - a structured activity aimed at acquiring and managing equity investments in innovative start-ups with high growth potential - **16 investments were made in start-ups** in 2022 (out of 81 initiatives evaluated) through CDP Venture Capital SGR's **Fin+Tech** accelerator, launched in December 2021 with the goal of accelerating open innovation through partnership activities and/or equity investments.

In particular, Fin+Tech's participation led to the creation of a team of employees representing the Group's various strategic areas, with the aim of:

- **selecting start-ups that are** interesting and in line with the Innovation strategy, directing investment choices towards the most interesting projects
- **exploring the solutions of** selected and non-selected start-ups to identify possible developments, experimentations, and implementations thereof within the Credem ecosystem and maximise the probability of intercepting new ideas.



In order to strengthen collaboration with start-ups in the logic of an Open Innovation model, in 2022 Credem decided to join the **Metaverse 4 Finance** accelerator managed by Dpixel as a **Corporate Partner**. This venture capital company of the Sella Group has the aim of:

- understanding the Metaverse trend and enabling technologies
- identifying the business applications/use cases on which start-ups work
- disseminate learning to generate awareness and possible internal streams of experimentation
- identifying potential initiatives (innovation labs/projects) to be launched in Credem.



The collaborative activities also involved working with **universities and research centres**, in particular:

- University of Modena and Reggio Emilia (Icaro Unimore initiative), through a **workshop that trains and coaches students in innovation and entrepreneurship, and enables them to put their academic knowledge acquired into practice by taking up a challenge launched by a company**
- Milan Polytechnic Institute (Work Startup Intelligence Project initiative), through a **project dedicated to improving the experience with the bank's virtual assistants and students**
- University of Naples PARTHENOPE (Napoli Fintech Lab initiative), through a **national higher education project aimed at the fintech talents of the future, which seeks to provide qualified training through a hands-on approach to developing new fintech products and services**
- Fintech Milano Hub, the Bank of Italy's Innovation Centre that in 2022 focused on the **contribution of artificial intelligence to improve banking services**.

In the latter case, the Group's commitment

was recognised during the 2022 Payments Fair: the project developed by Credem was selected among the ten best presented by more than 40 industry players. This first experimentation lasted six months and allowed to acquire useful knowledge for the creation of a continuous transaction monitoring model, an important objective for ensuring the security of customers' cryptocurrency transactions.

**CREDEM AMONG THE
Top 10
TRADE OPERATORS**



Many activities have been put in place to bring innovation into processes and to guarantee a digital and paperless service model for customers:

- digital recognition and activation of services through the Public Digital Identity System (Spid) and a video selfie
- digitising the sales process for personal loans
- evolution of the Mobile APP experience through Personal Financial Management functions to allow, for example, the analysis of spending behaviour and the aggregation of current account data
- digitisation and automation of Credemfactor's credit resolution process and the development of new products
- roboadvisory for retail customers: a new investment and savings service being piloted on some customers and accessible directly from Mobile Internet Banking. The service allows to quickly simulate and build an investment or savings plan, exploiting the advantages of ESG Asset Management specifically created by Euromobiliare Advisory SIM.

To further promote the rapid selection and adoption of further innovative solutions, the activity promoted through the **Fast Track Rete** tool continued in 2022, which aims to enable fast experiments directly with corporate customers, then quickly select those to be proposed to the market.

The path to **ISO 56002 Certification for Innovation Management** also began in 2022, which will also enable the company to benchmark itself against international best practices, with the aim of achieving certification in 2023.

10.1 Transaction Digitisation



The number of digital transactions increased from € 39.9 million in 2013 to € 80.2 million in 2022 (compared to € 70.8 million in 2021). At the end of 2022 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 93.5%, an increase compared to the data for 2021 (90.8%).

For Credem.it banking users, documentation is not printed but sent in digital format via **MyBox** (a dedicated archive in the protected area of the internet and mobile banking platform) with significant paper savings and benefits for the environment: in 2022, 70% of documentation was sent via this method, avoiding printing approximately 10 million pages. The following also contributed to the digitisation process:

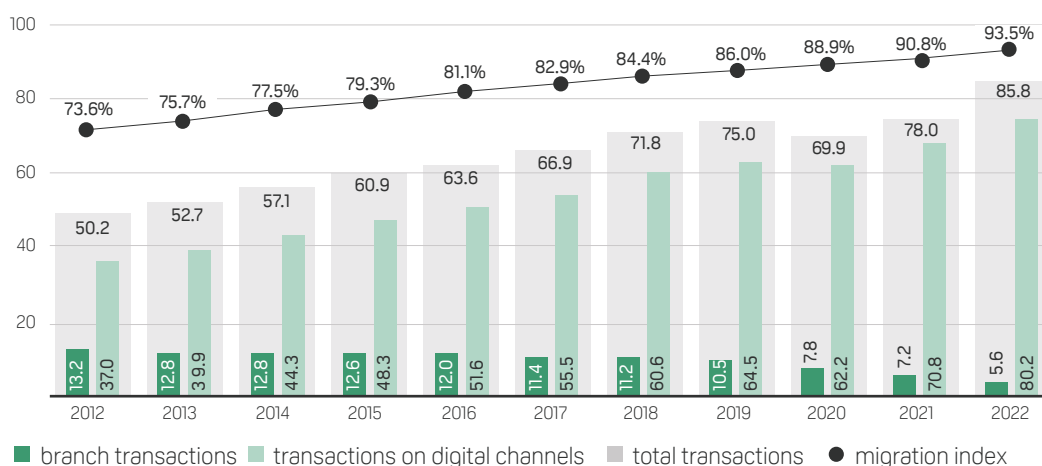
70%

**DOCUMENTATION IN
DIGITAL FORMAT**



- The **activation of the Google Meet video-conference system**, a user-friendly tool 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
- the further **spread of Digital Signatures**, which is now active for 70% of customers (with a service growth of +36% in the last four years) and a simultaneous, important extension of the sales and post-sales processes that can be subscribed to by customers with Digital Signature, in person and remotely.

TRANSACTIONAL EVOLUTION (MILLIONS)



10.2 Digital Services

An increasing number of customers use virtual channels to access the bank - PC and/or Mobile - through their Internet Banking contract: **2022 confirmed overall growth in contracts for private and corporate customers of +3.6%, exceeding 884,000 in number.**

The development of the Private Mobile Banking App also continued during the year, enhanced with several new functions and services to bring the bank closer to everyday needs (major expansion of device functions, first open banking services and activation of the new Corporate Mobile Banking APP).

Over 500,000 private customers with a Credem.it contract downloaded the Credem Banca App from the stores and logged in at least once, up 11% compared to 2021.

The digital platform of financial and administrative services dedicated to small and large enterprises and professionals, Business ON, was integrated with digital showcases in 2022:

500,000

ACTIVE CUSTOMERS ON THE PRIVATE APP

+11%

COMPARED TO 2021



a specific area where it is possible to learn about services dedicated to enterprises from all Group companies and where select partners are highlighted.

As part of the digitisation of services, the installation of the evolved Automated Teller Machine (ATM) fleet was completed, allowing numerous cash transactions to be performed independently (displaying balances and movements, depositing cash and cheques, and withdrawing cash), reducing waiting times and extending service hours (**thanks to self-service areas accessible 24 hours a day in the branches set up**).

At the end of 2022, the ATM fleet consisted of a total of 382 basic ATMs and 137 advanced ATMs (Self Service Web ATMs).

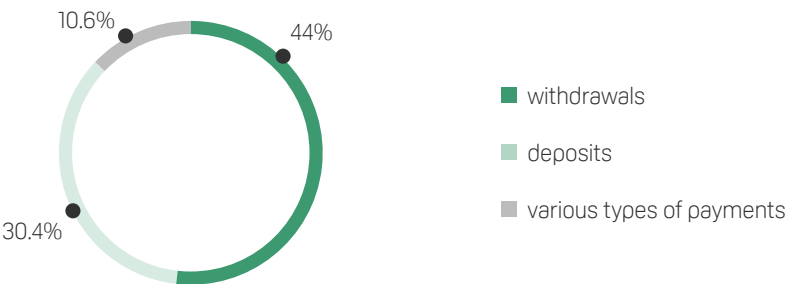
The hardware ensures accessibility and inclusion: they are equipped with peripheral devices to support the blind, specific features for the needs of visually impaired users and adequate keyboard height (fixed at 1.10 metres from the ground).



focus: Self-Service Automated Teller Machines

173 Self-Service Automated Teller Machines (CSAs) were integrated in 2022, enabling customers to make **withdrawals, deposits (cash or cheques) and payments** (bank transfers, F24, MAV,RAV, utility bills and telephone top-ups) **within the operating branches entirely autonomously**.

The proportion of transactions carried out through the machines is 38% of total transactions:



The evolution path will continue during 2023 with the aim of reaching 247 Self-Service Automated Teller Machines covering more than 50% of the branches.





10.3 Hyperautomation

Hyperautomation enables the group to quickly identify, control and automate as many business processes as possible.



focus: **Hyperautomation Activities in 2022**

- support for the analysis of business processes relating to efficiency and compliance with internal and external regulations
- data analysis support (data mining) for decision-making

80

ROBOTIC AUTOMATIONS
IN OPERATION

41

NEW HYPERAUTOMATIONS

10.4 Data Analytics

The exponential growth of structured and unstructured data and the need to develop related analyses to derive information, knowledge and insights has assumed an important role in the development of valuable services.

Within the world of analytics, **artificial intelligence (AI) models** represent an opportunity to enable new services, if they are developed to support and not replace corporate professionalism.
This technology is characterised by machines' ability to exhibit human capabilities such as reasoning, learning, planning and creativity; it enables systems to interpret their environment, relate to what they perceive and solve problems, acting towards a specific goal.



focus: **Activities Carried Out in 2022 through the Use of Artificial Intelligence**

- machine learning and credit scoring models
- algorithms to identify potential emerging risks related to the area of wealth management
- analysis of business processes concerning the management of the Group's employees and the enhancement of their skills

4.5 The European Taxonomy of Eco-Sustainable Activities¹⁶

In June 2020, the European Union enacted EU Regulation 2020/852 (known as the EU Taxonomy Regulation) to define a unified system for classifying environmentally sustainable (or eco-sustainable) economic activities against defined environmental objectives.

The system aims to redirect capital flows towards a more environmentally sustainable economy, in line with the EU's 2030 climate and energy targets.

Article 8 of the EU Taxonomy Regulation defines specific requirements in terms of non-financial reporting for companies falling under the scope of the European Non-Financial Reporting Directive (NFRD), including the Credem Group. This information is intended to provide a statement about the degree to which and the way in which the company's activities are associated with eco-sustainable economic activities within the meaning of the EU taxonomy. Specifically, the EU Taxonomy Regulation and the related Delegated Acts establish reporting requirements in terms of quantitative performance indicators and accompanying qualitative information, differentiated according to whether the company is a financial or non-financial company.

In addition, also for statements published in 2023, a simplified application of the indicators to be reported for financial companies is foreseen. This reporting refers only to the degree of eligibility¹⁷ of the exposures with respect to the first two¹⁸ of the six environmental objectives set out in EU Regulation 2020/852 of 18 June 2020, namely climate change mitigation and adaptation.



In 2023, the Group therefore carried out the analysis of the portion of its consolidated balance sheet assets eligible for the Taxonomy, i.e., related to the economic activities included in the EU Delegated Regulation 2021/2139 (known as the Climate Delegated Act¹⁹), considering the indicators envisaged for credit institutions.

¹⁶ Regulation 2020/852.

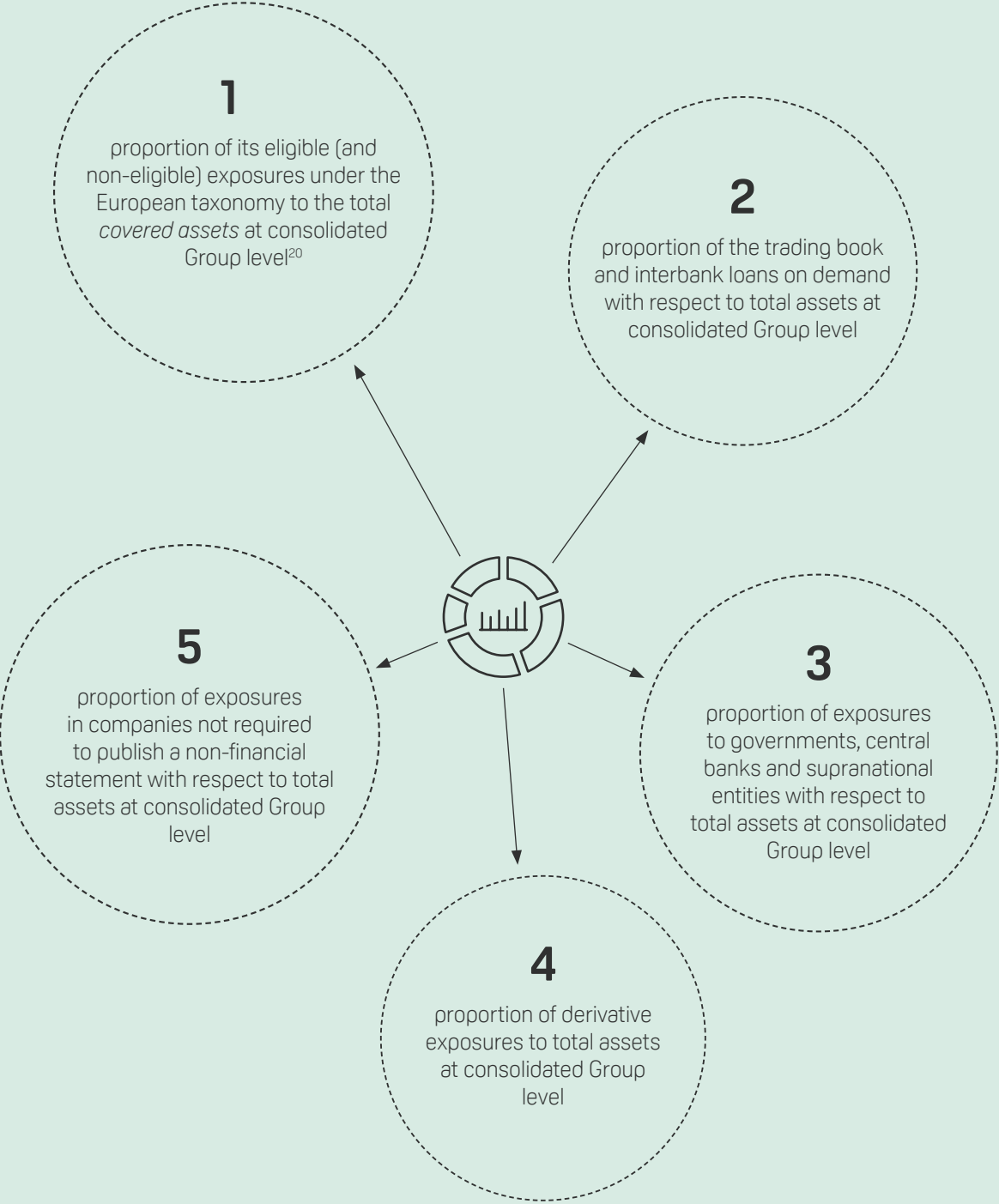
¹⁷ The degree of eligibility of an economic activity defines its potential contribution to the environmental objectives defined by the European Commission, regardless of whether the activity in question meets the technical screening criteria defined in the Delegated Acts of the European Taxonomy. Activities are selected based on their potential to contribute to six objectives identified by the European Commission: 1. Climate change mitigation 2. Climate change adaptation 3. Sustainable use of water and marine resources 4. Transition to the circular economy, including waste reduction and recycling 5. Pollution prevention and control 6. Biodiversity protection and eco-system health.

¹⁸ See note 17.

¹⁹ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council, laying down the technical screening criteria for determining under which conditions an economic activity can be considered as making a substantial contribution to climate change mitigation or adaptation and do no significant harm to any other environmental objective.

The Credem Group's main KPIs

Pursuant to Article 10 of the Delegated Act supplementing Article 8, as a banking group, the Credem Group is required to provide disclosure with respect to the following KPIs:



²⁰ Total assets in the Group's consolidated balance sheet, net of exposures to governments, central banks and supranational entities.

With reference to the first KPI, considering the transitional period of application of the EU Taxonomy Regulation, the criteria and assumptions used for the calculation of the indicators are based on the information and requirements available upon writing the report.

In compliance with the European Commission's requirements, the mandatory indicators for the Group's eligible exposures shown in the table below consider:

loans to households for the purchase of residential real estate, secured by a real estate mortgage

loans to households for the renovation of buildings

exposure to companies subject to the NFS requirement, weighted according to the counterparty's own eligibility data published in the 2021 NFS (individual or consolidated) and provided by specialised info-providers, where available

Exposures for which no precise data on the degree of eligibility under the first two objectives of the European Taxonomy (climate change mitigation and adaptation) are currently available have been considered as non-eligible for the mandatory reporting.

For an estimate of the degree to which the Group's exposures, including exposures characterised by generalised use of proceeds and exposures to counterparties not subject to NFS requirements, are eligible for the EU Taxonomy, see the section *KPIs reported on a voluntary basis*.

EXPOSURES AS AT 31.12.2022	MANDATORY QUANTITATIVE PERFORMANCE INDICATOR
Share of asset exposures <i>eligible</i> under the European Taxonomy compared to total assets covered ²¹ at consolidated Group level	20.7%
Share of asset exposures <i>not eligible</i> under the European Taxonomy compared to total assets covered ²¹ at consolidated Group level	10.4%
Share of trading book and on-demand interbank loans compared to total assets at consolidated Group level	6.8%
Share of exposures to governments, central banks and supranational entities compared to total assets at consolidated Group level	23.2%
Share of derivative exposures compared to total assets at consolidated Group level	1.8%
Share of exposures in companies not required to publish a non-financial statement compared to total assets at consolidated Group level	44.4%

²¹ Total assets in the Group's consolidated balance sheet, net of exposures to governments, central banks and supranational entities.

Additional KPIs

In order to provide comprehensive information for its stakeholders, the Group has considered it useful to provide, on a voluntary basis, an estimate of the proportion of its eligible and non-eligible exposures to the targets climate change adaptation and mitigation, compared to the total assets covered at the consolidated Group level.

EXPOSURES AS AT 31.12.2022	VOLUNTARY QUANTITATIVE PERFORMANCE INDICATOR
Share of asset exposures <i>eligible</i> under the European Taxonomy compared to total assets covered ²¹ at consolidated Group level	22.8%
Share of asset exposures <i>not eligible</i> under the European Taxonomy compared to total assets covered ²¹ at consolidated Group level	66.1%

Calculation Methods

The above figures have been calculated using the best methods and estimates currently available for the Group's exposures, based on the information available to date, regulatory requirements and guidance from competent authorities and industry associations.

In particular, for the purposes of calculating the KPIs shown in the tables above, the scope of exposures included in the analyses concerned:

- **for the Parent Company and the other credit institutions in the consolidated Group perimeter²²:** exposures contained in the banking book securities portfolio and the loan portfolio
- **for insurance and asset management companies in the consolidated Group scope²³:** exposures contained in the companies' own securities portfolio.

With respect to this scope, for the purposes of calculating the share of eligible exposures under the European Taxonomy:

- **with regard to exposures contained in the securities portfolios of the companies in the scope:** spot data from specialised info-providers on the percentage of counterparty eligibility²⁴ were used, where available
- **with regard to exposures in investment funds:** where available, the European Taxonomy eligibility grade provided by specialised info-providers was taken into account
- **relative to exposures contained in the loan portfolios of the Group's credit institutions:**
 - when the known proceeds are used of counterparties subject to the obligation to publish a Non-Financial Statement (NFS), the exposures reported in the *Credem Group's Main KPIs* section were taken into account (mandatory KPIs)
 - in the case of loans with generic use of proceeds and counterparties not subject to the obligation to publish a Non-Financial Statement (NFS), an estimate of eligibility for the European Taxonomy provided by specialised info-providers was taken into account, where available, based on the analysis of the main economic activity (through NACE code) of the counterparties (voluntary KPI).

In accordance with the provisions of the European Taxonomy Regulation, for this estimate:

- exposures to governments, central banks and supranational entities, as well as derivative exposures and, for

²² Credem Banca, Banca Euromobiliare, Credem Factor, Credem Leasing, Avvera.

²³ Credem Vita, Euromobiliare Asset Management SGR, Euromobiliare International Fund Sicav, Credem Private Equity, Euromobiliare Advisory SIM.

²⁴ In the case of non-financial counterparties, the eligibility weighting was performed carried out based on the counterparty eligibility KPI related to turnover.

the mandatory KPI, corporate exposures not subject to the obligation to publish a Non-Financial Statement (NFS) under Directive 2013/34/EU were excluded from the **numerator**

- exposures to governments, central banks and supranational entities have been excluded from the **denominator**.

Finally, in light of the significance of *off-balance sheet* exposures of asset management exposures within the Group's overall activities, a specific indicator is reported on a voluntary basis. The purpose of this additional disclosure is to provide comprehensive information to investors and other stakeholders.

In particular, with respect to the scope of **Assets Under Management** managed and not included in the consolidated reporting scope at Group level (hereafter synthetically *AUM*), the shares of eligible and ineligible exposures were assessed with respect to the climate objectives specified by the European Taxonomy Regulation²⁵. Eligibility data were provided by specialised info-providers, where available. The indicators resulting from this analysis are set out below:

EXPOSURES AS AT 31.12.2022	QUANTITATIVE PERFORMANCE INDICATOR OF ASSETS UNDER MANAGEMENT
Share of asset exposures <i>eligible</i> under the European Taxonomy compared to total assets covered at consolidated AUM off-balance sheet level ²⁶	6.3%
Share of asset exposures <i>not eligible</i> under the European Taxonomy in relation to total assets covered at consolidated AUM off-balance sheet level ²⁵	93.7%

FURTHER INFORMATION

The Group attributes importance to the sustainability goals, in particular the environmental objectives defined by the European Union.

With reference to the **climate change mitigation** target, Scope 3 emissions related to Group financing and investments were also reported in 2022, and the strategic target of achieving carbon neutrality²⁷ on Scope 1 and 2 emissions by 2025 is confirmed.

In addition, the offer of products and services with environmental purposes was further strengthened during the financial year 2022 (in particular through products and services supporting the National Recovery and Resilience Plan).

While waiting for the consolidation of the criteria foreseen by the European Taxonomy for the remaining four environmental objectives²⁸ and for the publication of the data related to the alignment to the European Taxonomy of the companies subject to the obligation to publish non-financial information, the Group plans to deepen specific analyses aimed at further developing the monitoring systems of its exposures with a view to eligibility and alignment with the European Taxonomy, also taking into consideration the specific uses of the proceeds.

²⁵ The scope of this estimate includes all investments, regardless of whether the issuer is subject to non-financial disclosure under Directive 2013/34/EU, net of exposures to governments, central banks and supranational entities.

²⁶ Total Assets Under Management of Wealth companies not included in the Group's consolidated balance sheet, net of exposures to governments, central banks and supranational entities.

²⁷ Chapter Planet, section Our Goal: Carbon Neutrality for Scope 1 and 2 Emissions.

²⁸ See note 17.

4.6 Data Security and Protection

The Group adopts a management model that defines the objectives, organisational model and processes for governing, managing and reporting on cybersecurity. The process is aimed at ensuring compliance with privacy regulations, minimising the risks of breaches of customer data confidentiality, fraud and computer fraud.

The periodic review activities of the security and IT risk management model have confirmed the evolutionary direction of previously identified organisational and process aspects, for which work has continued over several years:

- evolution of roles, responsibilities, accountability related to the strategic governance of information security
- consolidation of the staffing of information security functions and processes
- maintenance of specific KPIs for the Top and Middle Management roles involved.

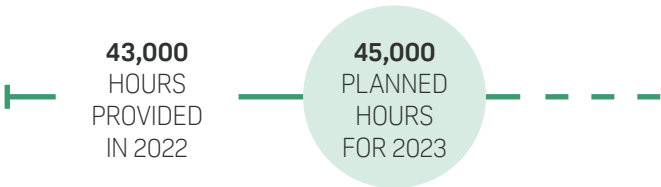
As regards the IT security management model, a system of technical, organisational and training measures is defined, aimed at preventing data leaks, the unlawful or incorrect use of the data and unauthorised access.



The Group also 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.

With regard to the growing need for control as a result of the evolution of risks related to the digitalisation of processes, the following actions were carried out in 2022:

- increasing security audits and conducting realistic cyber attack exercises, to enhance the effectiveness and timeliness of security incident prevention and response processes
- enhancement of defence technologies (preventive and reactive) and related management processes
- intensification and structural consolidation of training initiatives on cybersecurity awareness for Group employees: about 43,000 hours were provided in 2022, and about 45,000 hours are planned for both 2023 and 2024.





focus: The Navigati

Again in 2022, the Group took part in the national communication campaign **I Navigati**, promoted by CERTFin, Bank of Italy, ABI and IVASS and aimed at the general public: by means of further content on various media channels (mainly online), useful advice was provided to make customers aware of cybersecurity issues and, specifically, on how to safely use online payment channels and services.



With reference to the **protection of personal data**, the Group has adopted a dedicated governance model and an internal regulatory framework that defines guidelines and assigns tasks and responsibilities in the management of compliance and in the assessment of related risks.

Within this model, the **Data Protection Officer**:

- defines guidelines, assesses risks, identifies uniform behaviours in terms of privacy criteria
- manages data protection compliance activities
- verifies compliance with the legislation and oversees compliance with the obligations.

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

4.7 Supporting Communities

Ukraine Emergency

The Group disbursed € 1 million in support of initiatives for Ukrainian refugees and/or the Ukrainian territory, and more generally people directly affected by the conflict, through the following entities:



Educational activities at the school in Zhytomyr.

- **Italian Red Cross:** support to the civilian population affected by the conflict, in cooperation with the Ukrainian Red Cross and the National Red Cross Societies of neighbouring countries, providing basic necessities, medical and psychological support and reunification services for families separated due to the conflict
- **Save the Children:** field support for Ukrainian families and children who have fled the war, including through local partners, to provide services, goods and space to families affected by the Russian war in Ukraine, with a specific focus on the needs of children
- **Reggio Emilia and Guastalla Diocesan Caritas:** to guarantee support for the assisted, also in view of the increasing cost of food supplies
- **Food Bank:** to strengthen the capacity to recover and distribute food products to third-sector organisations that directly support people in need, including Ukrainian refugees who have arrived in Italy
- **Reggiana Solidarity Foundation:** an association for promotion, solidarity and social assistance, for setting up reception facilities in Reggio Emilia to host refugees fleeing war and to support the operators of a school in Zhytomyr (120 km from Kiev)



Vaults of the Franciscan monastery in Zhytomyr, which will be converted into an air-raid shelter and meeting place.

Education and Training

Financial Education:

- 1 **Digital live talks** aimed at primary secondary school students, of Bicocca University of Milan and the University of Padua in collaboration with the **Foundation for Financial and Savings Education (FEduF)**. The proposed topics focused on gender stereotypes which, if they become prejudices, can affect perceptions and generate potential injustices and inefficiencies in the economic context
- 2 Evolution of a **portal dedicated to financial literacy** and aimed at the younger generation, with the implementation of a blog section:
 - **E-learning**: online modules with case studies on macro financial topics linked to tests to check the acquired skills
 - **Podcasts** on the following topics: use of money, saving, risk, insurance, retirement provisions
 - **Webinars**: interactive and educational videos also designed for content sharing between parents and children
 - **Blog**



CONTRIBUTION

€ 86.822 in monetary contribution



RESULTS

443 stakeholders involved
3,620 registered on the Wellgeneration platform



IMPACT

increasing the level of financial and social inclusion through the dissemination of financial culture

- 3 **Opinion Leader 4 Future**: a project launched in 2020 between Credem's Media Relations Department and the **Università Cattolica del Sacro Cuore** to analyse the roles that opinion leaders can take on in the processes of information circulation and consensus building in the national and international scene. The project celebrated its third year in 2022, and the research and dissemination activities focused on citizens' growing need for information that is easy to understand, expendable and capable of consciously guiding their daily life choices. At the same time, the new roles entrusted to opinion leaders who become not only information brokers, but also activists, awareness-raisers, coaches and mentors were explored. A further line of research and dissemination concerned the analysis of how individuals and families inform themselves about health, economy, education, environment and society and the main information hubs active in these areas. University workshops with the involvement of digital opinion leaders and public webinars on the topic of health information were also held.

In view of the activities carried out in 2020 and 2021 and the results obtained, the Group has decided to maintain and evolve its collaboration with Università Cattolica through the establishment of a **new Observatory on Conscious Information and Orientation in Society**, which will be launched in 2023 with the aim of contributing to the improvement of the information culture on issues that permeate and strongly influence daily life: health, safety, personal finance, sustainability and education through a path that envisages research, analysis, communication and dissemination activities.



CONTRIBUTION

€ 24,000 monetary contribution annually (€ 72,000 on a three-year basis)



RESULTS

The project continued to influence the public debate on relevant issues for people's lives in 2022: the public's information needs, the changing characteristics of experts of reference for information, the approach to information concerning different age groups, diversity, sustainability and health information



IMPACT

During the three-year period, the project supported the dissemination of information and analyses to the public on good practices in the field of information and opinion formation; it also nurtured the virtuous exchange of knowledge between the academic world and business on issues of primary relevance to people's lives

- 4 Three-year degree course in Digital Marketing:** a three-year degree course which arose thanks to the collaboration between the **University of Modena and Reggio Emilia** and other companies in the Reggio Emilia area. The course aims to train young graduates in digital marketing, able to develop the ability to work in cross-functional teams and to contribute to the definition of **strategic communication and marketing choices**, supporting the growth of digitisation and innovation. As a partner company, Credem actively participates in every phase of the project, contributing annually to the selection of candidates and the definition of objectives, also through the definition of training and teamwork activities, with consequent monitoring of individual and team performance.



CONTRIBUTION

€ 50,000 monetary contribution (€ 150,000 on a three-year basis)



RESULTS

37 hours of lectures and practitioner exercises managed by Credem
52 hours managed by partner companies involved in the project



IMPACT

education related to company needs with impacts on skills growth

- 5** Save the Children and Reggio Children Foundation:: support for 7 Spazi Mamma [Mothers' Spaces] located in Brindisi, Genoa, Naples, Palermo, Reggio Calabria, Rome, Sassari.
In 2022, the Crescere insieme [Growing Together] project was launched to combat educational poverty for girls and boys aged 0-6.
The initiative is part of Save the Children's broader Spazio Mamma programme which has been supporting families in situations of socio-economic vulnerability in Italy and enriching the educational offer with new workshop experiences aimed at girls, children and their families since 2014.



Save The Children, in partnership with Credem.



CONTRIBUTION

€ 400,000 in monetary contribution



RESULTS

688 beneficiaries: 415 minors and 273 mothers



IMPACT

training and educational opportunities for children in difficult situations; combating poverty and promoting social inclusion

- 6** Fondazione Nazionale della Danza/ Arterballetto: support for an advanced training course that enabled 15 professional figures capable of integrating the language of dance with disability to create a common language that is accessible and inclusive, capable of bringing together artistic, psychological and relational skills in a synergistic manner.



Over Limited, National Dance Foundation.



CONTRIBUTION

€ 10,000 annual monetary contribution to social projects related to diversity/inclusion



RESULTS

training of 15 professionals



IMPACT

Raising awareness of the culture of diversity and inclusion, job creation and shared value in the target area in artistic/cultural sectors most affected by the COVID-19 pandemic crisis, involving disabled users of social cooperatives and local realities

Health and Prevention

Fondazione Italiana Linfomi (Italian Lymphoma Foundation): support for the five-year **scientific research project for the treatment of lymphomas**, an oncological disease that affects around 15,000 new patients in Italy every year. The project is aimed at furthering the clinical study of follicular lymphoma and will make it possible to identify new diagnostic and prognostic risk markers to enable the diversification and personalisation of therapies for patients.



CONTRIBUTION

€ 30,000 monetary contribution (€ 150,000 in the five-year period 2020-2025)



RESULTS

22 centres active in the trial, in 14 of which the enrolment phase of 144 patients has begun



IMPACT

Contribution to the health and well-being of communities and improvement of patients' quality of life through funding scientific research

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.



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

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 palace and city
- a collection of paintings from the region dating from the sixteenth to eighteenth centuries, and various works of art from the nineteenth and twentieth 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 supervision and enhancement of the heritage are historically entrusted to a **curator of the art collections** - a Group employee - who, acting in synergy with company policies, promotes all the useful initiatives to encourage the engagement of stakeholders and the local community.



In 2022, the monumental terracotta bas-relief depicting Adam and Eve at work by sculptor Adriano Alloati (Turin 1909 - 1975), previously kept in storage, was displayed in Palazzo Spalletti Trivelli.

Adam and Eve, Adriano Alloati

During the year, Credem also continued the restoration campaign for about 30 works in its graphic art collection, including:

- Cow going abstract by Roy Lichtenstein (New York 1923 - 1997)
- Green by Daniele Fissore (Savigliano 1947 - 2017)
- Lady Virginia Woolf by Enrico Baj (Milan 1924 - Vergiate 2003)



Cow going abstract, Roy Lichtenstein



Green, Daniele Fissore



Lady Virginia Woolf, Enrico Ba

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 in 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 **21st edition of Invito a Palazzo**, an initiative that allows the public to visit the palaces and art collections owned by banks throughout Italy. For the 2022 edition, after two years of events in virtual mode, Palazzo Spalletti Trivelli reopened to the public for guided tours for groups with compulsory booking, attracting

a total of 250 visitors.

In autumn 2022, the activities of the **Spazio Credem** project also resumed, aimed at enhancing and protecting the bank's historical, artistic and architectural assets through guided and customised tours offered to Group 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.

As part of the Spazio Credem project, the temporary exhibition **La gioia della materia bella** (1 October 2022 - 14 April 2023), dedicated to two still lifes by the painter Cristoforo Munari (Reggio Emilia 1667 - Pisa 1720), was displayed at Palazzo Spalletti Trivelli.

The exhibition can be enjoyed independently by the public, and presents the master's work through two paintings representative of his two specialties, the 'aristocratic' still life and the 'rustic kitchen'.



Still Life, Cristoforo Munari



CONTRIBUTION

€ 67,500 in monetary contribution



RESULTS

482 stakeholders involved



IMPACT

Enrich and enhance the Group's artistic heritage and extend its use to young generations and local communities



Appendix

Key Performance Indicators

Determination and distribution of Added Value

Items (€/000)	2022	2021	2020
10. Interest income and similar revenues	797,798	584,077	552,239
20. Interest expense and similar charges	(143,812)	(94,447)	(66,177)
40. Fee and commission income	762,644	823,948	695,881
50. Fee and commission expenses (net of external network charges)	(59,907)	(75,362)	(82,160)
50. Fee and commission expenses	(162,115)	(189,007)	(178,536)
6. off-site distribution of financial instruments, products and services (in 50. Fee and commission expenses)	(102,208)	(113,645)	(96,376)
70. Dividends and similar income	2,075	166	473
80. Net profit (loss) from trading	11,166	14,390	25,495
90. Net profit (loss) from hedging	3,686	(46)	2,641
100. Gains (losses) on disposal or repurchase of:	44,956	37,392	22,707
a) financial assets measured at amortised cost	31,506	3,135	16,656
b) financial assets measured at fair value through other comprehensive income	13,450	34,257	6,048
c) financial liabilities	-	-	3
Gains (losses) on disposal or repurchase of: (former Item 100 IAS 39)	-	-	-
a) loans	-	-	-
b) financial assets available for sale	-	-	-
c) financial assets held to maturity	-	-	-
d) financial liabilities	-	-	-
110. Net result of other financial assets and liabilities designated at fair value through profit or loss	(1,894)	1,735	(317)
a) financial assets and liabilities measured at fair value	-	-	-
b) financial assets and liabilities measured at fair value, as per mandatory requirements	(1,894)	1,735	(317)
Net result of financial assets and liabilities measured at fair value (former Item 110 IAS 39)	-	-	-
115. Net result of financial assets and liabilities pertaining to insurance companies pursuant to IAS39	129,864	151,868	128,431
130. Net value adjustments for credit risk from:	(55,666)	(28,220)	(102,819)
a) financial assets measured at amortised cost	(55,836)	(28,723)	(103,944)
b) financial assets measured at fair value through other comprehensive income	170	503	1,125
Net adjustments to (Recoveries on) impairment of: (former Item 130 IAS 39)	-	-	-
a) loans	-	-	-
b) financial assets available for sale	-	-	-
c) financial assets held to maturity	-	-	-
d) other financial transactions	-	-	-
135. Net adjustments pertaining to insurance companies pursuant to IAS 39	-	-	(411)
140. Profits/losses from contractual changes without derecognitions	114	(829)	(741)
160. Net premiums earned	549,966	479,851	474,760
170. Net other operating income/charges from insurance activities	(563,279)	(500,495)	(489,075)
230. Other operating income/charges	150,287	225,578	124,179
250. Gains (Losses) on equity investments (relating to "profit/loss from disposals")	-	-	-
280. Gains (Losses) on disposals of investments	13,421	10,014	2,087
320. Profit (loss) after tax from discontinued operations	-	-	-
A. TOTAL GENERATED ECONOMIC VALUE	1,641,419	1,629,620	1,287,193

Items (€/000)	2022	2021	2020
190.b) Other administrative expenses (net of indirect taxes and donations and charges for resolution funds and deposit guarantee) (-)	226,949	167,096	182,576
190.b) Other administrative expenses	409,632	399,216	331,747
190.b) Other administrative expenses: indirect taxes and taxes (-)	123,627	126,058	108,543
190.b) Other administrative expenses: charges for resolution funds and deposit guarantee (-)	57,393	105,176	40,508
190.b) Other administrative expenses: Donations/perks	1,663	886	120
190.b) Other administrative expenses: environmental projects			
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	226,949	167,096	182,576
190.a) Personnel expenses (including external network charges - i.e., agents, financial advisors) (-)	665,656	664,327	609,493
190.a) personnel expenses	563,448	550,682	513,117
6. off-site distribution of financial instruments, products and services (in 50. Fee and commission expenses)	102,208	113,645	96,376
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND COLLABORATORS	665,656	664,327	609,493
340. Profit (loss) for the year attributable to minority interest	0	0	-
ECONOMIC VALUE DISTRIBUTED TO THIRD PARTIES	-	-	-
Profit allocated to shareholders	112,233	102,295	66,295
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS	112,234	102,295	66,295
190.b) Other administrative expenses: indirect taxes and taxes (-)	123,627	126,058	108,543
190.b) Other administrative expenses: charges for resolution funds and deposit guarantee (-)	57,393	105,176	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)	178,830	139,139	69,738
300. Income tax for the current year from continuing operations (prepaid and deferred taxes)	144,605	113,588	50,797
4. Changes in deferred tax assets (+/-) (in 300. Income tax for the current year from continuing operations (prepaid and deferred taxes))	(16,108)	(20,965)	9,019
5. Changes in deferred tax liabilities (+/-) (in 300. Income tax for the current year from continuing operations (prepaid and deferred taxes))	(18,117)	(4,586)	(27,960)
ECONOMIC VALUE DISTRIBUTED TO THE CENTRAL AND LOCAL PUBLIC AUTHORITIES	359,850	370,373	218,789
190.b) Other administrative expenses: Donations/perks	1,663	886	120
190.b) Other administrative expenses: environmental projects			
Profit allocated to the charity fund	-	-	-
ECONOMIC VALUE DISTRIBUTED TO COMMUNITIES AND THE ENVIRONMENT	1,663	886	120
B. TOTAL DISTRIBUTED ECONOMIC VALUE	1,366,352	1,304,977	1,077,273
200. Net provisions for risks and charges	14,131	13,021	13,476
a) commitments undertaken and guarantees given	2,864	2,839	4,761
b) other net provisions	11,267	10,182	8,715
210. Net value adjustments to (recoveries on) property, plants and equipment	44,489	43,909	41,157
220. Net value adjustments to (recoveries on) intangible assets	53,775	49,303	45,247
250. Profit (loss) on equity investments (relating to the valuation component "write-downs/ revaluations", "value adjustments on impairment/recoveries", "other charges and income")	(7,855)	(6,337)	(6,453)
250. Gains (Losses) on equity investments	(7,855)	(6,337)	(6,453)
250. Gains (Losses) on equity investments (relating to "profit/loss from disposals")	-	-	-
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)	(34,225)	(25,551)	(18,941)
Earnings allocated to reserves	204,752	250,298	135,434
350. Parent Company's profit (loss) for the period	(316,986)	(352,593)	(201,729)
Profit allocated to shareholders	112,234	102,295	66,295
Profit allocated to the charity fund	-	-	-
C. TOTAL WITHHELD ECONOMIC VALUE	275,067	324,643	209,920

Disclosure 2-6: Activities, value chain and other business relationships

	2022	2021	2020
Customers			
by category [%]			
Private customers and families	81.1%	80.8%	82.2%
Businesses and professionals	15.2%	15.4%	14.8%
Private banking	3.7%	3.8%	3.0%
Total	100.0%	100.0%	100.0%
Private customers			
by duration of relationship [%]			
Up to 1 year	4.8%	5%	5.4%
From 1 to 5 years	20.6%	22%	24.4%
From 6 to 10 years	22.5%	22%	21.2%
From 11 to 20 years	26.3%	26%	27.6%
Over 20 years	25.6%	24%	21.3%
Total	100.0%	100.0%	100.0%
by age [%]			
Up to 25 years	4.5%	5%	4.5%
From 26 to 30 years	5.1%	5%	5.5%
From 31 to 35 years	6.5%	7%	6.9%
From 36 to 45 years	16.1%	16%	17.1%
From 46 to 55 years	21.4%	22%	21.9%
From 56 to 65 years	19.4%	19%	18.5%
Over 65 years	26.5%	26%	25.7%
Total	100.0%	100.0%	100.0%
by gender [%]			
Men	51.3%	51%	51.4%
Women	48.7%	49%	48.6%
Total	100.0%	100.0%	100.0%
Business Customers			
by duration of relationship [%]			
Up to 1 year	7.0%	14.3%	9.0%
From 1 to 5 years	27.3%	28.8%	31.8%
From 6 to 10 years	24.3%	23.9%	24.8%
Over 10 years	41.4%	32.9%	34.4%
Total	100.0%	100.0%	100.0%
female entrepreneurship			
Female entrepreneurs [no.]	37,008	37,513	33,334
Female-led businesses against total number of businesses [%]	18.3%	18.3%	17.8%
by turnover [%]			
€ 0 - 25 million	97.9%	98.2%	98.1%
€ 25 - 50 million	1.0%	0.8%	0.9%
€ 50 - 100 million	0.6%	0.5%	0.5%
€ 100 - 150 million	0.2%	0.2%	0.2%
over € 150 mln	0.3%	0.3%	0.3%
Total	100.0%	100.0%	100.0%

Transactions

	2022			2021			2020		
Transactions by type and method	Physical [No./1000]	Digital [No./1000]	Digital %	Physical [No./1000]	Digital [No./1000]	Digital %	Physical [No./1000]	Digital [No./1000]	Digital %
Payment	2,495	1,047	29.5%	3,472	407	10.5%	3,898	55	1.3%
Unscheduled direct debit payments	146	17	10.1%	153	15	9.2%	163	14	7.8%
Payment by slip (MAV/RAV)	60	183	75.3%	88	244	73.6%	121	293	70.8%
Recurring Bank transfer	10	27	72.3%	17	27	61.4%	12	27	69.4%
F24 payment	368	2,649	87.8%	410	2,454	85.7%	394	2,180	84.6%
Bank transfer	1,064	15,375	93.5%	1,082	13,635	92.6%	1,170	11,659	90.8%
Withdrawal	775	14,533	94.9%	1,151	13,230	92.0%	1,250	12,480	90.9%
Scheduled direct debits	177	3,245	94.8%	204	3,136	93.9%	199	2,657	93.0%
Activation/Reactivation of SDD mandate	29	952	97.0%	106	1,050	90.9%	31	748	96.0%
CARTAEGO top-ups	38	1,404	97.3%	38	1,181	96.9%	40	998	96.1%
MAV presentation	1	90	98.8%	3	90	97.3%	1	71	98.3%
Revocation of SDD mandate	23	644	96.5%	23	581	96.1%	21	571	96.4%
Payment of salaries	129	5,437	97.7%	137	4,963	97.3%	134	4,452	97.0%
Direct debit presentation	84	6,592	98.70%	94	6,532	98.6%	99	5,760	98.3%
Invoice payment	0	341	99.9%	1	317	99.8%	1	255	99.6%
Postal order payment	0	308	100.0%	-	453	100.0%	-	534	100.0%
CBILL payment	0	891	99.9%	1	488	99.8%	-	272	100.0%
Mobile phone top-up	0	702	100.0%	-	753	100.0%	-	825	100.0%
RID presentation	-	8,149	100.0%	-	5,935	100.0%	-	4,864	100.0%
SDD transfer	-	17,605	100.0%	-	15,303	100.0%	-	13,455	100.0%
Issue of cheque book	183	-	0.0%	207	-	0.0%	219	-	0.0%
Collection of various bills	-	-	-	-	-	-	-	-	-
Total	5,583	80,192	93.5%	7,187	70,794	90.8%	7,753	62,170	88.9%

Disclosure 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data

	2022	2021	2020
Complaints			
concerning privacy breaches [no.]¹			
Complaints received concerning breaches of customer privacy	7	22	19
of which received from third parties and verified by the organisation	7	22	19
of which received from regulatory bodies	0	0	0
Total number of leaks, thefts or losses of customer data	0	0	0
Total	7	22	19

Complaints registered

Complaints registered	2022		2021		2020	
Complaints						
by service [no.]						
Banking service complaints ²	2,819		2,984		3,220	
Investment service complaints	365		259		289	
Insurance service complaints	104		113		156	
PSD2 complaints	350		352		270	
Complaints other services	62		72		84	
Total	3,700		3,780		4,019	
of which refer to Credem Banca	3,503		3,591		3,840	
by reason						
Creditworthiness or similar	444	12.0%	305	8.1%	409	10.2%
Fraud and losses	179	4.8%	197	5.2%	119	2.9%
Performance of transactions	1,863	50.4%	2,111	55.8%	2,326	57.9%
Conditions	84	2.3%	83	2.2%	118	2.9%
Customer communications and information	273	7.4%	336	8.9%	356	8.9%
Application of conditions	222	6.0%	165	4.4%	167	4.2%
Reports on risk management	113	3.1%	94	2.5%	96	2.4%
Compound interest	9	0.2%	6	0.2%	19	0.5%
Organisational aspects	125	3.4%	137	3.6%	90	2.2%
Faulty equipment	82	2.2%	45	1.2%	34	0.8%
Personnel	123	3.3%	109	2.9%	101	2.5%
Other	183	4.9%	192	5.1%	184	4.6%
Total	3,700	100.0%	3,780	100.0%	4,019	100.0%

¹ The only privacy complaint that was upheld concerned the alleged failure to give consent to sending of commercial communications, consent that was promptly withdrawn as soon as the issue arose. This is without prejudice, in any case, to the possible sharing with the DPO of the positions deemed worthy of attention.

² The bank complaints also include the privacy complaints referred to in disclosure 418-1.

Products and services with social goals- FS7³

Loans to families and businesses

	2022				2021				2020			
	Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end	
	No.	Granted (€ million)	No.	Outstanding debt (€ million)	No.	Granted (€ million)	No.	Residual debt (€ million)	No.	Granted (€ million)	No.	Residual debt (€ million)
Emilia 2012 earthquake Financing Taxes (data from individuals and enterprises) ⁴	-	-	111	7.3	-	-	116	7.5	-	-	29	2.6
Emilia Earthquake 2012 Reconstruction	127	15.5	5,069	609.6	159	17.9	4,942	556.6	19	13.0	894	161.9
Total	127	15.5	5,180	616.9	159	17.9	5,058	564.1	19	13.0	923	164.5

Suspension/extension of loans to families

	Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end	
	No.	Residual debt (€ million)	No.	Outstanding debt (€ million)	No.	Outstanding debt (€ million)	No.	Outstanding debt (€ million)	No.	Outstanding debt (€ million)	No.	Outstanding debt (€ million)
Solidarity Fund (Consap)	22	221.3	30	292.6	4,148	348.0	253	27.0	3,665	338.0	2,163	207.0
Consumers ABI Moratorium	-	-	-	-	834	17.0	1	0.0	893	22.0	609	18.0
Earthquake Central Italy (legal initiative)	-	-	-	-	-	-	-	-	1	0.1	-	-
Total	22	221.3	30	292.6	3,314	365.0	254	27.0	4,559	360.1	2,772	225.0

Suspension/extension of loans to SMEs

	Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end	
	No.	Residual debt (€ million)	No.	Outstanding debt (€ million)	No.	Outstanding debt (€ million)	No.	Outstanding debt (€ million)	No.	Outstanding debt (€ million)	No.	Outstanding debt (€ million)
Earthquake Central Italy (legal initiative)	-	-	-	-	-	-	28	4.6	-	-	28	3.2
DI Cura Italia	-	-	-	-	28,923	2,088.0	5,003	518.0	28,088	2,579.0	21,232	2,273
2019 Credit Agreement (ABI Moratorium)	-	-	-	-	1,454	245.0	51	14.0	1,394	342.0	1,236	326
Total	-	-	-	-	30,377	2,333.0	5,082	536.6	29,482	2,921.0	22,496	3.2

³ Data refers to Credito Emiliano S.p.A.⁴ Data refer to private customers and businesses.

Products and services with environmental goals - FS8⁵

Loans to families and businesses

	2022				2021				2020			
	Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end	
	No.	Granted (€ million)	No.	Outstanding debt (€ million)	No.	Granted (€ million)	No.	Residual debt (€ million)	No.	Granted (€ million)	No.	Residual debt (€ million)
Mutuo Chiaro Energia	3	0.9	22	0.2	-	-	56	0.3	-	-	158	0.7
Mutuo Energia	-	-	49	3.9	-	-	87	5.4	-	-	128	6.4
Total	3	0.9	71	4.1	-	-	143	5.7	-	-	286	7.1

Loans to families and businesses

	2022	2021	2020
Ismea	1.7	27.7	30.3
Sace	133.5	69.5	80.0
EIF - InnovFin	0.0	19.0	15.9
EIF - Cosme	0.0	126.2	300.6
EIF - Agri	0.4	0.0	2.0
EIF - CCS	0.0	0.2	-
EIF - EGF	991.2	501	-
MCC – SME Guarantee Fund	318.6	919.0	2235.9
MISE – New Sabatini Law	108.4	174.0	34.0
Total loans granted [€ million]**	1,513.9	1,836.6	2,698.7

**€ 39.91 million were disbursed by combining the Sabatini concession with the SME Guarantee Fund.

⁵ 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.

Percentage of services subject to environmental or social scrutiny

Euromobiliare Advisory SIM - FS11

	2022		2021		2020	
ESG Products	AuM in € million	% of Total AuM	AuM in € million	% of Total AuM	AuM in € million	% of Total AuM
GP Global Equity	247.2	4.0%	270.3	3.7%	166.6	2.5%
ESG Balanced GP	99.2	1.6%	95.8	1.3%	31.2	0.4%
ESG Bond GP	96.9	1.5%	133.6	1.8%	114.9	1.7%
ESG Moderate GP	10.3	0.1%				
ESG Total Return Dynamic	756.2	12.4%				
ESG Total Return Aggressive	811.8	13.3%				
Sustainable Goal 3	0.1	0.0%				
Sustainable Goal 4	0.1	0.0%				
Sustainable Goal 5	0.1	0.0%				
Total	2,022.1	33.2%	499.8	6.9%	312.8	4.8%

Credemvita

	2022		2021		2020	
ESG Products	AuM in € million	% of Total AuM	AuM in € million	% of Total AuM	AuM in € million	% of Total AuM
Credemvita Simple Life Global Equity ESG	103.0	1.2%	125.0	1.3%	117.6	1.4%
Credemvita Life Mix	5.0	0.0%	4.0	0.0%		
Credemvita Life Mix Welcome	6.0	0.0%	4.0	0.0%		
Credemvita Private Collection PRO	1,415.0	17.2%	970.0	10.7%		
Credemvita Collection PRO	518.0	6.3%	383.0	4.2%		
Credemvita Collection EVO	69.0	0.8%	38.0	0.4%		
Credemvita Life Mix Evo	11.0	0.1%	4.0	0.0%		
Credemvita Flex Life	86.0	1.0%	29.0	0.3%		
Other ESG products no longer being placed	59.0	0.7%	48.5	0.5%		
Total	2,272.0	27.7%	1,605.5	17.8%	117.6	1.4%

Euromobiliare SGR

	2022		2021		2020	
ESG Products	AuM in € million	% of Total AuM	AuM in € million	% of Total AuM	AuM in € million	% of Total AuM
Euromobiliare Cities 4 Future	102.1	0.7%	145.7	0.9%	157.7	1.1%
Euromobiliare Science 4 Life	341.5	2.5%	386.4	2.6%	311.8	2.3%
Eurofundlux Global Enhanced Dividend ESG (GEDI ESG)			104.0	0.7%	108.6	0.8%
Eurofundlux Euro Sustainable Corporate Bond ESG	53.5	0.4%	71.0	0.4%	68.7	0.5%
Eurofundlux Azionario Globale ESG	263.2	1.9%	272.1	1.8%	186.5	1.3%
Euromobiliare Innovation 4 Future	147.1	1.1%	190.3	1.2%	197.7	1.4%
Euromobiliare Green 4 Planet	118.8	0.8%	140.2	0.9%	104.7	0.7%
Euromobiliare Global Trends ESG	77.3	0.5%	70.7	0.4%	-	-
Eurofundlux Climate Change ESG	113.1	0.8%	135.2	0.9%	-	-
Euromobiliare Health & Wellness ESG	264.2	1.9%	301.5	2.0%	-	-
Euromobiliare Next Generation ESG	211.5	1.5%	268.2	1.8%	-	-
Euromobiliare Green Trends	99.0	0.7%				
Euromobiliare Global Government	55.5	0.4%				
Euromobiliare Accumulo Next Generation ESG	261.8	1.9%				
Eurofundlux Equity Income ESG	91.9	0.6%				
EuroFundLux EuroDefensive	202.2	1.5%				
Euromobiliare Pictet Action 4 Transition Act II	80.2	0.6%				
Euromobiliare Income	74.8	0.5%				
Euromobiliare Pictet Action 4 Transition	200.7	1.5%				
Euromobiliare M&G Sustainable Infrastructure	122.0	0.9%				
Euromobiliare Sustainable Value 2028	100.2	0.7%				
Eurofundlux Target 2026	550.9	4.1%				
Eurofundlux European Equity ESG	157.8	1.1%				
Total	3,690.3	27.7%	2,085.8	14.0%	1,136.2	8.4%

Disclosure 2-7: Employees

	At 31 December 2022			At 31 December 2021			At 31 December 2020		
Employees by geographic area and contract									
	Perma- nent	Fixed term	Total	Perma- nent	Fixed term	Total	Perma- nent	Fixed term	Total
Northern Italy									
Number	4,401	163	4,564	4,396	169	4,565	4,012	122	4,134
Percentage	65.9%	2.4%	68.3%	65.7%	2.5%	68.2%	64.1%	1.9%	66.0%
Central Italy									
Number	648	18	666	650	24	674	647	19	666
Percentage	9.7%	0.2%	9.9%	9.7%	0.3%	10.0%	10.3%	0.3%	10.6%
Southern Italy									
Number	1,422	24	1,446	1,417	31	1,448	1,427	31	1,458
Percentage	21.2%	0.3%	21.6%	21.1%	0.4%	21.6%	22.8%	0.5%	23.3%
Luxembourg									
Number	0	0	0	0	0	0	0	0	0
Percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total									
Number	6,471	205	6,676	6,463	224	6,687	6,086	172	6,258
Percentage	96.9%	3.1%	100.0%	96.6%	3.3%	100.0%	97.2%	2.7%	100.0%
Employees by contract type and gender									
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent									
Number	3,985	2,486	6,471	4,023	2,440	6,463	3,871	2,215	6,086
Percentage	59.6%	37.2%	96.8%	60.1%	36.4%	96.6%	61.8%	35.3%	97.2%
Fixed term									
Number	105	100	205	128	96	224	91	81	172
Percentage	1.6%	1.5%	3.1%	1.9%	1.4%	3.3%	1.4%	1.29%	2.7%
Total									
Number	4,090	2,586	6,676	4,151	2,536	6,687	3,962	2,296	6,258
Percentage	61.3%	38.7%	100.0%	62.0%	37.9%	100.0%	63.3%	36.6%	100.0%
Employees by contract type and gender									
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time									
Number	4,069	2,236	6,305	4,127	2,191	6,318	3,938	1,998	5,936
Percentage	60.9%	33.4%	94.4%	61.7%	32.7%	94.4%	62.9%	31.9%	94.8%
Part-time									
Number	21	350	371	24	345	369	24	298	322
Percentage	0.3%	5.2%	5.6%	0.3%	5.16%	5.5%	0.3%	4.76%	5.1%
Total									
Number	4,090	2,586	6,676	4,151	2,536	6,687	3,962	2,296	6,258
Percentage	61.3%	38.7%	100.0%	62.0%	37.9%	100.0%	63.3%	36.6%	100.0%

Disclosure 2-8: Non-employed workers

	At 31 December 2022	At 31 December 2021	At 31 December 2020
External workforce [no.]			
Financial advisors and agents	1,240	1,159	1,297
Temporary staff and interns	41	41	52
Total	1,281	1,200	1,349
Total workforce [%]			
Employees	83.9%	84.7%	82.2%
Financial advisors and agents	15.6%	14.7%	17.0%
Temporary staff and interns	0.5%	0.5%	0.6%

Disclosure 2-30: Collective agreements

	At 31 December 2022	At 31 December 2021	At 31 December 2020
Employees covered by collective bargaining agreements			
Percentage of employees covered by collective bargaining agreements	100.0%	100.0%	100.0%

Disclosure 2-21: Annual total remuneration ratio

	at 31 December 2022	at 31 December 2021	at 31 December 2020	at 31 December 2019	at 31 December 2018
Total annual compensation of the organisation's highest-paid employee	985,264	981,249	843,854	859,723	948,795
Median of annual total compensation of all employees excluding the highest-paid individual	49,283	47,193	48,140	47,667	45,785
Relationship	19.9	20.7	17.5	18.0	20.7

The cash basis was used to determine the ratio, which indicates the amount actually received in the reference year.

Total remuneration for the year includes salary, agreements, bonuses, equity and non-equity incentive plans and any other remuneration.

The total annual remuneration of the highest paid employee also includes the remuneration of the Director and the attendance fees for Board meetings.

The report for the year 2020 is therefore restated on the basis of the above criteria with respect to the NFSs published in previous years.

Disclosure 401-1 New Employee Hires and Employee Turnover ⁶

Number and rate of new hires and turnovers by geographical area

	2022				2021				2020			
	New hires		Exits		New hires		Exits		New hires		Exits	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Northern Italy	255	5.5%	232	5.0%	643	14.0%	202	4.4%	234	5.6%	166	4.0%
Central Italy	30	4.5%	42	5.0%	37	5.4%	28	4.1%	25	3.7%	35	5.2%
Southern Italy	38	2.6%	57	3.9%	42	2.9%	63	4.3%	40	2.7%	82	0.0%
Luxembourg	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	15	100.0%
Total	323	4.8%	331	4.9%	722	10.8%	293	4.3%	299	4.7%	298	4.7%

Number and rate of new hires and turnovers by gender

	2022				2021				2020			
	New hires		Exits		New hires		Exits		New hires		Exits	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Men	176	4.3%	228	5.5%	389	9.3%	198	4.7%	169	4.2%	218	5.5%
Women	142	5.6%	103	4.0%	333	13.1%	95	3.7%	130	5.6%	80	3.4%
Total	323	4.8%	331	4.9%	722	10.8%	293	4.3%	299	4.7%	298	4.7%

Number and rate of new hires and turnovers by age

	2022				2021				2020			
	New hires		Exits		New hires		Exits		New hires		Exits	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Up to 30 years	201	25.6%	59	7.5%	243	29.3%	53	6.3%	165	26.4%	32	5.1%
31 - 50 years	85	2.5%	92	2.7%	304	9.0%	54	1.6%	118	3.3%	57	1.6%
Over 50 years	37	1.4%	180	7.0%	175	6.9%	186	7.4%	16	0.7%	209	9.6%
Total	323	4.8%	331	4.9%	722	10.8%	293	4.3%	299	4.7%	298	4.7%

⁶ Outbound turnover includes employees who left the organisation voluntarily or due to dismissal, retirement or death.

Disclosure 405-1 Diversity of Governance Bodies⁷ and employees

Employees by professional category and age [%]

	at 31 December 2022			at 31 December 2021			at 31 December 2020		
	< 30 years	31-50 years	> 50 years	< 30 years	31-50 years	> 50 years	< 30 years	31-50 years	> 50 years
Executives	0.0%	17.0%	83.0%	0.0%	17.3%	82.6%	0.0%	20.7%	79.2%
Middle managers	0.2%	49.5%	50.3%	0.2%	46.5%	53.1%	0.1%	51.9%	47.8%
Remaining staff	23.4%	57.4%	19.2%	24.2%	55.0%	20.74%	19.9%	60.8%	19.2%
Total	11.8%	52.6%	35.6%	12.3%	50.0%	37.5%	9.9%	55.5%	34.5%

Employees by professional category and gender [%]

	at 31 December 2021		at 31 December 2020		at 31 December 2019	
	Men	Women	Men	Women	Men	Women
Executives	89.5%	10.5%	91.6%	8.3%	93.4%	6.5%
Middle managers	73.3%	26.7%	73.9%	26.0%	74.2%	25.7%
Remaining staff	48.4%	51.5%	49.5%	50.4%	51.1%	48.8%
Total	61.2%	38.8%	62.0%	37.9%	63.3%	36.6%

Employees belonging to minority groups⁸, by professional category and gender

	at 31 December 2021		at 31 December 2020		at 31 December 2019	
	Men	Women	Men	Women	Men	Women
Executives						
Number	2	1	2	1	3	1
Percentage	66.6%	33.3%	66.6%	33.3%	75.0%	25.0%
Middle managers						
Number	86	31	85	30	90	28
Percentage	73.5%	26.5%	73.9%	26.0%	76.2%	23.7%
Remaining staff						
Number	148	118	150	121	149	104
Percentage	55.6%	44.3%	55.3%	44.6%	58.8%	41.1%
Total						
Number	236	150	237	152	242	133
Percentage	61.1%	38.8%	60.9%	39.0%	64.5%	35.4%

⁷ For information on the diversity of the governance bodies, please refer to the chapter Principles of Governance, section 1.1 The governance model.

⁸ Ref. Italian Law 69/1999.

Disclosure 403-9: Workplace injuries

Workplace injuries

Number of accidents	2022	2021	2020
Total number of deaths due to workplace injuries	-	-	-
Total number of serious workplace injuries (excluding deaths)	1	-	-
Total number of workplace injuries recorded ⁹	19	25	20

Main types of workplace injuries

Type of accident	2022	2021	2020
Contusion	7	9	6
Dislocation, distortion, distraction	11	7	5
Wound	0	4	3
Other	1	5	6

Injury indices

Rate ¹⁰	2022	2021	2020
Rate of deaths due to workplace injuries	-	-	-
Serious workplace injury rate (excluding deaths)	0.1	-	-
Workplace injury rate recorded	1.8	2.4	2.0

Injuries related to 'external workers', understood as workers who are not employees but whose work and/or place of work is controlled by the organisation, are not reported, since they do not fall within the scope of supervision of the Occupational Health and Safety Department.

Disclosure 401-3 - Parental leave

Parental leave by gender

	At 31 December 2022			At 31 December 2021			At 31 December 2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of parental leaves during the year	10	213	223	8	189	197	27	247	274
Return to work at the end of parental leave	10	201	211	8	169	177	26	225	251
Continuation of parental leave as at 31 December	-	9	9	-	17	17	-	21	21
Return-to-work rate ¹¹	100.0%	98.5%	98.6%	100.0%	98.4%	98.5%	96.3%	99.6%	99.3%
Continuation of employment after 12 months of the return from parental leave	8	168	176	26	222	248	16	187	203
Employee retention rate after 12 months of the return to work ¹²	100.0%	99.4%	99.4%	100.0%	98.7%	98.8%	100.0%	98.9%	99.0%

⁹ The total number of recordable injuries does not include injuries "en route"; there are no cases in which travel during the work-home commute is managed by the organisation.

¹⁰ 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.

¹¹ 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.

¹² 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.

Disclosure 404-1: Average hours of training per year per employee**Training by professional category and gender**

	At 31 December 2022			At 31 December 2021			At 31 December 2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives									
Hours of training	5,831	687	6,518	5,576	614	6,190	8,267	658	8,924
Employees as at 31/12	153	18	171	164	15	179	158	11	169
Hours per capita	37	38	37	34	41	35	52	60	53
Middle managers									
Hours of training	110,864	38,608	149,472	114,077	40,302	154,378	97,127	33,719	130,847
Employees as at 31/12	2,317	844	3,161	2,310	812	3,122	2,217	768	2,985
Hours per capita	48	46	47	49	50	49	44	44	44
Remaining staff									
Hours of training	73,759	75,476	149,235	83,459	85,822	169,281	68,087	65,989	134,076
Employees as at 31/12	1,620	1,724	3,344	1,677	1,709	3,386	1,587	1,517	3,104
Hours per capita	46	44	45	50	50	50	43	43	43
Total									
Hours of training	190,454	114,770	305,225	203,112	126,738	329,849	173,481	100,366	273,846
Employees as at 31/12	4,090	2,586	6,676	4,151	2,536	6,687	3,962	2,296	6,258
Hours per capita	47	44	46	49	50	49	44	44	44

Disclosure 301-1: Materials used by weight or volume**Consumption of office materials**

	2022	2021	2020
by type of material			
Paper [t] ^{*1}	425.0	609.0	548.3
Toner and ink cartridges [no. of items]	10,839.0	12,180.0	10,745.0
by type of material			
Number of employees as at 31/12	6,676.0	6,687.0	6,258.0
Paper [kg/employee] ¹³	63.6	91.0	87.6
Toner and ink cartridges [pieces/employee]	1.6	1.8	1.7

The materials used also include Credemassicurazioni SpA.

* Paper consumption by weight was estimated by considering the number of sheets used and applying the factor "80 g/m² × 2-X m²/sheet"

- X indicates the AX size of the sheet used (e.g., A4, where X=4)

- 80 g/m² indicates the grammage of the main paper used (Source: Material Supplier).

*A process to improve the reporting system, the 2020 figures for tonnes of paper have been restated from those published in the previous Non-Financial Statement. For the previously published data, please refer to the 2020 Non-Financial Statement.

¹³ To calculate the material intensity index, the number of active and non-active Credem Group employees in the current year was considered, excluding Credemassicurazioni employees and the external workforce (e.g., consultants and agents who do not use material purchased by the Group).

Disclosure 306-3 (2020): **Waste generated**

Disclosure 306-4 (2020): **Waste diverted from disposal**

Waste generated (GRI 306-3)

Waste by composition, in tonnes (t)	2022				2021				2020			
	Unit of measurement	Hazardous waste	Non-hazardous waste	Tot	Unit of measurement	Hazardous waste	Non-hazardous waste	Tot	Unit of measurement	Hazardous waste	Non-hazardous waste	Tot
Paper and cardboard	t	-	486.9	486.9	t	-	608.4	608.4	t	-	517.0	517.0
Toner and ink cartridges	t	-	9.3	9.3	t	-	7.3	7.3	t	-	2.5	2.5
Total	t	-	496.1	496.1	t	-	615.8	615.8	t	-	519.6	519.6

Waste diverted from disposal by recovery operations (GRI 306-4)

Hazardous-non-hazardous waste and recovery methods, in tonnes (t)	From 1 January to 31 December 2022				From 1 January to 31 December 2021				From 1 January to 31 December 2020			
	Unit of measurement	Offsite	Onsite	Tot	Unit of measurement	Offsite	Onsite	Tot	Unit of measurement	Offsite	Onsite	Tot
Hazardous waste												
Reuse	t			-	t			-	t			-
Recycling	t			-	t			-	t			-
Other recovery operations	t			-	t			-	t			-
Total hazardous waste diverted from disposal	t	-	-	-	t	-	-	-	t	-	-	-
Non-hazardous waste												
Reuse	t			-	t			-	t			-
Recycling	t	496.2		496.2	t	615.8		615.8	t	519.86		519.8
Other recovery operations	t			-	t			-	t			-
Total non-hazardous waste diverted from disposal	t	496.2	-	496.2	t	615.8	-	615.8	t	519.8	-	519.8
Total	t	496.2	-	496.2	t	615.8	-	615.8	t	519.6	-	519.6

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.

Consumption of office equipment: data collected from purchases made and managed by the CSL office and collected through the Internal Supplies procedure.

Disclosure 302-1 Energy consumption within the organisation

Energy consumption within the organisation [GJ]

	2022	2021	2020
Use of fuel for heating	29,714	32,380	30,120
of which natural gas	29,714	32,380	30,120
of which LPG	0	0	0
District heating	8,451	9,679	8,770
District cooling	273	162	207
Electricity	91,610	90,533	90,748
of which from renewable sources	91,610	90,533	90,748
Total internal consumption of buildings	130,047	132,753	129,844

Leased vehicles

Diesel for service use	748	770	651
Diesel for mixed use	11,755	11,821	10,182
Hybrid petrol for mixed use	939	406	8
Electric for service use	4	3	4
Total internal consumption of company vehicles	13,446	13,000	10,844
Total consumption within the organisation	143,493	145,753	140,688

- 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-powered company cars for mixed use was estimated by correlating the total km travelled in the "medium" and "large" cylinder capacity classes to the consumption factors indicated by the ABI Lab Guidelines, estimated as the average of the emission factors associated with Euro 1 to 6 technologies. With regard to hybrid cars, for the years 2020 and 2021 reference was made to the average of the conversion factors indicated by the ABI Lab Guidelines for the "medium" cylinder capacity category; for the year 2022 the hybrid category refers to the mild hybrid typology, unlike previous years that report the full hybrid category; for the conversion factors of the mild hybrid typology the average of the hybrid and petrol conversion factors reported in the ABI Lab guidelines was considered.
- 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.
- 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.

Disclosure 302-2 Energy consumption outside of the organisation

Energy consumption outside of the organisation [GJ]

	2022	2021	2020
Employee cars	17,867	16,362	15,261
Train	1,679	530	897
Aeroplane	2,352	513	895
Total	21,898	17,406	17,053

Disclosure 302-3 Energy intensity

Energy intensity

	2022	2021	2020
Internal energy consumption for buildings			
Employees and financial advisors as at 31/12 [no.]	7,957	7,887	7,607
Net surface area [m ²]	315,284	301,236	291,165
Energy intensity per person [GJ/person] ^[14]	16.34	16.83	17.08
Energy intensity by net surface area [GJ/m ²]	0.41	0.44	0.45

- The conversion factor used for the calculation of energy consumption from business trips by air was estimated on the basis of CO₂ emission 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 for the calculation of the energy consumption resulting from business travel by train for the years 2020 and 2021 was estimated as the average of the emission factors for the most frequently travelled routes travelled, in turn with the methodology and conversion factors indicated in the ABI Lab Guidelines using the Ecopassenger application (<http://ecopassenger.hafas.de>) to calculate the kilometric coefficients; for the year 2022 it was estimated on the basis of the CO₂ emission data made available by the ticketing service provider, with the application of conversion factors to the energy consumed indicated in the ABI Lab Guidelines.
- 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 2021, 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.

¹⁴ 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

Energy efficiency measures

	2022	2021	2020
Number of energy efficiency measures	70	94	31
Restructuring	3	6	5
Windows	1	0	1
Remote management with machine learning	25	40	
Heat pump	7	12	7
Boiler	1	4	4
Refrigeration unit and Air Treatment Unit	1	11	3
Lighting systems and signs	32	21	11
Estimated total energy savings [GJ] ¹⁵	3098 ¹⁶	3,868	800

Disclosure 305-1: Direct (Scope 1) GHG emissions

Scope 1 emissions [tCO₂eq]

	2022	2021	2020
Use of fuel for heating	1,394.4	1,517.3	1,345.6
of which natural gas	1,394.4	1,517.3	1,345.6
of which LPG	0.0	0.0	0.0
FGAS leaks (from air conditioning systems)	305.8	355.1	277.5
Use of fuel for company vehicles	1,130.9	971.6	815.2
Diesel cars for service use	63.5	57.6	48.9
Diesel cars for mixed use	997.4	884.0	765.7
Hybrid petrol cars for service use	70.0	30.0	0.6
Total	2,831.0	2,844.0	2,438.3

- 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 greenhouse gas (HFC or FGAS) leaks in 2019, 2020 and 2021 was conducted through the third-party maintenance companies and the emissions were reported expressed in tonnes. 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 published in 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.

¹⁵ 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. For the lighting systems, the calculation of energy savings was carried out using a mathematical model by defining the following variables to be used in the model: Pre-intervention plant power, post-intervention plant power, operating hours.

¹⁶ Of which - 2,423 GJ for electricity, - 481 GJ for methane gas, - 195 GJ for district heating.

Disclosure 305-2: Indirect (Scope 2) GHG emissions

Scope 2 emissions are calculated according to the “Location-based” and “Market-based” methods.¹⁷

Scope 2 emissions [tCO₂eq] Location-based

	2022	2021	2020
Electricity purchased from the national grid	6,558.7	6,934.3	7,410.7
District heating	495.2	569.4	508.7
District cooling	16.0	9.5	12.0
Office heating	336.7	359.6	397.1
Total	7,406.7	7,872.9	8,328.5

Scope 2 emissions [tCO₂eq] Market-based

	2022	2021	2020
Electricity purchased from the national grid	0.0	0.0	0.0
District heating	495.2	569.4	508.7
District cooling	16.0	9.5	12.0
Office heating	336.7	359.6	397.1
Total	847.9	938.6	917.8

- 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.

¹⁷ 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**Calculation of Scope 3 emissions - 31.12.2022**

	Financed emissions [tCO₂eq]	Covered value [€]	Total value [€]	Covered value [%]
Loans	6,981,285	16,580,592,893	19,231,006,705	86%
Credemvita	249,951	3,908,524,985	4,725,852,422	83%
SGR	1,029,871	8,997,482,750	10,420,557,861	86%
SIM	244,887	3,826,721,167	5,716,716,021	67%
Investments	47,270	2,022,864,003	2,380,697,387	85%
Total	8,553,264	35,336,185,799	42,474,830,396	83%
Credemvita Properties	2,024	37,775,702	52,129,314	72%
Credemvita Investments	247,928	3,870,749,283	4,673,723,108	83%

Scope 3 emissions calculation

	Financed emissions [tCO₂eq]	Covered value [€]	Total value [€]	Covered value [%]
Loans	6,981,285	16,580,592,893	19,231,006,705	86%
Property investments	49,294	2,060,639,705	2,432,826,701	85%
Investments	1,522,685	16,694,953,201	20,810,996,989	80%
Total	8,553,264	35,336,185,799	42,474,830,396	83%

Scope 3 emissions [tCO₂eq]

	2022	2021	2020
Loans	6,981,285.0	3,166,015.0	n.d.
Investments	1,522,685.0	1,422,953.0	n.d.
Property investments	49,294.0	28,784.0	n.d.
Energy consumption from business trips	1,594.0	1,275.4	1,241.1
of which refer to flights	171.6	37.4	65.3
of which refer to train journeys	88.9	28.1	47.4
of which refer to employee vehicles for service use	1,333.5	1,209.9	1,128.4
Paper consumption	330.7	476.9	438.1
Total	8,555,188.7	4,619,504.3	2,052.0

Disclosure 305-4: GHG emissions intensity

Intensity of emissions Scope 1 + Scope 2 (Market-based)

	2022	2021	2020
Scope 1* + Scope 2 emissions (Market-based) [tCO ₂ eq]	3,373.2	3,427.5	3,078.6
Employees and financial advisors as at 31/12 [no.]	7,957	7,887	7,607
Net surface area [m ²]	315,284	301,236	291,165
Emission intensity per person [kgCO₂eq/person]	423.8	434.6	404.7
Emission intensity by net surface area [kgCO₂eq/m²]	10.7	11.4	10.6

* excluding the contribution of HFC gas leaks.

- 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 emissions according to the waste disposal system actually used.

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 305-7: Nitrogen oxides (NOx), Sulphur Oxides (SO₂), and other significant air emissions

NOx [KG]

	2022	2021	2020
from natural gas for central heating	8,43.1	933.0	913.8
from LPG for central heating	0.0	0.0	0.0
from electricity from non-renewable sources	0.0	0.0	0.0
from company vehicles	5,141.6	4,497.5	3,986.3
Total	5,984.7	5,430.6	4,900.1

SO₂ [KG]

from natural gas for central heating	8.9	9.4	9.1
from LPG for central heating	0.0	0.0	0.0
from electricity from non-renewable sources	0.0	0.0	0.0
from company vehicles	8.2	7.2	6.4
Total	17.1	16.6	15.4

Water withdrawal by source

Water withdrawal by source [m³]

	2022	2021	2020
Aqueduct	127,349	124,729	125,209
Well	700	700	700
Total	128,049	125,429	125,909

NO_x 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.

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 20% to reflect the pricing conditions identified in 2021).

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.

The figure for well water was estimated by considering the average consumption of the six sites with this source of supply.

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.

Human Rights performance indicators

	2022	2021	2020
Injuries at work and en route ¹⁸	47.0	46.0	37.0
Employees registered with the union (% of total)	60.0	59.0	57.9
Employees opting for flexible work (part-- time and remote working) - (% of total)	58.5%	67.7%	93.0%
Reports received and/or concluded for cases of discrimination	0.0	1 (Credito Emiliano, the company considers the counterparty's argument unfounded and will contest it in court)	0.0
Cases of harassment	0.0	1 (Credito Emiliano, the company considers the counterparty's argument unfounded and will contest it in court)	1 (Credemleasing, the company considers the counterparty's argument unfounded and will contest it in court)
Complaints regarding personal data protection	7.0	22.0	19.0
Thefts - number of events per 100 branches	1.9	0.9	1.2
Suppliers registered to the Supplier Gate (% of total)	8.8	6.6	6.6
Donations to vulnerable and disadvantaged categories (% of total)	80.0%	14.9%	28.5%

¹⁸ Injuries "en route": injuries occurring during the normal round trip commute from home to the workplace.

Disclosure 3-2: Description of material topics

Macro topic	Material topic	Topic description	Positive Impacts
Prosperity	Shared value and solidity	Ability to endure over time, creating value for the Group and its stakeholders, adapting the business model to changing internal and external conditions	<ul style="list-style-type: none"> • Increase in generated value distributed to relevant stakeholders • Promote the well-being and development of the community • Support to the community and stakeholders
Principles of Governance	Ethics, identity and transparency	<ul style="list-style-type: none"> • Capacity to operate in compliance with laws, regulations and ethical principles • 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 	
Planet	Climate change	Ability to manage, monitor and rationalise direct and indirect environmental impacts (energy consumption, greenhouse gas emissions generated by the Group and related to financing investments, paper consumption, waste disposal, employee mobility)	Reduction of CO ₂ emissions by private and corporate customers through support provided, including through financing with pricing related to decarbonisation plans
Prosperity	Sustainable Finance	<ul style="list-style-type: none"> • 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 	Support for initiatives with positive social and environmental impacts through an appropriate product portfolio
Prosperity	Innovation and Digitisation	<ul style="list-style-type: none"> • Ability to develop innovative policies and technologically advanced services, able to bring benefits to stakeholders • Ability to develop digital financial products and services 	<ul style="list-style-type: none"> • Increased resource efficiency and reduced environmental impacts • Speeding up the services provided • Enabling new services • Customer satisfaction with the use of financial products with state-of-the-art technology
Prosperity	Data Security and Protection	Capacity of the Group to protect the privacy of customer data and transactions	
Prosperity	Customer Satisfaction	Alignment of the service quality to customer expectations and capacity to improve the customer experience	<ul style="list-style-type: none"> • Improving the customer experience • Customer satisfaction
People	Skills and expertise	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Enhancement and growth of employees, including those with high potential, with positive impacts on the territory and employment • Improvement of customer service • Dissemination of financial culture
People	Diversity, equity and inclusion	Ability to ensure equal opportunities for access, growth, remuneration, reconciliation of private and professional life	
People	Welfare	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	<ul style="list-style-type: none"> • Improving the corporate climate • Better work-life balance with positive impacts on employees • Spreading the culture of well-being
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	<ul style="list-style-type: none"> • Spreading the culture of safety and prevention for the Group's employees • Decrease in workplace accidents/illnesses • Increased life expectancy

Negative Impacts	Where the impact occurs	Group involvement	Mitigation actions
	Credem Group	Caused by the Group	
<ul style="list-style-type: none"> Incidents of corruption, anti-competitive behaviour and other conduct in breach of laws and regulations Customer dissatisfaction with possible increase in complaints and litigation 	Credem Group	Caused by the Group	Internal controls to ensure regulatory compliance, mitigation of possible corrupt or anti-competitive actions. See the Chapter Governance, sections: <ul style="list-style-type: none"> Internal Controls Protection of Human Rights
Generation of CO ₂ emissions in business operations (Scope 1 and 2) and along the value chain (Scope 3)	Credem Group and Customers	Caused by the Group and related to the Group through business relations	Reduction and offsetting policies related to the direct and indirect release of greenhouse gases, including through ESG products and services. See the Chapter Planet, sections: <ul style="list-style-type: none"> Our Goal: Carbon Neutrality Energy Consumption and Greenhouse Gas Emissions Chapter Prosperity, section: <ul style="list-style-type: none"> Sustainable Finance
Investment in unethical/sustainable activities with negative social and environmental impacts	Credem Group and Customers	Caused by the Group and related to the Group through business relations	Progressive integration of climate mitigation/adaptation actions, including through ESG investment policies. See the Chapter Governance, section: <ul style="list-style-type: none"> Ethical, Responsible and Transparent Business Management Chapter Prosperity, section: <ul style="list-style-type: none"> Sustainable Finance
Exclusion of less qualified/digital customer groups	Credem Group and Customers	Generated by the Group	Strategies for the support and development of innovative ideas and products for private and business customers, including through open innovation activities with customers to sound out their needs and spread digital culture. See the Chapter Prosperity, section: <ul style="list-style-type: none"> Innovation and Digitisation
<ul style="list-style-type: none"> Violation of third-party personal data managed by the bank Increase in computer scams 	Credem Group	Generated by the Group	Policies and regulations to counter and prevent the leakage of personal data. See the Chapter Prosperity, section: <ul style="list-style-type: none"> Data Security and Protection
	Credem Group	Generated by the Group	
	Credem Group	Generated by the Group	
<ul style="list-style-type: none"> Discrimination and wage inequalities with negative impacts on Individuals, minorities and society Deterioration of the corporate climate and employee motivation 	Credem Group	Generated by the Group	Policies to combat discrimination, wage differences and foster inclusion (Equal Salary Certification, Top Employers, adherence to the Sodalitas Foundation's Charter for Equal Opportunities and Equality at Work). See the Chapter People, section: <ul style="list-style-type: none"> Diversity, equity and inclusion
	Credem Group	Generated by the Group	
		Generated by the Group	

Risk identification, analysis, weighting and management

Governance

Material topics	Risks
Ethics and identity	<ul style="list-style-type: none"> • Reputational risk of non-compliance with regulations • Reputational risk associated with product performance • Reputational risk aimed at providing an estimate of the potential financial impact resulting from reputational damage (Corporate Governance, bank-Customer relations, Internal incidents) • Governance risk • Operational risk: Conduct risk

MONITORING METHODS

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

- **GENERAL SECRETARIAT**
for corporate governance, conflicts of interest, management of insider information
- **ORGANISATION**
for organisational model and operational governance mechanisms
- **COMPLIANCE**
for MiFID conflicts of interest, market abuse detection and personal transactions of significant subjects
- **ANTI-MONEY LAUNDERING**
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 ENTERPRISE RISK MANAGEMENT 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 on Mandated Agents).

The AUDIT Manager 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. These activities are the responsibility of ENTERPRISE RISK MANAGEMENT.

Planet

Material topics	Risks
Climate change	<ul style="list-style-type: none">• Risk of non-compliance with environmental laws and/or regulations• Reputational risk aimed at providing an estimate of the potential financial impact resulting from reputational damage (external incidents)• Transitional climate risk• Physical climate risk

MONITORING METHODS

The risk is monitored by:

- **PROPERTY GOVERNANCE AND CONTROL**
for the management of real estate and to ensure continuous operation in case of emergencies
- **LOGISTICAL COORDINATION**
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. These activities are the responsibility of the ENTERPRISE RISK MANAGEMENT department.

Since 2021, in line with the action plan communicated to the European Central Bank, climate and environmental risks (in particular transition risk and physical risk) have been introduced into the risk materiality analysis used by the ENTERPRISE RISK MANAGEMENT Department and underlying the main risk management processes (RAF, ICAAP, ILAAP, RRP, etc.) with specific analyses conducted on the credit and investment portfolios of Group companies in order to assess the exposure to the management of these risks. In addition, a qualitative statement on environmental and climate risks was introduced in the 2021 Risk Assessment Framework¹⁹.

¹⁹ For more details, see the section *Climate risks* in the chapter Planet.

People

Material topics	Risks
Diversity, equity and inclusion	<ul style="list-style-type: none"> • Reputational risk aimed at providing an estimate of the potential financial impact resulting from reputational damage (internal incidents)
Well-being	
Skills and expertise	<ul style="list-style-type: none"> • Risk of non-compliance with occupational health and safety regulations and labour regulations
Health and Safety	

MONITORING METHODS

Risk monitoring activities are managed by:

- **SAFETY AND PREVENTION DEPARTMENT (SPD)**
ensures observance of regulations currently in force and is also a Specialised Control Unit for the second-level controls of compliance risk.

The responsibility and management of employees is assigned to the department:

- **PEOPLE**
which constitutes a further Specialised Control Unit for the second-level controls of compliance risk, which aims to ensure employee welfare and promote personal development.

First-level controls on labour regulations, including corporate welfare measures, are carried out by:

- **PARENT COMPANY HUMAN RESOURCES**
which acts as an Integrated Specialised Control Unit in the field of second-level controls of compliance with standards.

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. These activities are the responsibility of the ENTERPRISE RISK MANAGEMENT department.

Prosperity

Material topics	Risks
Data security	<ul style="list-style-type: none"> • Risk of non-compliance with regulations governing personal data protection and the transparent distribution of banking and financial services
Customer satisfaction	<ul style="list-style-type: none"> • Risk of involvement in transactions originating from criminal activities (Anti-Money Laundering/Anti-Terrorism)
Digitalisation	<ul style="list-style-type: none"> • Operational Risk: Conduct Risk, IT Risk
Sustainable Finance	<ul style="list-style-type: none"> • Strategic risk • Reputational risk associated with product performance • Reputational risk aimed at providing an estimate of the potential financial impact resulting from reputational damage (Internal Incidents, Bank-Customer Relations)

MONITORING METHODS

Compliance risk with regard to personal data protection is managed through specialist oversight 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 ENTERPRISE RISK MANAGEMENT as a second-level department.

The Anti-Money Laundering department is responsible for preventing and countering the bank's involvement in money laundering and terrorist financing, as well as ensuring compliance with international economic sanctions.

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 AUDIT Department 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).

The AUDIT Manager 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 by the COMPLIANCE Department.

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:

- **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 preparation for 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.)
- **ENTERPRISE RISK MANAGEMENT, ANTI-MONEY LAUNDERING, COMPLIANCE Departments and the Data Protection Officer** (as level-two monitoring), 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; the development of products and services with specific environmental or social purposes.

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. These activities are the responsibility of ENTERPRISE RISK MANAGEMENT.



GRI Content Index

DECLARATION OF USE: Credem has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022

GRI USED: GRI 1 - Fundamental Principles - Version 2021

RELEVANT GRI SECTOR STANDARDS: N.A.

GRI Standard	Information	Location	Omission			Ref. No. GRI Sector Standard
			Requi- rements Omitted	Reason	Explanation	
General Disclosures						
GRI 2: GENERAL DISCLOSURES 2021	2-1 Organisational Details	Page 19				
	2-2 Entities included in the organisation's sustainability reporting	Pages 17-18				
	2-3 Reporting period, frequency and contact point	Pages 8-9, 217				
	2-4 Restatements of information	Page 177, 183-184				
	2-5 External assurance	Pages 206-208				
	2-6 Activities, value chain and other business relationships	Pages 14-15, 17-18, 127-129, 171				
	2-7 Employees	Page 178				
	2-8 Workers who are not employees	Page 179				
	2-9 Governance structure and composition	Pages 19- 24; Report on Corporate Governance and Ownership Structure, Table II				
	2-10 Nomination and selection of the highest governance body	Pages 19- 24; Report on Corporate Governance and Ownership Structure, Nominations and Replacements				
	2-11 Chair of the highest governance body	Pages 19- 24; Report on Corporate Governance and Ownership Structure, Table II				
	2-12 Role of the highest governance body in overseeing the management of impacts	Pages 19-24, 61-62				
	2-13 Delegation of responsibility for managing impacts	Pages 19-24, 61-62				
	2-14 Role of the highest governance body in sustainability reporting	Pages 19-24, 61-62				
	2-15 Conflicts of interest	Pages 19-24, 194; Report on Corporate Governance and Ownership Structure, DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES				


GRI Standard	Information	Location	Omission			Ref. No. GRI Sector Standard
			Requirements Omitted	Reason	Explanation	
GRI 2: GENERAL DISCLOSURES 2021	2-16 Communication of critical concerns	Pages 22-23				
	2-17 Collective knowledge of the highest governance body	Page 92				
	2-18 Evaluation of the performance of the highest governance body	Pages 60- 62; Report on Corporate Governance and Ownership Structure, Composition				
	2-19 Remuneration policies	Pages 89-90; Group Remuneration Policy Report; General Characteristics of the Remuneration and Incentive Policy				
	2-20 Process to determine remuneration	Pages 89-90; Group Remuneration Policy Report; General Characteristics of the Remuneration and Incentive Policy				
	2-21 Annual total compensation ratio	Page 179				
	2-22 Statement on sustainable development strategy	Pages 6-7				
	2-23 Policy commitments	Pages 45-47, 98				
	2-24 Embedding policy commitments	Pages 47, 98				
	2-25 Processes to remediate negative impacts	Pages 20-22				
	2-26 Mechanisms for seeking advice and raising concerns	Page 39				
	2-27 Compliance with laws and regulations	Page 38				
	2-28 Membership associations	Pages 54-55				
	2-29 Approach to stakeholder engagement	Page 27				
	2-30 Collective bargaining agreements	Page 179				
Material Topics						
GRI 3: MATERIAL TOPICS	3-1 Process to determine material topics	Pages 28-31				
	3-2 List of material topics	Page 30, 192-193				
Shared value and solidity						

GRI Standard	Information	Location	Omission			Ref. No. GRI Sector Standard
			Requirements Omitted	Reason	Explanation	
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Pages 114-121, 127-129				
GRI 201: ECONOMIC PERFORMANCE 2016	201-1 Direct economic value generated and distributed	Pages 120-121, 169-170				
GRI 204: PROCUREMENT PRACTICES 2016	204-1 Proportion of spending on local suppliers	Pages 127-128				
Ethics, identity and transparency						
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Pages 37-39, 43-46				
GRI 205: ANTI-CORRUPTION 2016	205-3 Confirmed incidents of corruption and actions taken	Page 38				
GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Page 38				
GRI 417: MARKETING AND LABELLING 2016	417-1 Requirements for product and service information and labelling	Pages 131-135, 139				
	417-3 Incidents of non-compliance concerning marketing communications	Page 122				
Climate change						
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Pages 58-81				
GRI 301: MATERIALS 2016	301-1 Materials used by weight or volume	Pages 77-182				
GRI 302: ENERGY 2016	302-1 Energy consumption within the organisation	Pages 73-75, 185				
	302-2 Energy consumption outside of the organisation	Pages 73-75, 186				
	302-3 Energy intensity	Page 186				
	302-4 Reduction of energy consumption	Pages 73-75, 187				

GRI Standard	Information	Location	Omission			Ref. No. GRI Sector Standard
			Requi- rements Omitted	Reason	Explanation	
GRI 305: EMISSIONS 2016	305-1 Direct (Scope 1) GHG emissions	Pages 72-75, 187				
	305-2 Energy indirect (Scope 2) GHG emissions	Pages 73-75, 188				
	305-3 Other indirect (Scope 3) GHG emissions	Pages 72, 75, 189				
	305-4 GHG emissions intensity	Page 189				
GRI 305: EMISSIONS 2016	305-5 Reduction of GHG emissions	Pages 58-59, 75				
	305-6 Emissions of ozone-depleting substances (ODS)	Page 76				
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Pages 76, 190				
GRI 306: WASTE 2020	306-1 Waste generation and significant waste-related impacts	Page 77				
	306-2 Management of significant waste-related impacts	Page 77				
	306-3 Waste generated	Pages 77, 184				
	306-4 Waste diverted from disposal	Pages 77, 184				
Data Security and Protection						
GRI 3: MATE- RIAL TOPICS 2021	3-3 Management of material topics	Pages 159-169				
GRI 418: CUSTOMER PRIVACY 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pages 173, 191				
Skills and expertise						
GRI 3: MATE- RIAL TOPICS 2021	3-3 Management of material topics	Pages 94-97				
GRI 404: TRAINING AND EDUCA- TION	404-1 Average hours of training per year per employee	Pages 97, 183				
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 91				

GRI Standard	Information	Location	Omission			Ref. No. GRI Sector Standard
			Requi- rements Omitted	Reason	Explanation	
Diversity, equity and inclusion						
GRI 3: MATE- RIAL TOPICS 2021	3-3 Management of material topics	Pages 98-102				
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1 Diversity of governance bodies and employees	Pages 99-100, 181				
GRI 406: NON-DISCRI- MINATION 2016	406-1 Incidents of discrimination and corrective actions taken	Page 191				
Welfare						
GRI 3: MATE- RIAL TOPICS 2021	3-3 Management of material topics	Pages 103-108				
GRI 401: EMPLOYMENT 2016	401-1 New employee hires and employee turnover	Page 180				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 104-108				
	401-3 Parental leave	Page 182				
Health and Safety						
GRI 3: MATE- RIAL TOPICS 2021	3-3 Management of material topics	Pages 109-111				
GRI 403: OC- CUPATIONAL HEALTH AND SAFETY 2018	403-1 Occupational health and safety management system	Pages 109-111				
	403-2 Hazard identification, risk assessment and incident investigation	Pages 109-111				
	403-3 Occupational health services	Pages 109-111				
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pages 109-111				
	403-5 Worker training on occupational health and safety	Page 97, 109-111				
	403-6 Promotion of worker health	Pages 109-111				

GRI Standard	Information	Location	Omission			Ref. No. GRI Sector Standard
			Requirements Omitted	Reason	Explanation	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 109-111				
	403-9 Work-related injuries	Page 182	403-9, letter b)	Information not available	Injuries related to 'external workers', understood as workers who are not employees but whose work and/or place of work is controlled by the organisation, are not reported, since they do not fall within the scope of supervision of the Occupational Health and Safety Department	
Sustainable Finance						
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Pages 130-135				
FS7	Products and services with social goals	Page 174				
FS8	Products and services with environmental goals	Page 175				
FS11	Percentage of goods subject to positive and negative environmental or social scrutiny	Pages 176-177				
INNOVATION AND DIGITISATION						
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Pages 138-139, 147-153				
-	Digital transactions	Page 172				
CUSTOMER SATISFACTION						
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Pages 124-125				
-	Net Promoter Score	Page 125				

The background of the page is an abstract, high-contrast black and white design. It features a dense grid of lines that curves and folds around a central, irregular white space. The grid lines are thin and black, creating a complex, woven texture. The overall effect is one of depth and movement, with the grid appearing to spiral or twist around the central area.

Independent Auditor's Report

Independent auditors' report on the Consolidated Non-Financial Statement in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation, adopted with Resolution n. 20267 of 18 January 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 30 December 2016, n. 254 (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. (hereinafter the "Company") and its subsidiaries (hereinafter the "Group") for the year ended December 31, 2023 in accordance with article 4 of the Decree, approved by the Board of Directors on March 9, 2022 (hereinafter "NFS"). Our limited assurance engagement does not cover the information included in the paragraph "The European Taxonomy of eco-sustainable activities" of the NFS, that are required by art.8 of the European Regulation 2020/852.

Responsibilities of Directors and Board of Statutory Auditors 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 Standard*" defined by *GRI – Global Reporting Initiative* (hereby "GRI Standards") identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow 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 identifying 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 defining 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 Board of Statutory Auditors 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 company's personnel responsible for the preparation of the information included in the NFS, documents analysis, recalculations and other procedures in order to obtain evidence 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 statements;
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 Company related to the matters indicated in art. 3 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 Credem S.p.A. 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 management responsible for the preparation of the NFS.

Furthermore, at group level, for significant information, considering the Group activities and characteristics:

- 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 evidence;
 - 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.
- we have selected Credemleasing S.p.A. and Euromobiliare Advisory SIM S.p.A. based on their activities, relevance to the consolidated performance indicators and location; we have carried out examinations during which we have had discussions with management and have obtained evidence 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, 2022 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.

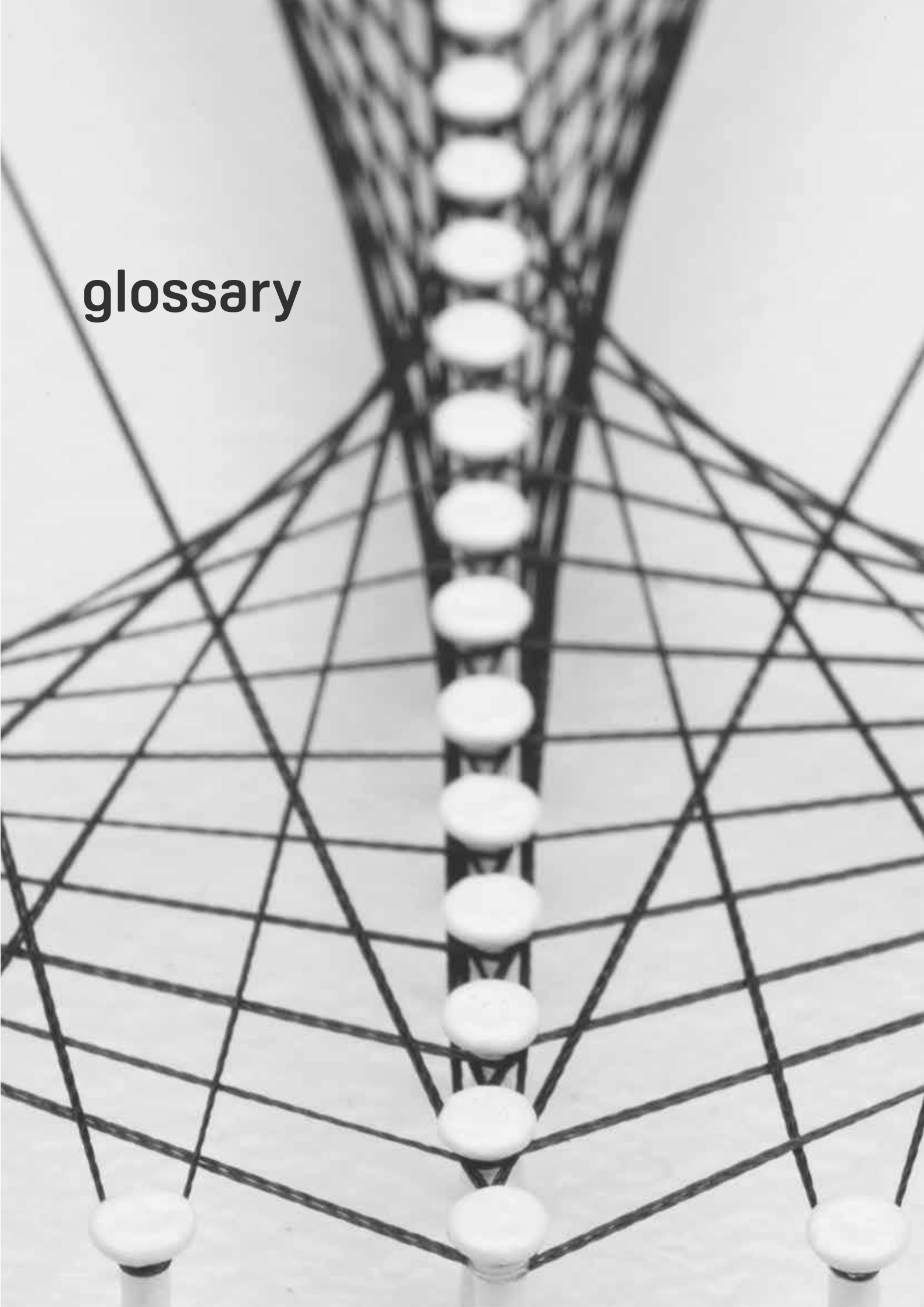
Our conclusions on the NFS of the Credem Group do not refer to the information included in the paragraph "The European Taxonomy of eco-sustainable activities" of the NFS itself, that is required by art.8 of the European Regulation 2020/852.

Milan, March 31, 2023

EY S.p.A.
Massimiliano Bonfiglio
(Auditor)

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

glossary



a

/pəˈʌs ˈklaɪmət əˈɡri:mənt/

Paris Climate Agreement

the Paris Climate Agreement under the United Nations Framework Convention on Climate Change (UNFCCC) was negotiated by representatives of 196 states at the 21st Conference of the Parties held in Paris in 2015

/ˌædəpˈteɪʃən/

Adaptation

activities to minimise the impact of climate change on entities and economies by adapting infrastructure, supply chains and key resources to make them more resilient

/ˌʌn/ /əˈdʒendə/

UN Agenda

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. This includes the 17 Sustainable Development Goals, or SDGs, divided into 169 targets. Starting in 2016, the adhering countries have committed to achieving these goals by 2030

C

/ˈkɑːbən/ /ˈkredɪt/

Carbon credit

a tradable certificate representing a certain volume of emissions (e.g., one tonne of CO₂) removed or avoided through dedicated projects. Companies can buy and withdraw these credits to offset residual emissions from their activities

/ˈkɑːrbən ˈnjuːtrəl/

Carbon Neutral

activity that does not lead to a net increase in greenhouse gas emissions

/si:di:'pi:/

CDP (formerly Carbon Disclosure Project)

An international non-profit organisation that provides companies, local authorities, governments and investors with a global system of environmental measurement and reporting. The CDP provides a system to measure, track, manage and share climate change information globally

d

/non/ /'faɪ'nænfəl/ /'steɪtmənt/

Non-Financial Statement (NFS)

Directive 2014/95/EU also known as the *Non-Financial Reporting Directive (NFRD)*, implemented in Italy by Legislative Decree 254 of 30 December 2016, introduced a significant amortisation factor in corporate reporting by introducing the disclosure of non-financial information of certain large companies and groups. All Italian companies listed on regulated markets in Italy or the European Union are required to publish non-financial information. Banks, insurance and reinsurance companies are also included. In the reference financial year, the company must have had over 500 average employees and at the same time, at the closing of the balance sheet, had alternatively achieved at least one of the following two conditions:

1. reached a balance sheet total of EUR 20 million
2. recorded total net revenues from sales and services of EUR 40 million.

The Non-Financial Statement reports on environmental, social and personnel issues, respect for human rights and combating active and passive corruption. Specific references to the use of energy resources are also required, with a mandatory distinction between those produced from renewable and/or other sources, and with an explanation of the use of water resources. The declaration must describe the emissions of greenhouse gases and pollutants into the atmosphere. It must also indicate the impact on the environment, health and safety, or other environmental and health risk factors

e

/ˈsɜːkjʊlər/ / i(:)ˈkɒnəmi/

Circular economy

Circular economy is a model of production and consumption that involves sharing, lending, reusing, repairing, reconditioning and recycling existing materials and products for as long as possible. This extends the life cycle of products and helps to minimise waste. Once the product has completed its function, its materials are reintroduced into the economic cycle wherever possible. They can thus be reused within the production cycle, generating additional value

/i:/ /,i:esˈdʒi:/

ESG

The three letters of the acronym ESG refer to the words:

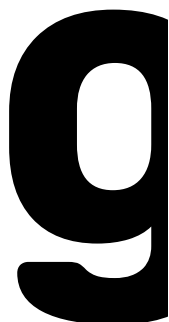
- *Environmental*, which deals with the impact on the environment and territory
- *Social*, which includes all initiatives with a social impact
- *Governance*, which concerns more internal aspects of the company and its administration.

These criteria are used to assess responsible investment, not only with regard to a company's financial management, but also with regard to environmental, social and governance aspects. The *Environmental* criterion refers to a number of parameters, including attention to climate change, food security, limiting carbon emissions or attempts to reduce the use of natural resources. It includes all the initiatives and actions aimed at reducing/limiting the impact that companies have on the environment and the territory.

The *Social* criterion includes all business decisions and initiatives that have a social impact, such as:

- respect for human rights
- attention to working conditions
- gender equality
- rejection of all forms of discrimination.

In addition to these elements, companies can also contribute to increasing the well-being of the inhabitants of the area in which they operate through initiatives or events. The Governance responsibilities of companies concern respect for meritocracy, diversity policies in the composition of the Board of Directors, combating all forms of corruption, and ethical retribution. The sustainability rating or ESG rating provides a summary assessment that ensures the validity of a company, business or association with regard to its social, environmental and governance commitments.



/jʊˈnaɪtɪd/ /neɪʃənz/ /ˈɡləʊbəəl/ /ˈkɒmpækt/

United Nations Global Compact

A voluntary initiative to adhere to a set of principles that promote the values of sustainability in the long term through political actions, corporate practices, responsible social and civil behaviour that also take into account future generations; it represents a commitment, signed with the United Nations by the Top Managers of the participating companies, to contribute to a new phase of globalisation characterised by sustainability, international cooperation and partnership in a multi-stakeholder perspective

/ˌjʊərəˈpi(:)ən/ /ɡriːn/ /diːl/

European Green Deal

The European Green Deal contains various measures that will be implemented over the next 30 years, with the aim of making the EU economy sustainable. The Green Deal includes an action plan aimed at:

- promoting the efficient use of resources by moving towards a clean and circular economy
- restoring biodiversity and reducing pollution.

The plan outlines the necessary investments and available financing instruments and explains how to ensure a fair and inclusive transition. The EU aims to achieve climate neutrality in 2050

/ɡriːnˈwɒʃɪŋ/

Greenwashing

greenwashing is a communication or marketing strategy pursued by companies, institutions and bodies that present their activities as environmentally sustainable, trying to conceal their negative environmental impact

/dʒiː/ /-ɑːr/ /-aɪ/ /ˈstændəd/

GRI Standard

the Global Reporting Initiative's Reporting Standards enable any organisation to understand its ESG (environmental, social and governance) impacts and communicate about their management in a comparable and credible way to all stakeholders. The GRI Standards are structured according to a modular system consisting of three sets of Standards (Universal Standards, Sector Standards and Topic Standards) that organisations can use to prepare their sustainability report or to communicate information for specific purposes and stakeholders

i

/sə'steɪnəbl/ /ænd/ /rɪs'pɒnsəbl/ /ɪn'vestmənt/

Sustainable and Responsible Investment

Often abbreviated as SRI, it aims to create value for the investor and for society as a whole through a medium- to long-term investment strategy that integrates financial analyses with environmental, social and good governance analyses when assessing companies and institutions

/ˌaɪˌpiː siː'siː/

IPCC

the Intergovernmental Panel on Climate Change is an Intergovernmental group of experts, convened at the initiative of the United Nations, which provides information on the science of climate change

/'aɪ'ɛs'ɛs'biː/

ISSB

the International Sustainability Standards Board is an IFRS-led initiative to harmonise sustainability reporting and disclosure frameworks by creating global standards

m

/ˌmɪtɪ'geɪʃən/

Mitigation

activities aimed at minimising the magnitude of climate change impacts by addressing their causes, in particular by reducing greenhouse gas emissions

C

*/ˈklaɪmət-ɪˌleɪtɪd ˌɒpəˈtjuːnɪz/***Climate-related opportunities**

financial opportunities such as access to new markets and technologies dictated by the transformation to an economy with low greenhouse gas emissions

P

*/piː/ -ɑːr/ -aɪ/***PRI (sometimes UN PRI)**

The Principles for Responsible Investment were drawn up and disseminated by the United Nations to promote and develop sustainable and responsible investment among institutional investors. Adhering to the PRI implies respecting and applying certain key principles, primarily incorporating ESG (environmental, social and governance) parameters into the financial analysis and investment decision-making processes. There are also transparency and reporting requirements on the use of these criteria

S

*/ˈsteɪkˌhəʊldə/***Stakeholder**

stakeholders are individuals or groups that have interests that are affected or could be affected by the activity of an organisation. Common stakeholder categories for organisations are business partners, civil society organisations, consumers, customers, employees and other workers, governments, local communities, non-governmental organisations, shareholders and investors, suppliers, trade unions and vulnerable groups

*/ˌɛsb ˈtiː aɪ/***SBTi**

the Science-Based Targets Initiative promotes best practices for setting ambitious, science-based corporate emission reduction targets

/i'miʃən 'tʃeɪdɪŋ 'sɪstəmz/

Emission Trading Systems

a type of carbon market in which the government imposes a sector-based, regional or national cap on emissions. Companies operating within these schemes can only emit carbon according to the number of allowances they hold and can trade them with each other. Also called 'cap and trade'

/səs'teɪnəbl/ /faɪ'næns/ /dɪs'kləʊʒə/ /rɛɡjʊ'leɪʃən/

Sustainable Finance Disclosure Regulation (SFDR)

Regulation (EU) 2019/2088 on the sustainability statement in the financial services sector introduces sustainability disclosure requirements at entity level and with reference to financial products defined by the SFDR itself (see Article 2, par. 1, no. 12); it has been in force in Italy since 10 March 2021. The obligations under the SFDR are differentiated with respect to both the subject matter of the disclosure (entity-level or product-level information) and the manner in which it is provided (website disclosure, pre-contractual disclosure or periodic disclosure). The SFDR is an important first step in promoting a European market for sustainable products to strengthen a system facing the challenges of climate, environmental and social change

/səsteɪnə'bɪlɪtɪ/ /'mænɪdʒə/

Sustainability Manager

The Sustainability Manager plays a key role in organisations today, especially in relation to the requirements of the recent Italian Legislative Decree 254 of 30 December 2016, Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial and diversity information by certain undertakings and large groups. This legislation establishes the obligation to submit an individual non-financial declaration for public interest companies and the possibility, also for all other companies not subject to the obligation, to submit a declaration in voluntary and simplified form

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Layout and Photography



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