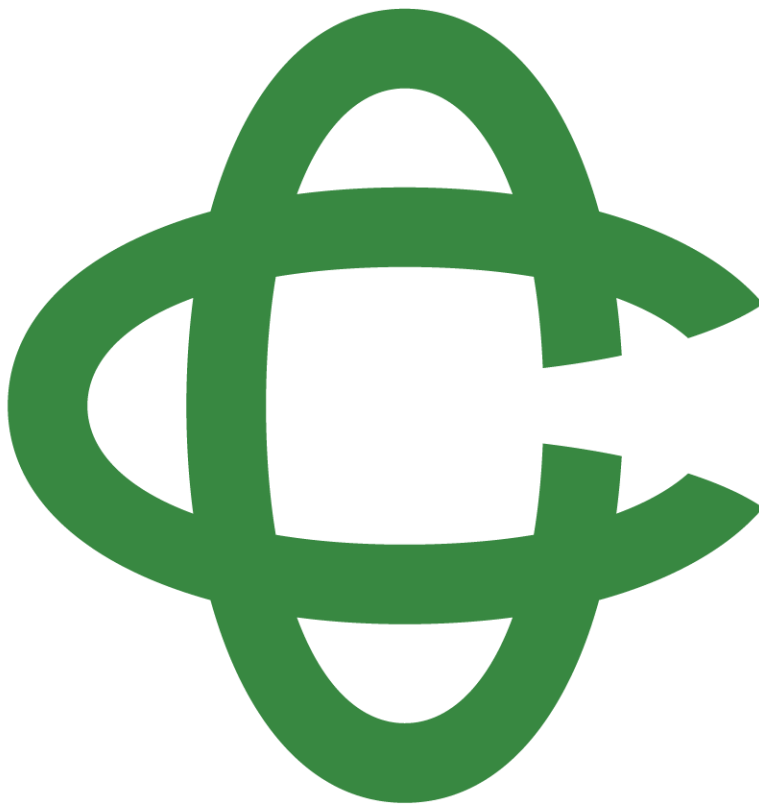


CONSOLIDATED NON-FINANCIAL STATEMENT
2021

Drafted in accordance with Legislative Decree no. 254/2016



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Independent auditor's report on the Consolidated Non-Financial Statement Errore. Il
segnalibro non è definito.

Letter to stakeholders

Dear Stakeholders,

Our disclosure of non-financial information for 2021 is to be seen in the context of a complex international scenario, marked by the dramatic nature of the Russian-Ukrainian conflict that broke out recently, which has also had its effect on the post-pandemic economic recovery, whose progress it has retarded. Despite this, **the Iccrea Co-operative Banking Group achieved important results** in the reporting year, which reaffirm its commitment to integrating ESG (Environmental, Social, Governance) factors into governance and strategies, as well as into operational and risk management processes.

Today, pursuing sustainability is a priority for the Group; not as a temporary approach but as a principle that guides strategic decisions in that its influence on economic and social development will grow steadily greater, since most European policies are moving towards a single aim, that of directing both public and private financial resources towards sustainable investment and uses.

Accordingly, **during 2021** the Group, which has always been committed to promoting sustainable development in local areas, **continued to address its efforts towards a progressive increase in the prominence it gives to sustainability**, working along two main lines: that of a process of compliance with the new relevant regulatory framework, which is, moreover, still evolving, and that of the accomplishment of strategic projects.

In order to take into account developments in the regulatory framework and changes in social and economic circumstances brought about by the pandemic, the Board of Directors updated the **2021 Sustainability Plan** in September 2021, redirecting the Group's strategic actions towards objectives that are more consistent with the new scenario.

As an example of the forceful measures taken during the year, in order for ESG factors to be integrated into strategic, operational and risk management processes, in November 2021 **Iccrea Banca placed the first Green, Social and Sustainability (GSS Bond)** with the objective of allocating funds to loans particularly intended for small and medium-sized enterprises and families affected by the Covid-19 emergency, as well as SMEs with fewer than 50 employees operating in regions with a lower income per head than the national average, and young and female entrepreneurs.

In December 2021, the Group obtained its **first sustainability rating, A2**, from Moody's (on a scale from D3- to A1+), which underlined its advanced performance in the management of risks associated with legal security and human capital, and its robust

performance with reference to operational efficiency and reputational issues.

In accordance with the provisions of Article 2 of the Articles of Association of Mutual Banks, and, therefore, in keeping with the Group's historical mission, which has always been directed towards the satisfaction of the needs of members, customers and the local communities in which it is present, it made a substantial commitment to **social development** in 2021 as well: in particular, projects were directed towards the promotion of funding microcredit, an increase in the amount of sustainable investments and support for young people's studies and the Third Sector, as well as for businesses and households in relation to the Covid-19 emergency.

The widespread footprint of Co-operative Banks (BCCs) in local areas contributes greatly to the satisfaction of the needs of their members and customers. The Group is in fact present with at least one branch in 1,701 of the 4,866 Italian municipalities served by banks; **in 339 of these (19.9% of the total), the Group's branches are the only providers of banking services, in line with their mission of ensuring proximity and mutual benefit support to local communities.** In addition, the **corporate structure** consisted of about 845,000 branches in 2021, with an increase of about 2.5%.

According to the Group's mission, **about 86% of total loans had been disbursed to households and small and medium-sized enterprises** at 31 December 2021, showing an increase of about 2% compared to the previous year.

In 2021 too, the Group also continued to act in support of households and businesses through the implementation of **aid measures**, brought in under the Cure Italy and Liquidity Decrees in favour of businesses and households; "private" measures were also taken on the initiative of the Affiliated Banks that enabled participants in the Italian economic and social fabric to suspend the repayment of their financial debt and get through the pandemic crisis, which is, moreover, still ongoing. With regard to **moratoria**, **the Group had approved approximately 200,000 applications at 31 December 2021**, for a value of more than Euro 20 billion. Furthermore, **128 BCCs disbursed more than 150,000 loans** under Article 13 of Decree law 23 (Liquidity Decree), guaranteed by the **SME Guarantee Fund, totalling close to Euro 9 billion**, during the two-year period of the pandemic.

Charitable donations and sponsorships were confirmed to be significant and substantially in line with the previous year: **in fact, donations came to about Euro 15 million and sponsorships to about Euro 11 million.** After the 3% share of net profit that BCCs pay each year to Fondosviluppo (the mutual Fund for the promotion and development of cooperation), **total donations stood at about Euro 38 million in 2021.**

In early 2022, scarred by the war, the Group's concern with social trends further intensified. These trends were increasingly related to environmental developments, even in relation to the rise in energy prices, which bears down on citizens and businesses. As far as this is concerned, in addition to taking steps to cope with the

energy emergency, the Group was very heedful of the humanitarian crisis; in fact immediately after the beginning of the war, a current account was opened **to raise funds for Ucraina 2022 - Vicini ai bambini e agli adolescenti** ("Ukraine 2022 - By the side of children and adolescents"). Fund raising was organised by Credito Cooperativo in collaboration with Caritas Italiana (the charitable arm of the Italian Bishops Conference), which the Group joined in order to provide all possible support.

The Group also engaged in **environmental** matters more and more significantly during 2021, even in accordance with the relevant regulatory framework. It continued, in fact, to adopt an efficient and responsible approach to natural resources; decarbonisation and energy efficiency targets were set; and a material start was made with the project for setting up and funding a first Energy Community to sustain local communities with a view to ecological transition through the production and self-consumption of energy from renewable sources and the reduction of procurement costs.

More in detail, with regard to the **environmental impact produced by the organisation**, a slight decrease was recorded in **greenhouse gas emissions** in 2021. In terms of **energy and material consumption**, there was a slight increase compared to the previous year as a whole; this was also owed to the increase in the number of persons present on Group premises as a result of the easing of the pandemic crisis. In this trend, it is worth noting how **electricity consumed from renewable sources rose from about 72% to more than 76%**.

The action taken by the Group's Asset Management Company (SGR), on the other hand, was particularly effective in dealing with **indirect environmental impact**, i.e. that caused by the behaviour of third parties, such as primarily customers and suppliers. In fact, it placed about Euro 1 billion in sustainable products and services during the year, thus bringing Asset under Management in **sustainable investments** to over Euro 4 billion as at 31 December 2021. On the other hand, actions put in place by Affiliated Banks in 2021 saw a significant increase in **environmental impact loans**, which rose from Euro 140 million to Euro 470 million, mainly due to the "110% Superbonus" tax credits for building renovations.

Important developments in **governance** in 2021 were the distribution of the **Group's core values** for environmental and climate issues and respect for human rights, as well as organisational measures aimed at further improving operational and control safeguards. In this field, great attention was paid to the themes of **diversity and inclusion**, for which a separate Group Policy was circulated on the matter, and the **gender pay gap** trend was observed for executives, showing a sharp improvement compared to the previous years.

Furthermore, the Group took energetic action during 2021 to proactively safeguard the **opportunities deriving from the National Recovery and Resilience Plan (NRRP)**, which provides for a multifaceted programme of investments and reforms for a total of

Euro 191.5 billion in funds (including non-refundable grants of Euro 68.9 billion and loans of Euro 122.6 billion). To the NRRP resources must be added the European React-EU funds and the National Plan for Complementary Investment (NPCI), for a total of about Euro 235 billion. Among the future drivers of the allocation of the NRRP resources are digitalisation, ecological transition and Southern Italy, all issues that are closely connected with the Group's strategic actions, which are directed at supporting members, customers and communities in the local areas in which it operates. The Group assists business customers in both access to grants and tenders and through its credit facilities using a range of offers that is already in tune with the NRRP and is focused on the areas of business to which the Italian plan attaches most importance, including Tourism and Agribusiness.

In view of the present scenario and the action taken by the Group this year, the 2021 Consolidated Non-Financial Statement (CNFS), with greater conviction than in the past, opens by highlighting our support for Sustainable Development Goal 16 to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable institutions at all levels.

*“Sustainable development has been a paramount issue on the agendas of international, inter-governmental and regulatory institutions for some years, with growing emphasis on the need for the active involvement of banking and financial institutions,” **stated Giuseppe Gambi, Executive Director of Sustainability of Iccrea Banca** - “and today we are particularly satisfied with the results achieved and reported in the Consolidated Non-Financial Statement of 2021. The projects we have carried out are full value for the social commitment of the Group and the Affiliated Banks, as mentioned in Article 2 of their Articles of Association, which requires them to pursue improvement in the moral, cultural and economic conditions of their members, teaching them to save and to make provision for their future, and in social cohesion and responsible and sustainable growth in the local areas in which they operate, encouraging the common good, economic and financial democracy and mutual benefit.”*

*“The placement of the Iccrea Co-operative Banking Group's first Social Bond and the obtainment of our first ESG Rating show that the entire Group carries out its duty to pay attention to the integration of sustainability factors into its corporate processes with a strong sense of responsibility. **Our concern for developments in our local areas has always been a distinguishing feature of our manner of conducting banking business**”, **comments Giuseppe Maino, Chairman of Iccrea Banca**. The success of the ESG funding initiative and the successful result confirmed by Moody's, which has assigned a rating A2 (on a scale from D3- to A1+) to the Group, are the confirmation, today, of the Group's commitment to the real economy of our country and to the well-being of future generations.”*

Chapter 1 – Overview of the Iccrea Co-operative Banking Group

Material topics

Capital and financial strength

SDGs



Target

16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all

[GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-6, GRI 102-7, GRI 102-12, GRI 102-13, GRI 102-16, GRI 102-45, GRI 201-1, G4-FS13, TIER 1 RATIO]

1.1. 2021 In Brief

Significant events during and after the reporting period

- Covid-19 (The intervention of regulatory and supervisory institutions; Bank lending support measures – projects undertaken by the Iccrea Group)
- The Ukraine crisis
- Strategic Plan 2021-2023
- Sustainability Plan 2021
- ESG Rating
- First Social Bond issue
- Sustainability governance
- ESG Programme
- Disclosure under Reg. (EU) 2020/852 (Taxonomy)

KPIs

Economic and structural KPIs	2021	2020
TIER 1 ratio	17.7%	16.8%
Number of branches	2,474	2,529
Number of employees	22,084	22,142
Balance sheet assets (€/bil.)	179	169
Economic value generated	3,687	3,560
ESG KPIs		
Scope 1 emissions (tCO ₂ eq)	13,903.07	12,761.99
Total Scope 2 Location- Based emissions (tCO ₂ eq)	35,760.63	37,694.45
Total Emissions Scope 2 Market Based (tCO ₂ eq)	13,821.38	16,690.26
Total emissions (cars, trains, flights) Scope 3 (tCO ₂ eq)	1,496.82	1,445.38
Total female employees (%)	42%	42%
Total female executives (%)	7%	7%
Total Training Hours	1,167,854	1,029,188

1.2. The Iccrea Group

GRI 102-1

GRI 102-45

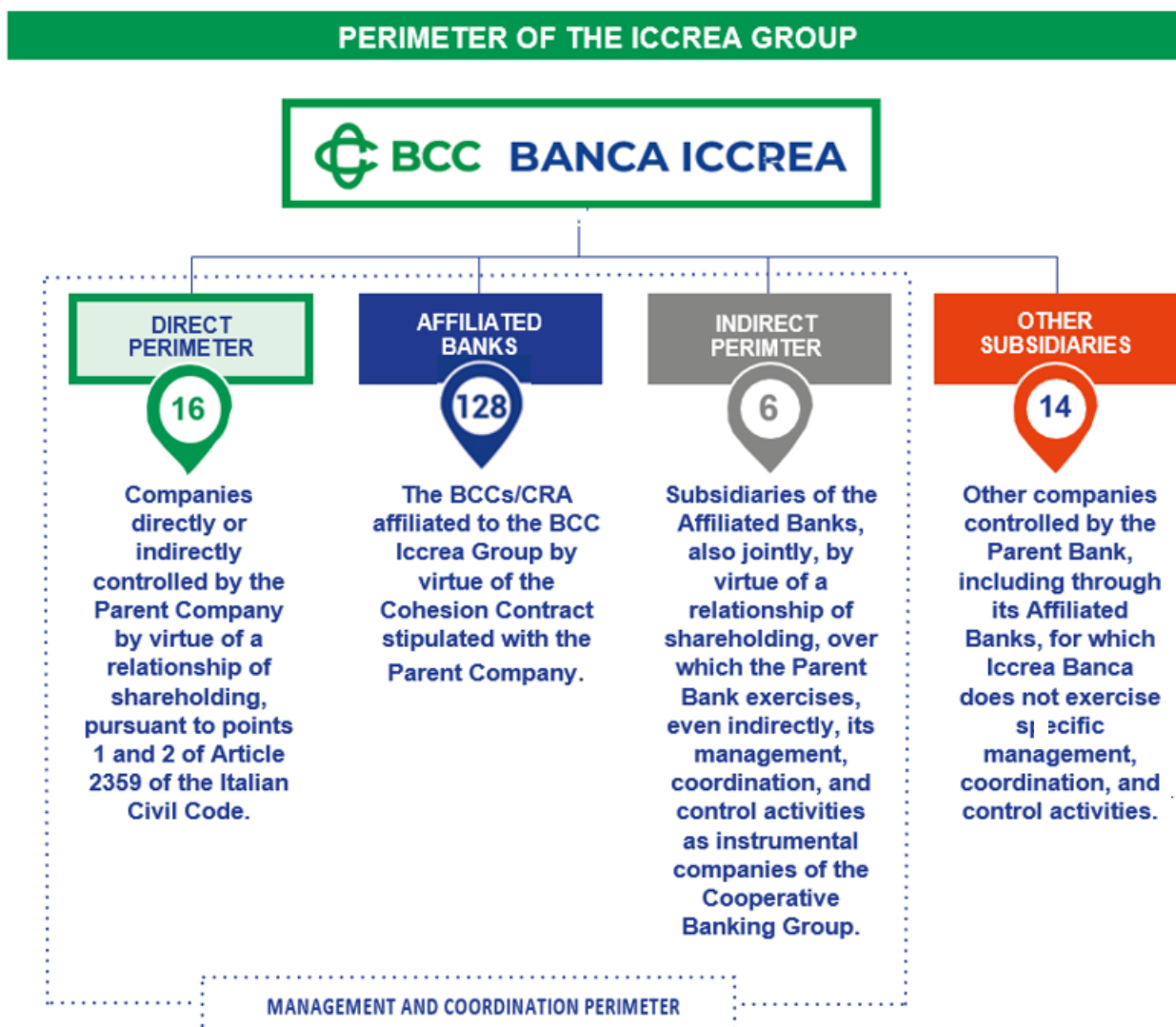
The Iccrea Co-operative Banking Group is positioned within the national banking industry as the leading wholly Italian-owned banking group, with a **number of 2,474 branches, total assets of about Euro 179 billion and Tier 1 capital of slight more of Euro 11 billion (a Tier 1 Ratio of 17.7%)**.

As at 31 December 2021, the Group was composed of Parent Company Iccrea Banca S.p.A., **128** Affiliated Co-operative Banks and a total number of **36 companies**, including:

- **16 direct perimeter companies** (hereinafter also “DPCs”);
- **6 indirect perimeter companies** (hereinafter also “IPC”);
- **14 other subsidiaries**.

GRI 102-2

GRI 102-3



The administrative office of the Iccrea Cooperative Banking Group is located in Via Lucrezia Romana 41/47, Rome.

In detail:

- **Iccrea Banca**, which, as the Parent Company, carries out management, coordination and control over the Management and Coordination Perimeter Companies (described below), and in this regard supports the banking operations of BCCs, under partnership agreements, providing products, services and advice, with the aim of meeting the needs of their members, customers, households and the local communities in which the Banks operate;

- the companies controlled by the Parent Company pursuant to Article 2359 of the Italian Civil Code and Article 23 of the Consolidated Banking Act [TUB, *Testo Unico Bancario*], including:
 - **Management and Coordination Perimeter companies**, which in turn include:
 - companies directly or indirectly controlled by the Parent Company by virtue of a relationship of shareholding, pursuant to the aforesaid articles of the Italian Civil Code, over which the Parent Company exercises specific management, coordination and control activities (by convention, these companies are included in the "Direct Perimeter" of Management and Coordination);
 - 128 BCCs affiliated to the Group by virtue of the Cohesion Contract stipulated with the Parent Company;
 - subsidiaries of the BCCs, also jointly, by virtue of a relationship of shareholding, over which the Parent Bank intends to exercise, even indirectly, its management, coordination and control activities as instrumental companies of the ICBG (by convention, these companies are included in the "Indirect Perimeter" of Management and Coordination);
 - **other companies controlled by the Parent Company, including through BCCs**, for which Iccrea Banca does not exercise specific management, coordination and control activities and other companies within the perimeter of the Group's consolidated financial statements.

The **Iccrea Group** pursues a strategy that aims at the stability and growth of the Cooperative Credit System, also by means of unified strategic and operational management, the integration of governance and the social cohesion of capital in accordance with the BCCs' mutualistic DNA. The methods of operation, as well as the activities and tools for the management, coordination and control by the Parent Company over the companies making up the perimeter of management and coordination are governed under the Cohesion Contract and the Group's Company Rules.

For the purposes of the CNFS, the scope of consolidation includes the Parent Company, as well as all the Group companies that are within the scope of accounting consolidation. In particular, the perimeter includes Iccrea Banca, the Affiliated Banks and the Banking, financial and operating Companies that are directly or indirectly controlled by the Parent Company, to which the line-by-line consolidation method is applied for the purposes of the consolidated financial statements; the perimeter of CNFS 2021 is therefore made up of the Parent Company, 12 Direct Perimeter Companies, 2 Indirect Perimeter Companies and 128 BCCs.

GRI 102-4

GRI 102-6

G4 - FS13

1.3. The local network

The Iccrea Co-operative Banking Group is composed of 2,474 branches operated by 128 BCCs and Banca Sviluppo, with its present 3 branches. 57% of the branches are located in Lombardy, Veneto, Tuscany and Emilia-Romagna, with a 10% share of the branch market nationwide. BCCs decreased by 4 in one year (from 132 to 128) as a result of the merger and rationalisation measures that involved the following entities:

- Banca del Cilento di Sassano e Vallo di Diano e della Lucania and BCC di Buonabitacolo into Banca 2021-Credito Cooperativo del Cilento, Vallo di Diano e Lucania;
- BCC di Borghetto Lodigiano into Banca Centropadana;
- Banca di Verona Cadidavid and Banca San Giorgio Quinto Valle Agno into Banca di Verona e Vicenza Credito Cooperativo;
- Banca Tema – Terre Etrusche e di Maremma e Banca Valdichiana - Credito Cooperativo di Chiusi e Montepulciano into Banca Tema – Terre Etrusche di Valdichiana e di Maremma – Credito Cooperativo.

In order to ensure an increasingly better balance between the objectives of physical proximity (one of the key assets of the relationship between BCCs and members-customers and communities) and those of economic sustainability (repositioning towards more attractive markets and cost efficiency), the Affiliated Banks' distribution network recorded closures of 87 branches in 2021, which were partly offset by the opening of new branches in markets with potential for greater operations and commercial penetration. The balance of these operations resulted in a net reduction of 55 branches compared to December 2020.

The Iccrea Group is present with at least one branch in 1,701 (35%) of the 4,866 Italian municipalities served by banks; **in 339 of these (equal to 19.9% of the total), the Group's branches are the only providers of banking services, in line with their core mission of ensuring proximity and mutual benefit support to local communities.**

Lombardy is the region where the Group serves the greatest number of municipalities (397), while Tuscany is the first one in terms of incidence with respect to municipalities served by banks (59.8%).

The table below provides details of the municipalities served by the Group and then the Group's branches broken down by region.

Municipalities served by the Group

Region	Municipalities with banking services	With IGBC branches	%	Municipalities served only by the ICBG	%
Lombardy	1,025	397	38.7%	93	23.4%
Veneto	470	264	56.2%	41	15.5%
Tuscany	249	149	59.8%	4	2.7%
Emilia-Romagna	308	121	39.3%	7	5.8%
Sicily	259	102	39.4%	34	33.3%
Latium	199	101	50.8%	19	18.8%
Marches	177	98	55.4%	13	13.3%
Campania	270	83	30.7%	37	44.6%
Calabria	125	57	45.6%	29	50.9%
Piedmont	467	62	13.3%	11	17.7%
Friuli-Venezia Giulia	154	61	39.6%	11	18.0%
Apulia	200	61	30.5%	1	1.6%
Abruzzo	132	55	41.7%	14	25.5%
Basilicata	77	32	41.6%	14	43.8%
Umbria	67	23	34.3%	3	13.0%
Molise	28	12	42.9%	7	58.3%
Liguria	109	11	10.1%	1	9.1%
Sardinia	277	10	3.6%	0	0.00%
Trentino-Alto Adige	249	2	0.8%	0	0.00%
Aosta Valley	24	0	0.00%	0	0.00%
Total	4,866	1,701	35.0%	339	19.9%

Group branches by region



1.4. The history of the Group

The Iccrea Co-operative Banking Group was born of a long history of consolidation of the Co-operative Banking system in Italy.

Year	Main events
1849	The first “Cassa Sociale dei Prestiti” Association was founded in the Rhineland (Germany) by Friedrich Wilhelm Raiffeisen. Raiffeisen is regarded as the founder of credit cooperation in Europe.
1883	Establishment of the first Cassa Rurale di Loreggia, Padua, on the initiative of Leone Wollemborg.
1890	The first Catholic “Cassa Rurale”, in the province of Venice, by Don Luigi Cerutti is founded.
1909	The Italian Federation of “Casse Rurali ed Artigiane” was established in Brescia, to represent and protect its member banks.
1950	The Italian Federation of “Casse Rurali e Artigiane” was re-established.
1961	The first local Federations are gradually formed.
1963	Iccrea Banca was established in Rome through the signing of the memorandum of association of the Credit Institute of “Casse Rurali ed Artigiane (CRA)”, with the aim of making the activities of CRA more intensive and effective through performance of credit functions, Banking intermediation and financial assistance ones.
1978	Creation of the Central Guarantee Fund (Fondo Centrale di Garanzia, in Italian), a voluntary initiative of “protection” between the CRA, and indirectly, of their depositors, hinged at Iccrea.
1995	On 1 January 1994 the new “Testo Unico Bancario” (TUB, the main Italian Banking Code) came into force, with which CRA became the current Mutual Banks (BCCs). Subsequently, the Group underwent a fundamental reorganization with the foundation of Iccrea Holding,

Year	Main events
	which began operating in 1995 with controlling shares in Iccrea Banca, Banca Agrileasing (now Iccrea Bancalmpresa) and AureoGestioni (now BCC Risparmio&Previdenza).
1997	The Depositors' Guarantee Fund of Cooperative Credit (Fondo di Garanzia dei Depositanti del Credito Cooperativo – FGD, in Italian) is created, a mandatory instrument of protection according to the provisions of Directive 94/19/EC on deposit guarantee schemes, implemented in Italy by the Legislative Decree 4 December 1996, no. 659.
1999	Banca Sviluppo SPA was established by the will of nine shareholders, among the most representative of the cooperative movement: Iccrea Holding SPA, BCC di Roma, BCC di Alba Langhe e Roero, BCC Pordenonese, BCC di Pompiano e della Franciacorta, BCC di Bene Vagienna, BCC di Treviglio, BCC G. Toniolo di San Cataldo and EmilBanca (formerly CrediBo). The Bank was established with the aim of acquiring and managing banking companies, company branches, assets and legal relationships in favour of Cooperative Credit Banks in difficulty, collaborating with the Depositors' Guarantee Fund.
2004	The Bondholders' Guarantee Fund (<i>Fondo di Garanzia degli Obbligazionisti</i> – FGO, in Italian) is founded with the aim of protecting the BCCs' bondholders.
2008	The Institutional Guarantee Fund of Cooperative Credit (Fondo di Garanzia Istituzionale del Credito Cooperativo, in Italian) is established with the aim of monitoring and preventing crises linked to liquidity and solvency problems of BCCs.
2013	130 th anniversary of the foundation of the first Cassa Rurale di Loreggia (1883-2013) by Leone Wollemborg.
2015	BCCs are exempted from the emergency measures of the Italian Government through the Decree Law 24 January 2015, no. 3, limited, consequently, to the “cooperative banks” (in Italian “ <i>banche popolari</i> ”). The Project of Self-Reform of the Cooperative Credit started.
2016	With Decree Law no. 18 of 14 February (converted into Law no. 49 of 8 April) the process of Cooperative Credit Self-Reform begins, which

Year	Main events
	ends on 3 November, with the publication of the Implementing Provisions of the Bank of Italy. Subsequently, the Temporary Fund of Cooperative Credit (Fondo Temporaneo del Credito Cooperativo, in Italian) was founded, a “transition tool” that aims at supporting, also through the provision of interventions, consolidation and concentration processes among BCCs-CR.
2016	Iccrea Holding and Iccrea Banca formalize the “reverse” merger between the two companies and Iccrea Banca stands at the top of the Iccrea Banking Group, respecting those requirements asked by the European Central Bank (ECB).
2017	The process for the establishment of cooperative banking groups begins, which will lead to the official formation of the Iccrea Cooperative Banking Group (142 BCCs) and the Cassa Centrale Credito Cooperativo Italiano (84 BCCs-CRA).
2018	Iccrea Banca presents to ECB its request for the establishment of a Cooperative Banking Group (“Gruppo Bancario Cooperativo - GBC”, in Italian), whose establishment conditions are satisfied. Banca Mediocredito del Friuli Venezia Giulia also joins the Group during the year.
2018	Celebrated the 200th anniversary of the birth - in Germany - of Friedrich Wilhelm Raiffeisen, considered the founder of the modern credit cooperation.
2019	The Iccrea Co-operative Banking Group officially started its operations, with the registration in the Register of Banking Groups.
2021	Iccrea Banca successfully completes the first issue of Euro 500 million of the Group’s Social Bond.
2021	The Group obtains its first ESG Rating from Moody’s.

1.5. The Group's vision, mission and values

GRI 102-16

Vision: “The Group pursues the responsible and sustainable growth of the local communities in which it operates ... and the choice to build the common good” (Article 2 of the Standard Articles of Association of BCCs).

The Iccrea Co-operative Banking Group pursues a strategy aimed at promoting the stability and development of its Co-operative Banks while respecting their territorial, historical, cultural, social and economic identity.

The Group seeks to support the BCCs in approaching the market and accompanying them in the preparation of the necessary technical and organizational arrangements, in order to improve their market position and enhance their ability to compete. In addition, thanks to its efforts, the Iccrea Co-operative Banking Group is committed to furthering the development of the predominantly Co-operative banking activities that are typically carried out by Co-operative Banks.

According to regulations, the primary distinctive characteristics of the BCCs as community banks are:

- **50.1% of exposure is intended for cooperative bank members (or is guaranteed by cooperative bank members)¹;**
- **a minimum of 95% of loans must remain in the territory covered;**
- **dividends distributed cannot exceed the maximum interest on interest-bearing postal savings bonds, plus 2.5 percentage points with respect to the capital actually paid (Article 2514 of the Italian Civil Code);**
- **the net profit** reported in the financial statements is distributed as follows:
 1. **a minimum percentage of 70% to form or increase the legal reserve;**
 2. **a percentage to the mutual benefit funds to promote and expand cooperation**, to the extent and in the manner provided by law;
 3. **any residual profits** can be:
 - allocated to increasing the nominal share value, as provided by law;
 - allocated to other reserves or funds;
 - distributed to the members within the maximum limit of dividends

¹ Bank of Italy's Circular Letter 285/13 – Third Part; Chapter 5; Section III – Predominant operations in favour of members: Exposures to or guaranteed by (i) central authorities of the Republic of Italy and other Eurozone countries, the European Central Bank, the Bank of Italy; (ii) the parent company and any other company in the co-operative banking group to which an entity belongs, including commitments and guarantees undertaken in the performance of the joint and several guarantee agreement, are treated as exposures to members.

mentioned above;

- any residual profits still remaining are allocated for charitable or mutual benefit purposes;
- allocated to the cooperative bank members as a capital dividend, according to the provisions of Article 50 of the Articles of Association of BCCs.

Furthermore, **the directors are members, and operate with the bank they manage** in accordance with the provisions of the standard articles of association (Article 32) and in line with the Civil Code provisions on cooperatives (Article 2540).

These peculiar features are safeguarded by the Iccrea Co-operative Banking Group through the management, coordination and control activities of the Parent Company Iccrea Banca, ensuring stability and supporting mutual benefit with the members and the activities in the areas of operation.

For their part, the BCCs operate preferentially with the Iccrea Group companies, making for a stronger partnership and proximity that have always characterized their relations, in order to ensure the implementation of the entrepreneurial project shared in signing the cohesion contract.

The Group's choices and actions are constantly guided by the ethical principles expressed in the "Charter of Co-operative Banking Values", which expresses the principles on which the action, strategy and practices of the Co-operative Banks are based.

Furthermore, the principles that inspire the action of the BCCs are also laid down in Article 2 of the Standard Articles of Association of Co-operative Banks, which states as follows:

"In conducting its business, the Company's action is inspired by the cooperative principles of mutual benefit without any purpose of private speculation. Its purpose is to favour to members of local communities in banking operations and services, pursuing the improvement of their moral, cultural and economic conditions and promoting the development of cooperation and education on savings and welfare issues, as well as social cohesion and responsible and sustainable growth of the local areas in which it operates.

The Company stands out for its social orientation and its choice to build the common good. It is also committed to acting in compliance with the Charter of Co-operative Banking Values and implementing adequate forms of economic and financial democracy and mutual benefit among its members, as well as their participation in the social life."

The article, which coincides with the mission of the BCCs, places great emphasis on the fact that mutual benefit and the pursuit of development and support of local areas and communities are primary aims of Co-operative Banking, in full accordance with the results of the materiality analysis carried out during the last months of 2021.

1.6. The corporate structure

GRI 102-7

As at 31 December 2021 the members of BCCs totalled more than 845,000, showing an increase of 20,491 compared to 31 December 2020 (+2.5%); 43% of members are located in Northern Italy, followed by Central Italy with 45% and Southern Italy with 12%.

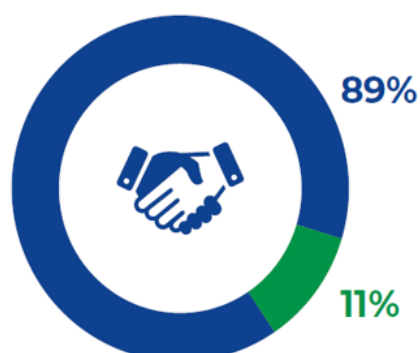
The growth in the corporate structure is a positive sign, especially in relation to the emergency that is still in progress, since it bears witness to the trust the members continue to place in the Group and its BCCs and is at the same time a sign of their willingness to participate in the banking business. The latter is focused on mutual benefit, as well as on providing support to ensure the strength of the local BCC and recognizing the social and economic role it plays in the area in which it operates and not merely on the expectation of a financial return.

The table below reports the breakdown of the corporate structure in terms of distribution by relevant geographical area, type and age group.

Group Members (distribution by geographical area)					
Local areas	No. of Members 2021	%	No. of Members 2020	%	Delta 2021-2020
North-West	244,589	28.9%	241,424	29.3%	3,165
North-East	121,194	14.4%	118,141	14.3%	3,053
Central-West	206,808	24.5%	201,031	24.4%	5,777
Central-East	171,412	20.3%	165,783	20.1%	5,629
South-West	74,730	8.8%	71,871	8.7%	2,859
South-East	26,368	3.1%	26,360	3.2%	8
Total	845,101	100.0%	824,610	100.0%	20,491

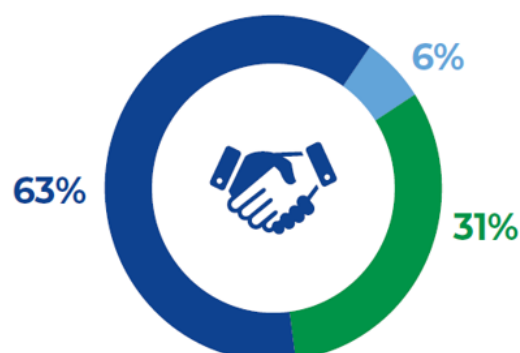
MEMBERS BY TYPE

- Individuals
- Legal persons

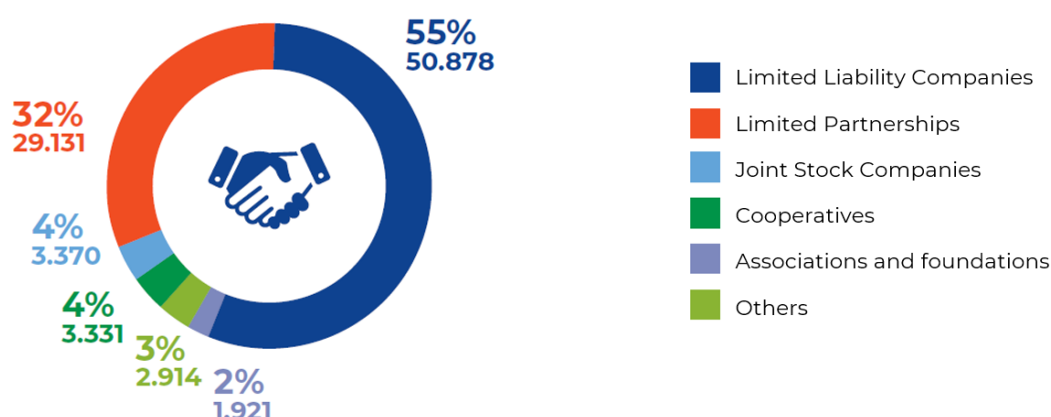


MEMBERS BY AGE GROUP

- Members over 50
- Members between 30 and 50
- Members under 30



MEMBERS BY TYPE OF LEGAL PERSONS



The table below shows the average capital of Group Members in 2021 and related distribution for previous years.

Average capital of Group Members				
Year	2021	2020	2019	% Change 2021-2019
Average Capital (€)	1,136.74	1,065.89	814.31	39.59%

At BCCs, the principle of per capita voting (one person, one vote) applies, regardless of the number of shares or quotas held by each member. The members take on many roles: they are in fact **owners of the bank, directors and customers**. During the reporting period, meeting attendance mainly by proxy was allowed due to the pandemic. In fact, the ratio of members' meeting attendance by proxy was 7.80% and without proxy

1.46%, with a percentage change of 16% of members who attended the meeting by proxy compared to 2020.

1.7. The Group and associations

GRI 102-12

GRI 102-13

The Iccrea Co-operative Banking Group is an active participant in the management of activities sponsored by agencies, institutions and trade associations, as reported in the following table:

Name of organization	Activity
ABI Iccrea Co-operative Banking Group companies belonging to the organization: Iccrea Banca S.p.A. Banca Sviluppo S.p.A. Iccrea BancalImpresa S.p.A. BCC Risparmio & Previdenza SGR	ABI - Italian Banking Association - is a voluntary non-profit association that works to represent, protect and promote the common or specific interests of its members through the organization of studies and debates, the solicitation of regulatory innovation, national collective bargaining, information activities, training and dissemination, preparation of guidelines and codes of conduct, collaboration with national and supranational public institutions, and cooperation initiatives among the members. The ABI also represents the Italian credit and financial system in all international fora, including the European Banking Federation and the European Mortgage Federation. The ABI is not involved in the banking activity carried out by its Members and does not possess databases with information on customer banking relationships.
ABI LAB - Green Banking Observatory Iccrea Co-operative Banking Group companies belonging to the organization: BCC Solutions S.p.A. Sinergia S.p.A.	Green Banking is the evolution of the approach to energy efficiency and environmental impact issues that, while initially focusing on consumption, then obtains a broader vision of eco-compatibility of the bank's activities and operations. The Green Banking Observatory of ABI Energia, ABI Lab competence center for energy and environment at banks, intends to monitor issues concerning environment (energy efficiency and environmental reporting) and proper management practice (energy management and environmental impact at banks) inspired by the main international standards (GRI, ISO 50001, ISO 14001).

Name of organization	Activity
	Among the topics dealt with are also an in-depth analysis of environmental performance indicators provided for by the main international standards, such as for example the Global Reporting Initiative, with related benchmarks for the sector.
Agronetwork Iccrea Co-operative Banking Group companies belonging to the organization: Iccrea Banca S.p.A.	Association for the promotion of agribusiness, formed by Confagricoltura, Nomisma and LUISS, with the aim of enhancing the Made in Italy excellences and fostering the competitiveness of agribusinesses through the integration of production, industrial processing and new business models.
Alleanza Italiana per lo Sviluppo Sostenibile (ASviS) Iccrea Co-operative Banking Group companies belonging to the organization: Iccrea Banca S.p.A.	The mission of the Italian Alliance for Sustainable Development (ASviS) is to raise awareness in Italian society, economic operators and institutions about the importance of the 2030 Agenda for Sustainable Development. It is a network for those persons or entities that already deal with specific issues included in the Sustainable Development Goals (SDGs) in order: <ul style="list-style-type: none"> - to foster the development of a sustainability culture at all levels, orienting production and consumption models for this purpose; - to analyze the implications and opportunities for Italy in relation to the Agenda for Sustainable Development; - to contribute to defining an Italian strategy for the achievement of the SDGs (including by using analytical and forecasting tools that help the design of sustainable development policies) and to implementing a monitoring system of Italy's progress towards the SDGs.
Assiom Forex Iccrea Co-operative Banking Group companies belonging to the organization: Iccrea Banca S.p.A.	The association promotes the analysis, study and research concerning techniques, tools and issues relating to financial markets and fosters relationships with Monetary and Regulatory Authorities, both national and international, as well as with Market Management Companies and other Institutions operating in the sector. Furthermore, Assiom Forex strengthens relations with national, EU and

Name of organization	Activity
Assofin Iccrea Co-operative Banking Group companies belonging to the organization: BCC Credito Consumo	<p>international bodies in order to improve the activities of its members.</p> <p>Assofin, Associazione Italiana del Credito al Consumo e Immobiliare, is an association that brings together the main financial operators operating in the consumer credit sector. Its members are all captive arms of large companies, industrial or banking groups, both Italian and foreign. Through its delegates it represents its members on the Board of the ABI and is a member of Eurofinas, the European Federation of Finance House Associations. Its main aims are: the coordination of common initiatives, the exchange of experience on relevant common problems; the representation of its members in the relevant I; maintaining an ongoing dialogue with administrative and legislative bodies; the production of information of a statistical, legal, fiscal, administrative or advisory nature on matters of common interest; dissemination and communication to contribute to transparency and a better understanding of the consumer credit sector.</p>
Assogestioni Iccrea Co-operative Banking Group companies belonging to the organization: BCC Risparmio e Previdenza SGR Iccrea Banca S.p.A.	<p>Assogestioni, Associazione Italiana del Risparmio Gestito, is the Italian association of asset managers and represents the majority of Italian and foreign asset management companies operating in Italy, as well as banks and insurance companies active in individual and collective asset management.</p> <p>The association offers its members advice and technical support on legal, fiscal and operational issues and also promotes a constant dialogue with industry operators and institutions on the issues of investment, the protection of savings, corporate governance and regulatory and operational innovation in the industry.</p>
Assoprevidenza Iccrea Co-operative Banking Group companies belonging to the organization: BCC Risparmio e Previdenza SGR	<p>Assoprevidenza, the Italian Association for Supplementary Pension Providers, is a non-profit organization operating as a national technical center for supplementary pension and welfare providers, bringing together second-pillar pension schemes of all types, funds and bodies providing welfare services as well as sector operators.</p>

Name of organization	Activity
Assosim Iccrea Co-operative Banking Group companies belonging to the organization: Iccrea Banca S.p.A.	Assosim – Italian Association of Financial Market Intermediaries – represents operators in the Italian securities market in relations with government institutions and public authorities, other business associations, economic and social organizations and other associations, agencies and public and private entities. It carries out research, regulatory assistance and training services, with publications and the organization of conferences and workshops.
Confcooperative Iccrea Co-operative Banking Group companies belonging to the organization: Iccrea is a member through Federcasse.	The Italian Confederation of Cooperatives is the main organization, legally recognized, for the representation, assistance and protection of the cooperative banking movement and social enterprises. The Confederation is based in Rome and the abbreviated name is “Confcooperative”. Its action is inspired by cooperative principles and promotes the development, growth and dissemination of cooperation, the social function of which is recognized under Article 45 of the Italian Constitution. Article 1 of Confcooperative’s Articles of Association also recognizes that its action is also inspired by the principles and tradition of the Church’s social doctrine. As part of its mission of assistance, representation, supervision and protection of member cooperatives, Confcooperative plays a role of political analysis, promotes and puts forward proposals for legal measures of interest to cooperative banking, negotiates and signs national collective bargaining agreements in various economic sectors, as well as memoranda of understanding with institutions and social partners, and has an active dialogue with European and international institutions.
Consorzio CBI	CBI is a consortium Joint-Stock Company with more than 400 banks and financial intermediaries as Members and Customers. It is a hub for technological

Name of organization	Activity
<p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>Iccrea Banca S.p.A.</p>	<p>innovation and digitization of the national and international banking and financial industry, serving businesses, citizens and Public Authorities.</p>
<p>European Microfinance Network</p> <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>Iccrea Banca S.p.A.</p>	<p>The European Microfinance Network (EMN) is a non-profit organization based in Brussels, which promotes microfinance as a tool to combat social and financial exclusion in Europe through self-employment and the creation of microenterprises.</p> <p>The core of EMN is made up of microfinance operators. These are social purpose organizations that provide financial services to those in need or facilitate access to such services. The work of the network is also supported by partners and corporate members, organizations such as national networks, universities, sector service providers, or banks that are involved in European microfinance issues and that support the development of microfinance in Europe.</p>
<p>Federcasse</p> <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>Iccrea Banca S.p.A.</p> <p>Banca Sviluppo S.p.A.</p> <p>BCC Solutions S.p.A.</p> <p>BCC Beni Immobili S.r.l.</p> <p>BCC Lease S.p.A.</p> <p>BCC Risparmio e Previdenza SGR</p> <p>Banca Mediocredito del Friuli Venezia Giulia S.p.A.</p>	<p>Federcasse – National Federation of Co-operative Banks – is the trade association of the BCCs. It performs most of the activities that ABI offers to the Italian banking system. In particular, it manages national collective bargaining (there is a specific National Collective Labour Agreement for BCCs), offers legal and tax advice and assistance services, conducts studies and provides statistical services, promotes the image of the industry through national communication campaigns, and conducts training and information activities. In addition, it safeguards specific interests with the main national (ABI and Confcooperative) and international trade associations (European Association of Cooperative Banks – EACB).</p>
<p>Forum Finanza Sostenibile-FFS</p>	<p>The Sustainable Finance Forum is a non-profit association founded in 2001. The membership base is multi-stakeholder, including financial operators and</p>

Name of organization	Activity
<p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>Iccrea Banca S.p.A.</p>	<p>other organizations interested in the environmental and social impact of investments.</p> <p>The Forum's mission is to promote the knowledge and practice of sustainable investment, with the aim of spreading the integration of environmental, social and governance (ESG) criteria into financial products and processes.</p> <p>The Forum's activities are structured into three main areas: Research, Projects and Institutional Relations. In these areas it deals with:</p> <ul style="list-style-type: none"> - conducting research, working groups and training activities with the aim of enhancing good practices and contributing to the analysis and dissemination of sustainable investments; - informing and raising awareness in the financial community, the media and the general public about socially responsible finance (SRI) issues through communication projects and the organization of conferences, workshops and cultural events; - collaborating and carrying out advocacy activities with Italian and European institutions in order to support the implementation of a regulatory framework that favours sustainable investments. <p>Since 2012, the Forum has been organizing the SRI Week, among the main events dedicated to sustainable and responsible investment in Italy.</p>
<p>Fondazione Giovanni Dalle Fabbriche</p> <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>Iccrea Bancalmpresa</p>	<p>The Giovanni Dalle Fabbriche Foundation was established on 16 April 1993 with the aim of keeping alive the memory of the founder of the same name, who worked to promote and develop cooperation in the agricultural and credit sector. This work led to the creation of mutual banks, cooperatives and consortia, which are now leaders in the sector both at a national and international level.</p> <p>The Foundation intends to pursue the following aims:</p> <ul style="list-style-type: none"> - orienting young people to cooperative enterprise;

Name of organization	Activity
<p>Iccrea Co-operative Banking Group companies belonging to the organisation:</p> <p>Iccrea Banca S.p.A.</p> <p>Iccrea Bancalmpresa</p>	<ul style="list-style-type: none"> - promoting young enterprises; - implementing training, study and research projects on experiences and prospects for development of cooperation. <p>The “Tertio Millennio” – ETS International Foundation is a non-profit organization, which was established in 2000 by a group of founding members from the world of cooperative entrepreneurship and Catholic associations.</p> <p>Promoted in the field of credit cooperation, the Foundation was transformed from a non-profit organization into an ETS (Third Sector Entity) in October 2020, in accordance with the reform of the “Third Sector”.</p> <p>Among the members of the Foundation are: Federcasse, Iccrea Banca S.p.A., Iccrea Bancalmpresa S.p.A., BCC Risparmio & Previdenza Sgrpa, Ciscra S.p.A., the Movement of Christian Workers.</p> <p>The Foundation, which has been granted a non-profit status in full, aims – in particular within the system of Mutual Banks and Rural Savings Banks – to develop exclusively social solidarity activities in Italy and abroad, paying practical attention to the principles and values that guide its action.</p>
<p>Fondazione Italiana Sociale</p> <p>Iccrea Co-operative Banking Group companies belonging to the organisation:</p> <p>BCC Solutions S.p.A.</p>	<p>The Italian Social Foundation is a private law entity that was established with the purpose of supporting, through the provision of financial resources and management expertise, the implementation and development of innovative projects on the part of Third Sector entities, which have a social and employment impact and are aimed, in particular, at the most disadvantaged territories and individuals.</p>
<p>Fondazione per l'Educazione Finanziaria e al Risparmio – FEDUF</p> <p>Iccrea Co-operative Banking Group companies belonging to the organisation:</p>	<p>The Foundation for Financial and Savings Education, which was established on the initiative of the Italian Banking Association (ABI), is a non-profit legal entity under private law, which pursues socially useful purposes by promoting Financial Education, in the broader concept of conscious and active Economic</p>

Name of organization	Activity
Iccrea Banca S.p.A.	Citizenship Education, to develop and disseminate financial and economic knowledge. The Foundation promotes financial education and economic citizenship through the creation of original content, innovative tools, and organizing events and developing collaboration with Institutions and local areas.
IDEE – Associazione delle Donne del Credito Cooperativo	The Association of Women in Cooperative Credit promotes and enhance the presence, prominence and contribution of women within the system, thus fostering equal opportunities.
Iccrea Co-operative Banking Group companies belonging to the organisation:	
Iccrea Banca S.p.A.	
Iccrea BancalImpresa	
Valore D	The association promotes gender balance and a more inclusive culture for the growth of businesses and the country, based on the principle that enhancing gender diversity, as well as different generations and cultures, is a factor in innovation, competitiveness and therefore growth.
Iccrea Co-operative Banking Group companies belonging to the organisation:	
Iccrea Banca S.p.A.	

GRI 102-12

With regard to external initiatives, Iccrea Banca participated, during the reporting year:

- in the third edition of Cantieri ViceVersa, organized by the National Third Sector Forum and the National Sustainable Finance Forum, i.e., a nationwide working group aimed at bringing non-profit organisations (demand) together with banking and finance companies (supply);
- in the 58th edition of the TTG Travel Experience fair. The Italian event of reference for the promotion of world tourism in Italy and the marketing of the Italian tourism offer in the world attracts in three days operators from all over the world, which are the key players of the main companies in the sector: tourism boards, tour operators, travel agencies, airlines, transport businesses, accommodation facilities, tourism services, technology and innovative solutions. The Group's participation was a valuable opportunity to meet with industry players and present the benefits of the comprehensive range of integrated products and services that the ICBG has developed to support the growth of a strategic sector for our local areas;
- in #OctoberEdufin2021, the month of financial education;

- in GMW – Global Money Week;
- the Iccrea Co-operative Banking Group took part in the first sustainability day promoted by Confcooperative under the patronage of the Ministry for Ecological Transition in November 2021. The initiative originated within the cooperative credit world as a reflection on sustainable development and ecological transition.

1.8. Strategy

THE GROUP'S STRATEGY

The Group's Strategic Plan 2021-2023 was drawn up in a context that was heavily hit by the pandemic emergency, which led to a substantial impact on real economic trends and saw an extraordinary response from the national government, the European institutions and the European Central Bank. For the three-year period from 2021 to 2023 the forecasts concerning national GDP, which in 2020 had recorded a significantly negative trend (-8.9%), saw a performance strongly sustained by national support policies, including those financed by European measures, such as to lead to recovering the 2019 GDP level during 2023. In the medium term, a return to the ordinary conditions was expected in the economy and operations of the banking system, as was the end of the most significant support policies put in place in favour of customer segments strongly served by the ICBG: moratoria and disbursements of loans backed by state guarantees.

In this economic scenario, the Strategic Plan 2021-2023 focused on the execution of the Transformation Programme approved at the time of the 2020-2023 Plan, with regard to all its sub-projects, with the aim of achieving the objectives set out on the front of business development, operational efficiency and risk control. The 2021-2023 Plan envisaged a focus on lending, including that supported by the implementation of projects on the subject referred to in the Transformation Plan, which, by leveraging recovery in the economy, enabled a good growth trend in the stock of loans to customers. In synergy with the increase in lending, the Plan also made provision for vigorous action to increase indirect funding, concentrated on qualified funding (asset management and insurance). Pivotal in the process of the evolution of the 2021-2023 Plan was also the continuation of work on improving credit quality that aimed at a substantial reduction in the stock of non-performing loans by taking strong action to dispose of the portfolio and by reaffirming the need for prudence in risk assumption and hedging decisions.

As regards efficiency, the 2021-2023 Plan factored in the continuation of the in-depth rationalisation of the ICBG's structure by carrying out the programme for the centralisation of low added-value activity in the Group's service companies and for the execution of the branch plan, with the aim of rationalising the network and BCC mergers designed to generate cost savings. The Plan also considers the benefits obtained from schemes to centralise the procurement of commodities of certain types.

A conspicuous feature of the actual performance in 2021 was brisk economic recovery, including as a result of government and ECB policies, in which the trend was better than expected from various points of view. Firstly, commercial growth, with brokered assets increasing beyond expectations due to credit development, and direct and qualified funding. Also exceeding the Plan's expectations were credit quality performance, which, as a result of the favourable economic scenario and thanks to a prudent provisions policy, already climbed to levels in 2021 that were near those expected in 2023. Finally, results of operations also bettered expectations thanks to a substantial rise in revenues, sustained by the commission income and the effects of the expansionary monetary policy adopted by the European Central Bank and the practically neutral trend in costs.

The Group started preparing its three-year plan for 2022-2024 on this basis; in spite of the elevated degree of uncertainty arising from the outbreak of the Russia-Ukraine conflict, in conformity with this plan the Group will still be focused on carrying through its Transformation Plan, on setting new, ambitious targets for increasing lending in support of local areas and on improving credit quality until it makes up the distance that separates it from the more efficient national market. This is essential to ensure the long-term sustainability of its business model and the maintenance of a solid level of capitalisation at the same time.

ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED

GRI 201-1

The economic value generated, retained and distributed consists of the measure of wealth produced by the Iccrea Group and has been determined on the basis of the data provided in the Consolidated Financial Statements².

The economic value generated, equal to **Euro 3.69 billion** in 2021, is mostly distributed to the counterparties with which the Group operates, for a total of **Euro 3.24 billion** in 2021 (about **87.6%** of the total).

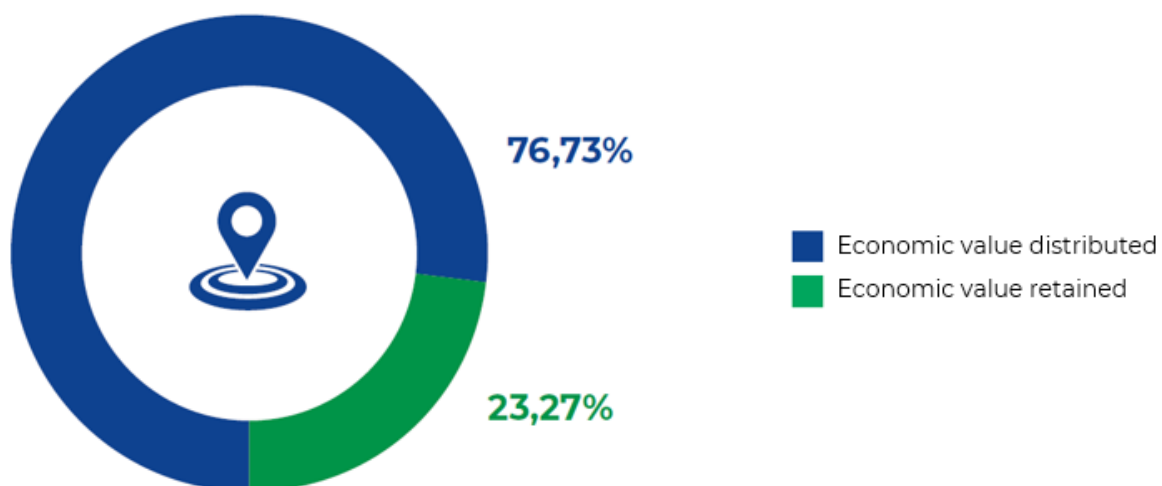
The remaining amount, equal to about **Euro 0.46 billion**, consists of the sum of economic value retained by the Iccrea Group.

Economic value generated, retained and distributed in 2021 (€/MIL)			
Item	2021	2020	% Change 2021-2020
Economic value distributed	2,829	2,972	- 4.8%
of which to suppliers	805	766	5.1%
of which to employees and collaborators	1,706	1,729	-1.3%
of which to third parties	4	7	- 42.9%
of which to members ³	-	-	-
of which to the central and local public sector	298	451	-33.92%
of which to the community	16	19	-15.79%
Economic value retained	858	589	45.7%
Economic value directly generated	3,687	3,561	3.6%

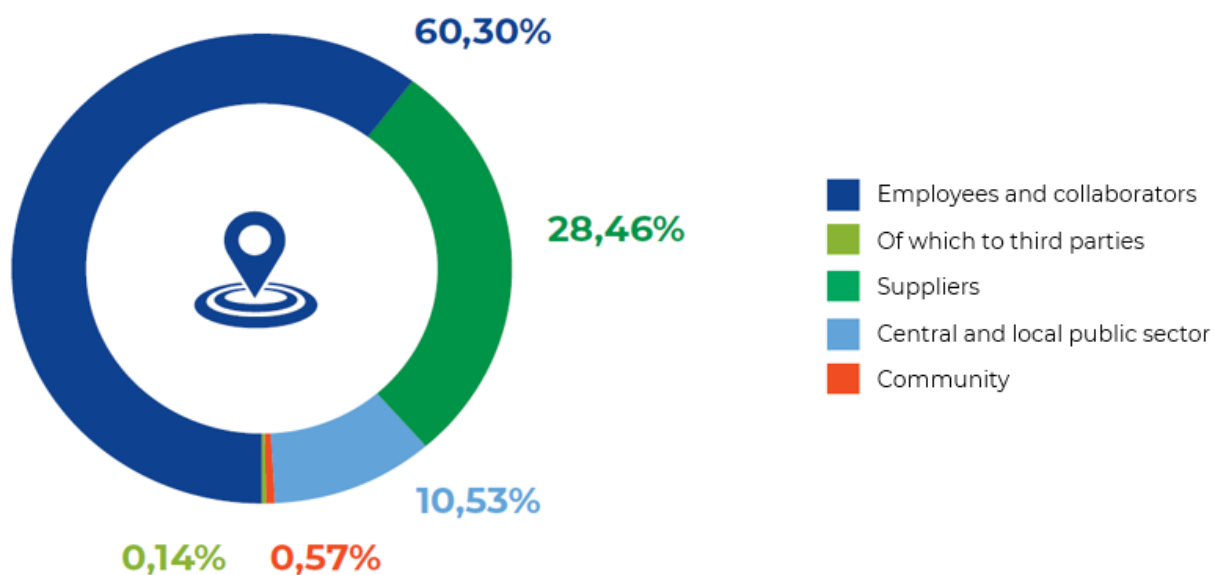
² The calculation has been made in accordance with the guidelines provided by ABI in the "Statement of value added determination and distribution" published in September 2019.

³ As at the date of publication of this document, it is not possible to determine the economic value distributed to members, which will be presented – in relation to the year 2021 - in the next non-financial reporting period.

ECONOMIC VALUE DIRECTLY GENERATED



ECONOMIC VALUE DISTRIBUTED



Chapter 2 – Sustainability strategy

Material topics

n/a

SDGs

n/a

Target

n/a

[GRI 102-15, GRI 102-21, GRI 102-40, GRI 102-42, GRI 102-44, GRI 102-46, GRI 102-47]

GRI 102-15

GRI 102-46

GRI 102-47

The concept of sustainability evolves naturally from the mutualistic DNA of Mutual Banks: the cooperative roots of the BCCs is the origin of the Group's sustainability, which is taking on fresh life today in order to fall into step with the radical changes in legislation and, at the same time, to meet the need to support our customers against the background of the changes that are taking place.

The Group's aims are to be the banking driver of local communities' sustainable transformation and socially inclusive growth model, strengthening its social role in the areas in which it operates and, through its BCCs, to foster a positive social impact and an ecological transition that leaves no one behind. Accordingly, by means of the banking activity that it carries out in local areas, the Group desires to respond to the requirements of the present social and economic context stretching out its hand to the new social peripheries and protecting natural capital.

Deeming sustainability to be an opportunity to reaffirm Cooperative Credit principles and values, care for communities, persons and local economies while respecting the environment and in pursuance of Article 2 of the Standard Articles of Association of BCCs, the Group has invested, ever since it was set up, in the creation of a sustainability governance system, to be intended as the integration of the three ESG (Environmental, Social and Governance) factors into strategies, operational and risk management processes, equipping itself with a model that rests on precise responsibility centres⁴.

⁴ For more details, reference should be made to the paragraph on "Sustainability governance" of Chapter 3.

The adoption of a sustainability-oriented approach is now unavoidable: not only do sustainable and responsible investments show attractive returns, but a large part of European policies move towards a single goal, namely to direct financial resources, both public and private, towards sustainable investments and uses. In this new context, the Group, which has always been committed to promoting sustainable development in local areas, considers it a priority to make this commitment concrete through specific projects aimed at integrating sustainability into the business model for the benefit of banks and customers.

This approach to sustainability, which exploits our story and our nearness to local areas and communities while we comply with changing regulations and respond to the attention that our target market pays us, is a priority for the Iccrea Co-operative Banking Group and is the guiding principle of the processes of framing and laying out our corporate strategies. With this in mind and due to the need to pursue increasingly challenging goals, the incentive system, too, provided for top management positions has already incorporated ESG-related objectives.

2.1. Materiality analysis

GRI 102-44

GRI 102-46

GRI 102-47

In non-financial reporting, the concept of "materiality" is a crucial principle that guides the company in identifying the most important sustainability topics on which to focus the rendering of its account to its stakeholders. Indeed, not all material topics have an equal impact on business strategies and performance, nor are they all of the same importance to stakeholders; therefore, the emphasis placed on each topic in the Consolidated Non-Financial Statement (CNFS) must necessarily reflect its significance to the company and the action to which priority is to be given with regard to it.

The Iccrea Group carries out a materiality analysis on an annual basis as required by the GRI standard and Legislative Decree 254 of 2016.

The analysis provides for the involvement of the Group's management and key stakeholders. Feedback received is processed and summarized in the "materiality matrix", which shows:

- in the y-axis, the opinions of external stakeholders regarding the topics that have most influence on their appraisals and decisions regarding the Group's operations;
- in the x-axis, the importance that the Group management attaches to the topics with respect to the related risks, impact and opportunities for the organization's strategy and economic, social and environmental

performance.

Specifically, internal and external stakeholders contributed to the survey by filling in a specific questionnaire, setting a value of between 1 (not very material) to 5 (priority) to each topic. The questionnaire was submitted to internal stakeholders through the company intranet, as well as to external stakeholders through the websites of the Group, Coopera and BCCs, as well as through various social channels operated by the Group.

Through the above methods of engagement, feedback was collected from a total number of **1,117** stakeholders (including **155** external and **962** internal). After this, the feedback was analyzed and supplemented in order to also ensure that the survey was as consistent as possible with factors in the internal and external context, such as:

- a) the strategic objectives and issues on which the Group has placed greater emphasis in internal action and external communication;
- b) the driver of legislation, which evolves rapidly and exerts growing regulatory pressure on certain ESG topics, including, in particular, the opportunities and risks associated with climate change and other environmental issues (e.g., ECB Guidelines on climate and environmental risks);
- c) comparison with the operating practices of other banking groups;
- d) media exposure of ESG issues.

2.2. The results of the 2021 materiality analysis




GRI 102-46

GRI 102-47

13 material topics were identified, which were consistent for the purposes of an adequate and complete exposure of the issues to be taken into account for the purposes of the strategic lines to be developed and reporting activities. This also occurred in relation to the assessments conducted in close coordination with the Risk Management function, particularly with regard to the above-mentioned legislative driver for the "E-factor" and the associated potential evolution of climate and environmental risks and any consequent impact.

Compared to the same materiality analysis carried out in the previous year, some topics to which both the Group and its stakeholders then also attached particular importance were elucidated and set with new parameters due to the relevant context, market trends and specific requests from the Supervisory Authority. These included: climate change, diversity and inclusion, innovation and digital transformation, privacy protection and cybersecurity.

The material topics being reported are detailed below.

ENVIRONMENT 	SOCIAL 	GOVERNANCE 
<p>(*) Climate change and transition to sustainable economy</p> <hr/> <p>Direct environmental impact</p>	<p>Support for territorial development</p> <hr/> <p>Providing financial support to households and SMEs</p> <hr/> <p>(**) Innovation, digital transformation and constant attention to customer needs</p> <hr/> <p>Protection of human rights</p> <hr/> <p>(***) People care and staff enhancement</p> <hr/> <p>Financial inclusion</p>	<p>Business ethics, transparency and integrity</p> <hr/> <p>Fight against corruption</p> <hr/> <p>Capital and financial strength</p> <hr/> <p>Diversity, equal opportunities and inclusion</p> <hr/> <p>Customer privacy protection and cybersecurity</p>
<p>(*) The material topic encompasses the following issues:</p> <ul style="list-style-type: none"> • Climate change • Support for the transition to sustainable, green and circular economy 	<p>(**) The material topic encompasses the following issues:</p> <ul style="list-style-type: none"> • Innovation and digital transformation of products, services and processes • Constant attention to customer needs <p>(***) The material topic encompasses the following issues:</p> <ul style="list-style-type: none"> • Staff training, development and enhancement • Company and employee welfare (people care) • Occupational health and safety 	

These topics are developed and analyzed in this CNFS through **107** total **indicators** of which:

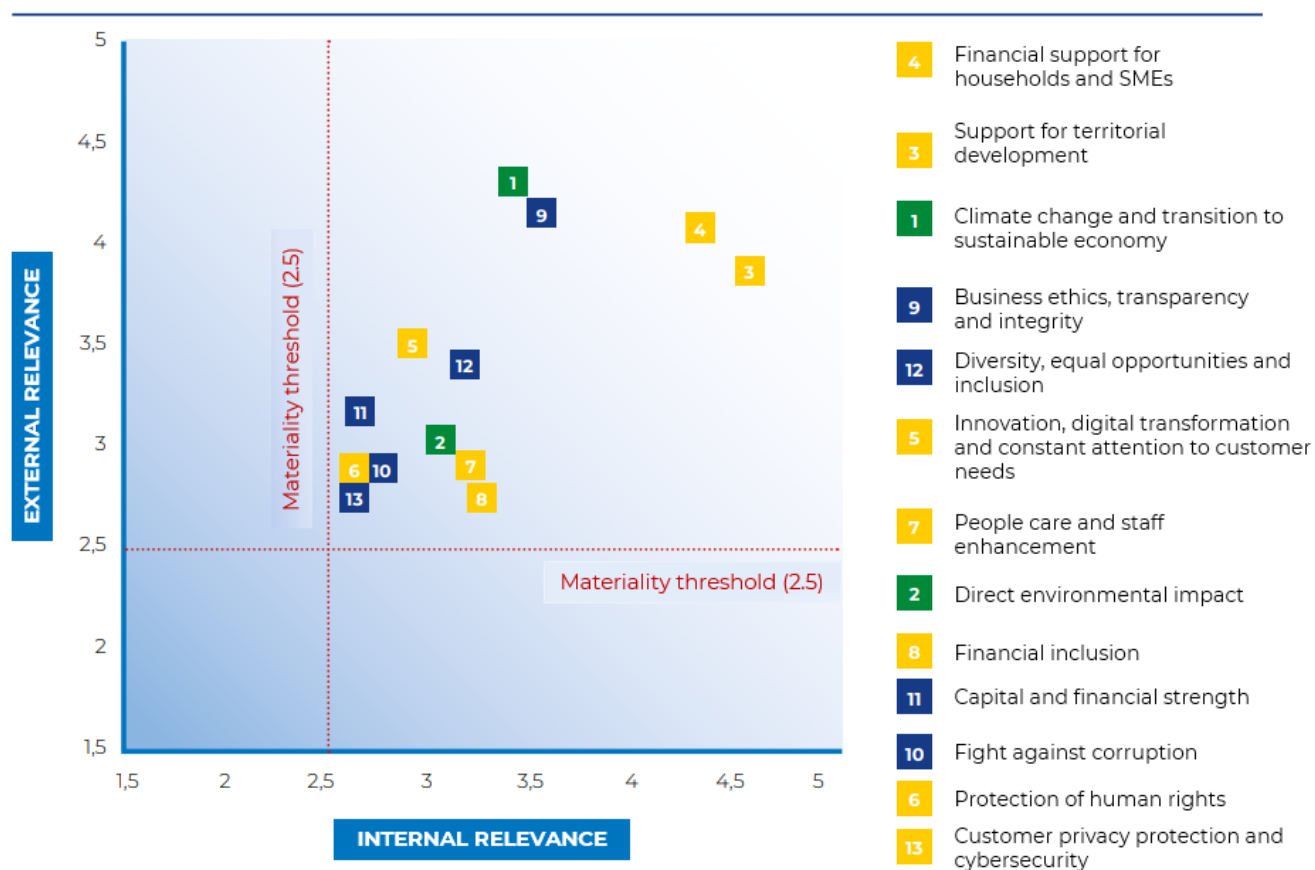
- 100 indicators consistent with the international reporting standards (GRI) adopted by the Group;
- 6 internal “extra GRI” indicators in order to report the peculiarities that characterize credit cooperation, for which the international standard does not provide specific indicators;
- 1 capital strength indicator, Tier 1 Ratio.

2.3. The 2021 materiality matrix

In the materiality matrix reported below, material topics are classified in terms of their relevance, both internal and external, and ordered according to their related priority.

For 2021, the major topics are as follows:

- Financial support for households and SMEs;
- Support for territorial development;
- Climate change and transition to sustainable economy;
- Business ethics, transparency and integrity.



2.4. Commitments to stakeholders

GRI 102-21

GRI 102-40

GRI 102-42

Since its incorporation on 4 March 2019, the Iccrea Group has established a sound relationship with its internal and external stakeholders based on the principles of transparency and mutual trust. Listening to our stakeholders and exchanging views with them on an ongoing basis are especially useful and practical activities, mainly so that we can always keep abreast with changes, best interpret the economic and social background in which the Group operates and gains feedback with a view to continuous improvement.

The Iccrea Group, therefore, has established various communication channels through which it keeps up an organic and unceasing dialogue with all key stakeholders. In particular, there is also regular interaction, as vital as it is traditional, with all BCCs, which puts the Group in a position to conduct relations with customers, territories and local communities in the best possible manner. This interaction assumes strategic importance especially in response to market, business development, communication and marketing activities, which are carried out under the coordination of the Parent Company in close collaboration with BCCs.

The table below shows, in a concise manner, the Group's various stakeholders and highlights the primary commitments it has undertaken towards them.

GRI 102-40

GRI 102-42

THE STAKEHOLDERS OF THE ICCREA CO-OPERATIVE BANKING GROUP	
Category	General commitments of the Group
INTERNAL STAKEHOLDERS	
Affiliated Co-operative Banks (BCCs)	<p>Promote relationships based on the principles of collaboration, professionalism and transparency (as provided for under the Cohesion Contract, among others).</p> <p>Support the stability and continuous development of the BCCs.</p>
Members of BCCs	<p>Promote relationships, through the BCCs, based on the principles of collaboration, professionalism and transparency.</p> <p>Ensure the development and strengthening the mutualistic DNA of the BCCs.</p>
Iccrea Group personnel	<p>Promote staff growth and development, in compliance with the principle of equal opportunities.</p> <p>Recognize and enhance the skills of our employees.</p>

THE STAKEHOLDERS OF THE ICCREA CO-OPERATIVE BANKING GROUP

Category	General commitments of the Group
	<p>Ensure the protection of the psychological and physical integrity of employees and respect for their moral personality.</p> <p>Ensure the dignity of each person and prevent all forms of discrimination.</p>

EXTERNAL STAKEHOLDERS

Suppliers	<p>Favor local suppliers in order to foster development of the territories in which the Group operates.</p> <p>Select suppliers based on the principle of impartiality, avoiding preferential or discriminatory treatment.</p>
Territory and Local Communities	<p>Contribute to the enrichment of the economic, intellectual and social heritage of the territory and local communities.</p> <p>Support and promote, through charitable contributions, sponsorships and donations, initiatives to support and develop the community.</p>
Environment	<p>Reduce the environmental impact of our activities through the rational use of resources.</p> <p>Promote environmentally responsible behavior by all internal personnel and external partners.</p> <p>Purchase goods and services with a lower environmental impact.</p>
Private customers	<p>Promote relationships based on the principles of collaboration, professionalism and transparency.</p> <p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Adopt effective cybersecurity practices.</p> <p>Meet customers' financial needs through increasingly better and higher quality services and products.</p>
Business customers	<p>Promote relationships based on the principles of collaboration, professionalism and transparency.</p> <p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Adopt effective cybersecurity practices.</p> <p>Meet customers' financial needs through increasingly better and higher quality services and products.</p>

THE STAKEHOLDERS OF THE ICCREA CO-OPERATIVE BANKING GROUP	
Category	General commitments of the Group
Universities and schools	<p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Support students with the provision of numerous scholarships and ad hoc financing.</p>
Third Sector	<p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Adopt effective cybersecurity practices.</p> <p>Meet customers' financial needs through increasingly better and higher quality services and products.</p> <p>A line of ad hoc products has been developed to meet the needs of this category of stakeholders, as has an ad hoc website.</p>
Trade associations and unions	<p>Promote relationships based on the principles of collaboration, professionalism and transparency.</p> <p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Adopt effective cybersecurity practices.</p> <p>Meet customers' financial needs through increasingly better and higher quality services and products.</p>
Financial community	<p>Promote relationships based on the principles of collaboration, professionalism and transparency.</p> <p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Adopt effective cybersecurity practices.</p> <p>Meet customers' financial needs through increasingly better and higher quality services and products.</p>
Media	<p>Promote relationships based on the principles of collaboration, professionalism and transparency.</p>
Public sector	<p>Promote relationships based on the principles of collaboration, professionalism and transparency.</p> <p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Adopt effective cybersecurity practices.</p> <p>Meet customers' financial needs through increasingly better and higher quality services and products.</p>

Stakeholder engagement Initiatives

GRI 102-43

In 2021, due to the continuation of the Covid-19 pandemic and the consequent impossibility of holding in-person events, the Marketing Organizational Unit continued the massive use of online meetings in order to meet the need to communicate rapidly with the BCCs about the Group's initiatives in support of their operations and customers. The Events Team oversaw the organization of meetings held remotely, developing a process to approach online meetings in an effective and efficient manner.

In 2021, 18 remote meetings were held on various topics and targets, with an impact on the business, for a total of more than 3,000 connections. In addition to traditional digital events, live streaming events were also organized through an ad hoc platform, which is more effective in terms of communication and participation management.

4 digital events dedicated to new insurance products were also held, reaching a much larger audience per event, over 300 participants, and an average response of 83% from Affiliated Banks.

With specific reference to activities in the marketing area perimeter (identified by the Policy as *Product News*), 228 product news items were drafted, published, and sent out in 2021 towards the contact persons of the affiliated banks and direct perimeter companies, and supporting materials were produced (web product sheets, digital media kits, campaign sheets, and editorial plans for social media), in addition to the release of new features of the dedicated platform.

With specific regard to the corporate segment, a "*Percorso Impresa*" (A Way Out for Businesses) project was devised, which led to 8 meetings being held with the BCCs on key issues for development of and support to businesses, again with a view to supporting the BCCs at the complex moment of the pandemic.

In 2021, the Coopera brand dedicated to the Third Sector was also used (as in 2020) as a way of stakeholder engagement; during the first quarter of the year, work continued on the direct involvement of the corporate structure of one of our BCCs (collaboration with Kairòs Young Members of Banca Campania Centro, which led to the production of a series of episodes entitled "*Pillole di Terzo Settore*" (Tips on the Third Sector) whose goal was to educate businesses in the financial issues involved in the reform of the Third Sector, introducing them to and putting them in contact with non-profit organizations that work with Cooperative Credit institutions).

In 2021, discussions with employees located throughout the territory continued in remote mode; these included meetings with the General Manager and BCCs, and meetings held at local level, which were attended by Chairmen and Directors of BCCs, as well as meetings on specific issues concerning project and business developments.

Events were also held under the name of “*Scrittori in azienda*” (Writers in your company) to encourage your employees to read, strengthen individual and Group identity and foster discussion and inclusivity, contribute to creating the economic, social and cultural value of local communities. Since 2021 the project has also been targeted at the employees of Affiliated Banks, in addition to those of Direct Perimeter Companies (DPCs). Agreements were made with 3 independent bookshops in different areas and copies of each of the books on which meetings were based were bought. This also supported the local economies and contributed to the participants’ psychophysical well-being.

In 2021 and even in relation to the continuation of the pandemic, HuBa - the company intranet - was confirmed as the main channel of communication between the Parent Company, Direct Perimeter Companies and Banks in order to continue strengthening the link with stakeholders and provide answers to their needs.

2.5. Sustainability Plan

In accordance with the ESG strategic guidelines outlined in March 2020, the Board of Directors of the Parent Company Iccrea Banca approved the new Group Sustainability Plan in September 2021, as updated to take into account changes in the regulatory framework, as well as the social and economic environment in view of the Covid-19 pandemic. Thus, the objectives set in 2020 were reframed during the year 2021, their qualitative and quantitative content being aligned with the new scenario and the new time horizon, relating to 2021 alone.

The objectives of the Group's Sustainability Plan, as set out from a risk/opportunity perspective, are directly related to the UN 2030 Agenda SDGs, as well as to ESG factors and the Iccrea Co-operative Banking Group's sustainability pillars: People and Communities, Territory, Environment.

The 2021 Sustainability Plan, as updated on the basis of the events described above, summarizes 7 goals and 27 targets that pertain, in the first instance, to social development and support to local communities, as well as to environmental protection and business development issues. According to the Plan, the Group aims to seize opportunities and manage risks by leveraging the strengths of BCCs focused on sustainable development, translating the principles and values of Cooperative Credit into measurable goals and the universal language of sustainability.

Below are the details of the 7 goals and 27 targets of the 2021 Sustainability Plan:

SUSTAINABILITY PLAN 2021



ENVIRONMENT

GOALS

Financing in support of local areas

TARGETS

- Support to green economy (*)
- €/bil. 33 of stock of loans to individuals (natural persons/Tax code) (*)
- €/mil. 150 in support of the agricultural sector
- Promote partnerships in local areas for the creation of at least one Energy Community

Decarbonization and energy efficiency

- Work started on a project to reduce carbon footprint at offices operated by BCC Solutions (Lucrezia Romana, Esterle, Revere) Specific CO2-equivalent emissions (thus including emissions of CH4 and NO2, as per the GRI) with respect to the usable area of properties operated by BCC Solutions, less than or equal to 0.007628 tCO2eq/sq. m. by 2023
- Increase energy efficiency at offices operated by BCC Solutions under the same project. Specific energy consumed (including self-generated) with respect to the usable area of properties operated by BCC Solutions (Lucrezia Romana, Esterle, Revere), less than or equal to 0.7200 GJ/sq. m. by 2023
- LEED certification for Lucrezia Romana office
- Continue and expand the Plastic Free project for the Rome and Milan offices operated by BCC Solutions
- Adoption of the Charter of Commitments on Environment and Climate Change on the part of BCCs and DPCs (*)

SOCIAL

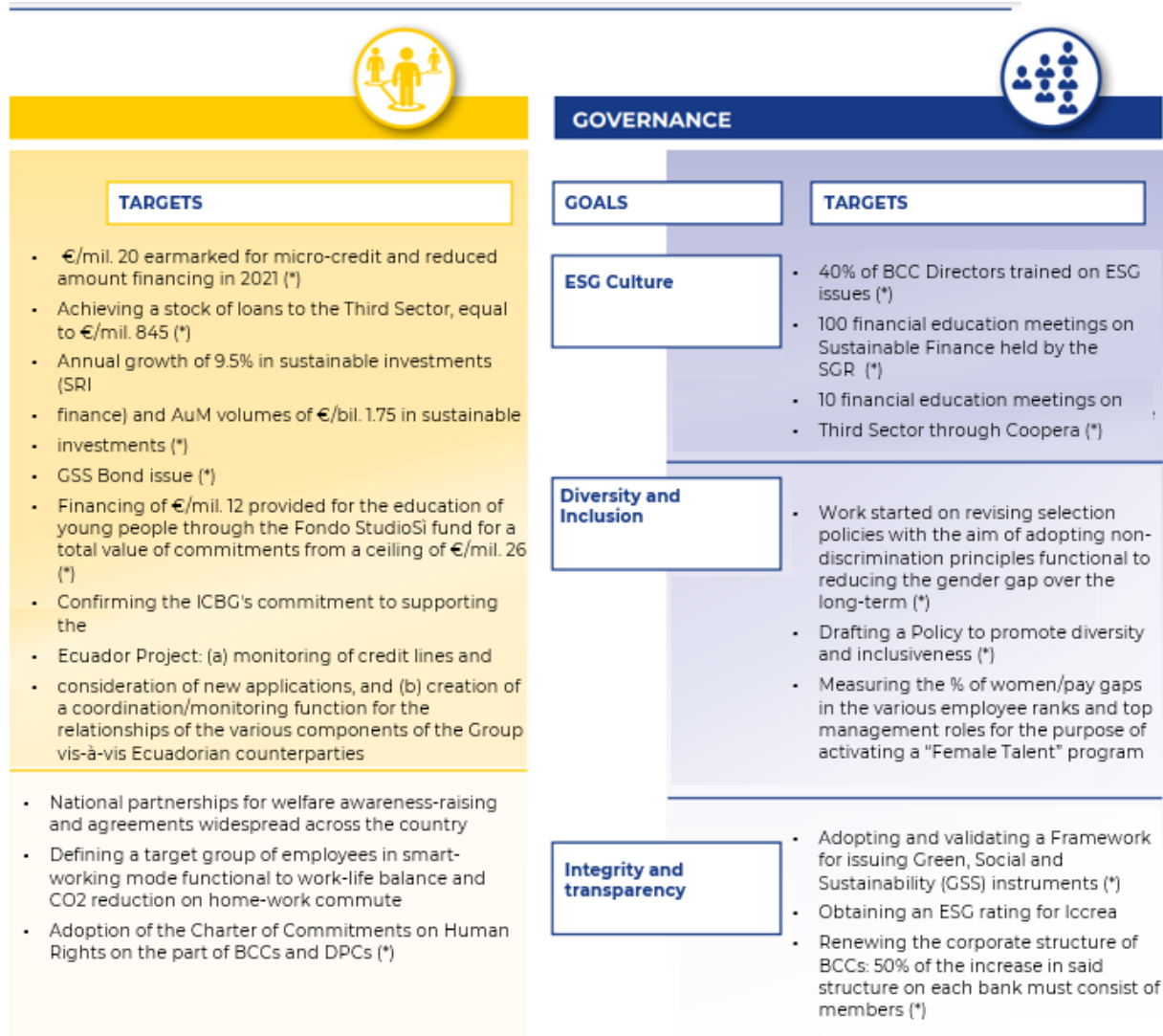
GOALS

ESG Finance

People development

*Goal at ICBG level

In detail, with regard to the **Environment** component, the Group in 2021 was mainly committed to supporting the development of a circular economy, while promoting an efficient and responsible approach to natural resources. In this context, it put in place measures aimed at increasing the energy efficiency of its owned offices, as well as



expanding the "Plastic free" project and obtaining the LEED certification for the Rome office with a view to decarbonization and energy efficiency. **Furthermore, the first project was designed to set up and finance an Energy Community, aimed at supporting local communities with a view to ecological transition through** the production and self-consumption of energy from renewable sources and a reduction in procurement costs.

With regard to the **Social** component, the Group's action in 2021 took, among others, the form of promoting financing reserved for micro-credit, increasing sustainable

investments, supporting the education of young people through dedicated loans and providing support for the Third Sector, as well as providing support for households and businesses in relation to the Covid-19 emergency, in particular through the Government's measures provided for in the "Cure Italy" and "Liquidity" decrees and by joining the moratorium schemes made available by the banking Trade Associations.

Among the key features of the action put in place in 2021 with regard to the Social issues under the Sustainability Plan is the placement of the first Green, Social and Sustainability Bond (GSS Bond). The transaction aims to allocate funding to loans, which are specifically reserved for small and medium-sized enterprises and households that are coping with the Covid-19 emergency and have had access to the resources under the Liquidity Decree, as well as for SMEs with fewer than 50 employees operating in regions with a per capita income below the national average, and for youth and female entrepreneurs. The transaction also saw excellent participation from major domestic and international investors, with orders received from over 90 investors (52% Banks, 38% Fund Managers, 8% Agencies, and the remaining 2% consisting of other operators).

Finally, as far as **Governance** is concerned, the Group is engaged in massive, ongoing activity to train company representatives in sustainability issues with the purposes of enhancing its identity and fostering a path of ever-increasing awareness, also to be exploited in the thoroughgoing process of innovation in the regulatory framework of reference. Particularly relevant in this context has also been the focus on issues of inclusiveness, which have been addressed in particular through the adoption of a *Diversity and Inclusiveness Policy*, approved in January 2022 and aimed at promoting a corporate culture free of all forms of discrimination and upholding the principles of Diversity and Inclusion. Specific sets of indicators were also laid down to observe whether the principles expressed in the above-mentioned Policy were put into actual practice; these indicators measure, monitor and report the situation at the start and then the progress made, and the results achieved. Among the further actions taken in connection with diversity and inclusion issues, also to be mentioned is the revision of the *Human Resources Selection Policy*, which, specifically referring to the Direct Perimeter, ensures, among other things, the observance of equal representation of genders in the internal and external selection procedure and the exclusion of remarks on gender from human resources recruitment and selection processes.

Also important were the measures taken to ensure a *progressive evolution of governance oversight* on the matter of sustainability, in line with the provisions of regulations and market trends. Indeed, changes were made to Corporate Governance Policies in order to give the Board specific competences and responsibilities in ESG matters, as well as the delegation of authority in sustainability matters, through the

establishment of an ESG Committee or, alternatively, of the appointment of an Executive Director for Sustainability.

The following actions are worthy of note in the area of Governance.

In October 2021, the **Green, Social and Sustainability Bond Framework** was prepared, which was necessary for the issue of "ESG" bonds to be placed on domestic and international markets under the EMTN Program, in line with the Green Bond Principles and Social Bond Principles issued by ICMA (International Capital Market Association) in 2021. Under the framework, the Vigeo Eiris (Moody's Corporation) agency issued the Second Party Opinion certifying the Framework's alignment with the four main components of the Green Bond Principles 2021 ("GBPs") and the Social Bond Principles 2021 ("SBPs") provided by ICMA and assigning an "Advanced" rating - the highest on the scale - regarding the expected impact in terms of Contribution to Sustainability and a "Robust" rating regarding ESG Risk Management.

The result achieved reveals the efforts the Group has made with regard to sustainability and its interest in following, and intention to continue to follow, a path of greater and greater attention to the integration of ESG factors in corporate processes with drive and determination, even in the face of significant regulatory changes and market expectations.

The revision of the Group's strategies, which was carried out in 2021 in accordance with the new regulatory and market requirements, could not have been more important in order to reaffirm its attention to the historical values of cooperative credit and foster the development of Co-operative Banks.

As matters stand at present, the objectives of the Sustainability Plan described above have been attained to all intents and purposes and, for some of them - regarded as being consistent with the further strategic development action of the Group -, it has been deemed desirable to take up the 22–24 Sustainability Plan again and set new relevant

In December 2021, the Group was awarded its **first sustainability rating** of A2 (on a scale of D3- to A1+) from the agency Moody's, which highlights the Group's good ability and commitment to integrating ESG risk factors into strategies, operations and risk management, with an advanced performance in managing risks associated with legal security and human capital, and a robust performance with reference to operational efficiency and reputational issues.



targets, as some structural aspects necessary for their further progressive implementation have been covered.



In this regard, it should in fact be noted that activities have been underway, since the last months of 2021, for the drafting of the new Group sustainability strategies, to be finalized by April 2022 within the framework of the 22-24 Strategic Plan with an ad hoc section.

This work has already seen, in the first instance, the performance of an ESG Positioning Analysis aimed at assessing – based on certain sustainability drivers - the current positioning of the Group, even in relation to a panel of other Banking Groups taken as a reference benchmark. This analysis was an important starting point for setting down the new lines of sustainability strategy because it focused on the most substantial aspects and on those with regard to which future action to develop them should be intensified on a prospective basis, with the twofold objective of managing risks and seizing opportunities, by taking advantage of the BCCs' strong points and transforming Cooperative Credit principles and values into concrete and measurable objectives that meet the market's new expectations.

The Group has already put certain organizational measures in place in this scenario of evolving sustainability strategies with the goals of ensuring and facilitating their actual implementation, even by means of the clear definition of roles, responsibilities and operational and control procedures. These measures include both Policies that are already in place - including those aimed at integrating environmental, social and governance factors into the provision of investment services and on the reporting of non-financial information - and dedicated functions, including, in particular, the Group Sustainability & ESG Strategy function, which acts as a focal point and coordination center for the matter at the Group level and the ESG Risks and Cross-functional Activities function, which operates within the Risk Management function, with specific regard to the coordination of the processes for identification, measurement and management of ESG risks.

In September, the Group-wide *Charters of Commitments* ("Charter of Commitments on the Environment and Combating Climate Change" and "Charter of Commitments on Human Rights") were also issued in line with the goals of the 2021 Sustainability Plan, which set out a commitment to take an effective preventive action to avoid damaging the environment and to manage the environmental impact of operations (both direct and indirect) and where possible to reduce it, on the one hand, and on the other, a commitment to safeguard human and community rights and foster the values of inclusion, mutualism and solidarity in the relevant local communities.

Chapter 3 – The Group's Governance

MATERIAL TOPICS	
Climate change and transition to sustainable economy Business ethics, transparency and integrity Fight to corruption Diversity, equal opportunities and inclusion Innovation, digital transformation and constant attention to customer needs Customer privacy protection and cybersecurity	
SDGs	TARGET
	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life
	16.6 Develop effective, accountable and transparent institutions at all levels 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels
GRI	
[GRI 102-5, GRI 102-11, GRI 102-15, GRI 102-18, GRI 102-20, GRI 102-22, GRI 102-24, GRI 102-25, GRI 102-29, GRI 102-30, GRI 102-35, GRI 102-36, GRI 102-38, GRI 102-43, GRI 205-1-1, GRI 205-2, GRI 205-2-2, GRI 205-3, GRI 205-3-2, GRI 206-1, GRI 207-1, GRI 207-2, GRI 401-2, GRI 405-1a, GRI 405-1b, GRI 405-2, GRI 418-1, GRI 400-5]	

3.1. The governance model

GRI 102-5

GRI 102-25

The governance model of the Parent Company and of the Management and Coordination Perimeter Companies is founded on the principle of sharing a single business design whose goal is to create value for Affiliated Banks and the Group as a whole. This principle is aimed at safeguarding:

- an adequate level of integration and coordination for the effective implementation of the Group's organizational model, the achievement of economies and synergies, and the attainment of strategic objectives;
- the degree of autonomy of the directors of the Management and Coordination Perimeter Companies for taking full responsibility for strategic and operational decisions, in line with the guidelines and guidance provided by the Parent Company;
- the operational autonomy and the accountability of the Management and Coordination Perimeter Companies' managerial staff, in order to ensure the full achievement of the results envisaged in the strategic plans of the companies themselves and, consequently, the objectives of the Group's Strategic Plan.

The Group is based on the Parent Company's powers of management, coordination and control as resulting from the combined provisions of primary legislation, the Supervisory Provisions on banking groups and the co-operative banking group, the Cohesion Contract and the Group's company Rules.

The distinctive aspects of the governance model of the Iccrea Co-operative Banking Group can be summarized as follows:

- a **management, coordination and control model** developed according to a risk-based approach and focused, for Affiliated Banks, on a voluntary agreement (the "**Cohesion Contract**");
- the implementation of a non-contributory system of institutional protection within Iccrea: the **Guarantee System**;
- a system for monitoring and classifying risks associated with the Affiliated Banks, based on qualitative and quantitative indicators: the **Early Warning System (EWS)**. The responsibility for this work rests with the Board of Directors of the Parent Company, which is advised by a specific Board committee, i.e. the Affiliated Bank Controls & Interventions Committee (CIBA): it is composed of independent directors and provides safeguards in the work of monitoring, classification and risk assessment involving Affiliated Banks;
- a **corporate governance model** directed at ensuring a satisfactory composition of governing and control bodies of the Group companies in terms of quality and numbers, which ensures corporate governance based on sound and prudent management criteria.

3.1.1. Management, coordination and control model

The Parent Company carries out management, coordination and control activities in the following fields:

- Corporate Governance;
- Strategic Planning;
- Risk Management and Internal Control System;
- Credit policies and related Risk Profiles;
- Financial Management and related Risk Profiles;
- Commercial and Distribution Activities;
- Communication and Media Relations;
- Administration and Regulatory Reporting;
- Tax Management;
- Organizational Model;
- Purchasing and Expenditure;
- Human Resources;
- Information Systems;
- Legal Affairs;
- Operations and Real Estate;
- Sustainability.

Each area is under the supervision of one or more corporate departments of the Parent Company, which regularly coordinate with such equivalent functions as may have been established at the companies included in the perimeter of management and coordination.

For Affiliated Banks, the management, coordination and control activities of the Parent Company are enshrined in the Cohesion Contract pursuant to art. 37-*bis* of the Consolidated Banking Act. This tool is the key pillar of the Iccrea Cooperative Banking Group's corporate model, whereby the Affiliated Banks grant the Parent Company management and coordination powers that can be exercised, according to a principle of proportionality, commensurate with the state of health of the banks themselves (risk-based approach). The Contract, which was signed by the Parent Company and all Affiliated Banks in January 2019, lays down all mutual rights and obligations of the parties concerned.

In addition to providing for "general" powers of direction and coordination of the Affiliated Banks, the Cohesion Contract (governing the Parent Company's management and coordination over Affiliated Banks only) also regulates the specific powers required to ensure that the management and control systems are unified and effective at the consolidated level. Furthermore, it also provides for compliance with prudential requirements and reporting obligations applicable to the affiliated parties, as well as with any other provisions on banking and financial matters.

The Parent Company's model of management, coordination and control over the companies in the management and coordination perimeter is completed by the Group's

company Rules, where the powers and responsibilities of the Parent Company in each of the above areas are described, as are the tools used to perform the relevant work.

3.1.2. Guarantee agreement and Early Warning System (EWS)

The Cross-guarantee Scheme is among the most qualifying elements of the functioning of the Iccrea Co-operative Banking Group. This cross-guarantee between the Parent Company and Affiliated Banks is governed by contract with the effect of qualifying the liabilities of the Parent Company and of its Affiliates as joint and several obligations of all the parties to the agreement. In other words, all Affiliated Banks and the Parent Company are bound – both internally and externally – by all obligations assumed by the Parent Company or by any affiliate. The mutual guarantee, as provided for under Section 6 of the Cohesion Contract, has a dual purpose:

1. guaranteeing the obligations of each Iccrea Group Affiliated Bank that should default on its obligations to its creditors (External Guarantee);
2. ensuring financial support mechanisms for the solvency and liquidity of the BCCs (intercompany mutual support).

The common objective is to preserve the solvency and liquidity of the Banks themselves, through a system that qualifies as both innovative and based on mutual benefit due to its structure.

The guarantee of the joint and several obligations assumed by the Parent Company and the Affiliated Banks is a further founding and constitutive element of the Iccrea Co-operative Banking Group.

In accordance with the provisions of Annex 2 - "Early Warning System" (EWS) – attached to the Cohesion Contract, Iccrea Banca S.p.A., as Parent Company, carries out monitoring work on the organization and the operations, financial position, results of operations and cash flows of the Affiliated Banks on an ongoing basis. The aim of this work is to identify signs of operational difficulties and/or report any instance of non-compliance with the obligations undertaken under the Cohesion Contract. If necessary, the Parent Company may recommend or arrange for any appropriate intervention measure to be put in place depending on the specific case and according to the principle of proportionality. To this end, the Iccrea Group adopts a system of Early Warning indicators.

The purpose is:

- checking compliance with the Directives issued by the Parent Company;
- classifying the Affiliated Banks according to their risk profile, even in order to properly regulate the exercise of the Parent Company's powers;
- providing preliminary evidence supporting the intervention measures applicable by the Parent Company in accordance with the Cohesion Contract, as well as putting in place the intercompany financial support schemes provided for in the Guarantee Agreement.

The EWS classification process envisages three different overall risk situations (ordinary, stressed, critical) characterized by a gradual degree of bindingness of the Parent Company's instructions.

Depending on the classification of the Affiliated Banks, according to set levels of risk, as well as on the results of the overall control work and of the actions already implemented, Iccrea may put in place the following types of measure:

- a) preventive measures, if it detects symptoms of operational difficulty and/or reports any instance of non-compliance with the obligations undertaken under the Cohesion Contract;
- b) corrective measures, which are applied in the event of anomalies that are such as to compromise the operational, financial and equity balance and business continuity, or the Affiliated Banks' non-fulfillment and/or breach of the Parent Company's Directives and/or the obligations laid down in the Cohesion Contract;
- c) intercompany financial support schemes, when, with reference to each of the Affiliated Banks, the following cases arise:
 - solvency and liquidity needs are reported, and, in particular, in situations in which compliance with prudential requirements and the Supervisory Authority's requests is or may be compromised;
 - solvency and liquidity needs are reported, which are such as to entail the risk of being subjected to the resolution procedures under Legislative Decree 180 of 16 November 2015 or the compulsory winding-up procedure in accordance with the articles of Section III of the Consolidated Banking Act.

The necessary measures in support of the Affiliated Banks, in terms of injections of both capital and liquidity - taking account of the results of the EWS process - are only put in place by the Parent Company, drawing on the financial resources made available by the Affiliated Banks in performing the Guarantee Agreement. In particular, each member bank provides the Parent Company with "Readily Available Funds (RAFs)" in order to ensure that the capital and financial resources necessary to put in place the guarantee measures are promptly available. They consist of an amount established ex ante and an amount that can be called up by the Parent Company when needed (the ex post quota), through contributions in the technical forms provided for under the Cohesion Contract.

At least once a year, the Parent Company shall conduct stress tests on the perimeter of the member banks, aimed at determining the RAFs and, consequently, adjusting the related share of quotas compared to the higher or lower amount already provided to the Parent Company.

3.1.3. Corporate Governance model

GRI 102-18

GRI 102-22

GRI 102-24

GRI 102-25

GRI 405-1

GRI 405-2

The Parent Company is responsible for the internal organization of the Group and ensures that there is a system of corporate governance, which is appropriate to the structure, activities and risks of the Group and its components. In carrying out its management and coordination activities, the Parent Company sets out good governance guidelines in order to ensure that the administration, management and control systems are unified and effective at the consolidated level; in doing this, it takes account of the organizational structures and administration and control models adopted under the articles of association of the Management and Coordination Perimeter Companies and of the complexity of the various risks to which the Group and each company are exposed.

The Group's corporate governance model is based on the following principles of good governance:

- **Company representatives must be fit to take on the administration or control duties assigned to them.** For this purpose, with specific regard to the corporate governance model of the Group's Supervised Companies (banks, financial intermediaries under art. 106 of the Consolidated Banking Act, electronic money institutions [IMEL, *Istituti di Moneta Elettronica*], asset management companies [SGR, *Società di Gestione del Risparmio*]), art. 26 of the Consolidated Banking Act and art. 13 of the Consolidated Finance Act require that company representatives must meet the requirements as to professionalism, good reputation and independence, satisfy criteria of competence and integrity and devote the time necessary for the effective performance of their duties so that they ensure the sound and prudent management of the Supervised Companies.
- **The overall composition of the board of directors and board of statutory auditors must be suitably diversified** not only as to professional ability and competencies, but also in terms of age, gender and term of office in such a way as to encourage exchanges of views and internal discussion between the governing bodies, help a number of different approaches and points of view to emerge when issues are analyzed and decisions are taken, give efficacious support to corporate processes for devising strategies and take the many interests into account that contribute to the sound and prudent management of the company.
- **The tasks and powers of administration and control are distributed in a clear and balanced manner**, without concentrations of power that could prevent correct internal discussion and the creation of organizational structures (such as cross-board committees) with powers that could encroach on the prerogatives of the bodies themselves.

Therefore, the content of the delegated powers must be established analytically and must be clear and precise, also in setting limits in quantity or value and providing for any procedures for their exercise so that the collective body is able to verify precisely that the powers have been correctly used and to exercise its own rights to issue directives or take over powers from other subordinate bodies.

- **Directors act in an informed manner** and in awareness of their regulatory obligations, which are laid down in, among others, the Supervisory Provisions.

All the directors of the Parent Company and of the Management and Coordination Perimeter Companies know the duties and responsibilities associated with their positions and take part in initiatives having the purpose of enhancing their knowledge of what the Group and its companies are and do and of their performance, even having regard to the relevant regulatory framework, in order to be able to carry out their role in an effective manner.

- **The chairman of the board of directors plays a key role in the body.** Chairs must be able to carry out their role as guarantor of the proper functioning of the board of directors and, above all, take responsibility for encouraging effective discussion in the body, ensure that it operates effectively and that all its directors make constructive contributions.
- **The board of statutory auditors must act proactively**, also to prevent anomalies, malfunctioning and irregularities, both working in the companies' interest and always bearing in mind the scenario in which the Group operates. In this regard, the Parent Company's Board of Statutory Auditors must work in close liaison with the corresponding bodies of the Direct Perimeter Companies and Affiliated Banks.
- **There are appropriate safeguards against conflicts of interest within the Group.** More generally, measures are taken against the risk of the closeness of certain persons to the company decision-making centres endangering the objectivity and impartiality of decisions on transactions in which they are involved or of certain action that they may take within the scope of management, coordination and control activities, which would otherwise lead to the inequitable allocation of resources, the exposure of a company to risks that have not been adequately measured or guarded against, or any potential harm to customers and shareholders.

The principles applicable to the process of appointment and selection of company representatives of the Supervised Companies within the Iccrea Co-operative Banking Group are set out in the "**Corporate Governance Policies of the Iccrea Group**" and in the "**Policy on the eligibility of representatives of the Group's Supervised Companies.**" Both regulations were updated by Iccrea Banca Board of Directors' meeting held on 23 December 2021, following a substantial change in the relevant regulatory framework (among the main developments: the issuance of ministerial decree no. 169 of 23 November 2020, implementing art. 26 of the Consolidated Banking Act; the update no. 35 of 30 June 2021 concerning the Circular Letter no. 285 of 2013, Part I, Title IV, Chapter 1 "Corporate Governance"; the publication of the Bank of Italy's Order of 4 May 2021 on "Supervisory Provisions governing the procedure for assessing the eligibility of representatives of banks, financial intermediaries, electronic money institutions, payment institutions and depositors guarantee schemes").

With reference to the stakeholders involved in the appointment process, the Group's Corporate Governance Policies provide as follows:

- the administration and control bodies of the Parent Company and of the Management and Coordination Perimeter Companies are elected by the respective members' Meetings in accordance with the election procedure set out in their articles of association and, if applicable, their election rules;
- the members' Meetings of Direct Perimeter Companies appoint, as members of their respective Boards of Directors, the candidates indicated by the Board of Directors of the Parent Company by means of directives;
- the members' Meetings of Affiliated Banks appoint their governing bodies autonomously, subject to the provisions regarding the powers of appointment and dismissal granted to the Parent Company under the relevant regulations and the articles of association. The election procedure that they abide by is governed by the members' Meeting and election rules adopted by each Affiliated Bank, which take the "standard regulation" laid down by the Parent Company as a model.

Under the criteria in the Policy for the fitness of representatives of the Group's Supervised Companies, their recruitment and for how these bodies are composed in terms of both quality and numbers, they must also be appropriately diversified so as:

- to encourage exchanges of views and internal discussion between the bodies;
- to help a number of different approaches and points of view to emerge when issues are analyzed and decisions are taken;
- to give efficacious support to corporate processes for devising strategies, managing activities and risks and carrying out control over the work of top management;
- to take the many interests into account that contribute to the sound and prudent management of the Supervised Company.

The numbers of the members of boards of directors of Supervised Companies are determined considering the size and complexity of the organizational structure of each Company. According to the principle of proportionality, and in order to ensure that boards of directors are not overloaded, the Affiliated Banks' boards of directors include a number of members complying with the rules in the Standard Articles of Association drawn up by the Parent Company and in particular:

- 5-7 Directors for a "Small-sized Bank" - assets of less than or equal to Euro 250 million;
- 7-9 Directors for a "Medium-sized Bank" - assets greater than Euro 250 million and less than or equal to Euro 3.5 billion;
- 9-13 Directors for a "Large-sized Bank" - assets of over Euro 3.5 billion.

In terms of quality, according to the Policy on the eligibility of representatives updated in December 2021, it is stipulated that the boards of directors of the Group Banks shall take account of the following criteria:

- the composition as a collective body, in order to ensure an adequate balance in terms of age, gender and term of office, provides at least for the following:

- an average age of its members of no more than 65 years;
- at least one member who is less than 45 years old at the time of his/her candidacy (requirement to be assessed only when renewing all or part of the board of directors);
- at least 33% of the members drawn from the less represented gender, in line with the recently updated Supervisory Provisions on the corporate governance of Banks⁵;
- an average total seniority in office of the members - given by the number of mandates already held in the Bank by each Representative divided by the number of directors – covering a period of no more than 5 full mandates;
- at least one member in his/her first term of office, if average total seniority in office of the members covers a period of more than or equal to 3 full mandates;
- as required by the Group's Corporate Governance Policies and the Cohesion Contract, there is provision for the appointment of a director in charge of the internal control system, who shall have adequate expertise on the matter. If the Bank has not set up a Risks Committee, the director in charge of the internal control system must also oversee issues concerning risk activities with regard to associated entities;
- as required by the Supervisory Provisions on Corporate Governance and referred to by the Group's Corporate Governance Policies, there is provision for compliance with the following good practices: (i) at least one member of Board committees, including those that are not obligatory pursuant to the Supervisory Provisions, should be of the less represented gender; (ii) the positions of chairman of the board of directors, chairman of the board of statutory auditors and chief executive officer/general manager must not be held by Representatives of the same gender;
- with reference to the professionalism of Board members:
 - in Banks that are smaller or whose operations are less complex, at most half of non-executive Representatives may be chosen from persons who meet the requirements laid down in art. 8, paragraph 2, of the Decree;
 - at least one of the directors must have theoretical knowledge of and/or practical experience in: (i) subject areas connected with environmental, social and governance (ESG) factors; (ii) subject areas connected with anti-money laundering and the financing of terrorism; (iii) particular or sector-related subject areas that meet the specific needs of the Bank itself and knowledge of or experience in which are considered in the optimal qualitative and quantitative evaluation;

⁵ As far as this is concerned, in order to comply with gender quotas for banks that are smaller or whose operations are less complex, the quota is least 20% of the members of the Body but for not longer than until the first full replacement of the Body, carried out after 1 January 2022, and in any case by no later than 30 June 2024; for subsequent renewals, and in any case by no later than 30 June 2027, the 33% quota also applies to these banks.

- at least two-thirds of the members of the board of directors must have competencies and/or experience in at least 2 of the subject areas referred to in the Policy regarding eligibility for the position; in any case, it is a requirement that no failings should be found on the part of the chairmen of the banks' boards of directors from this point of view.

The boards of directors of the Group's financial intermediaries under art. 106 of the Consolidated Banking Act, Electronic Money Institutions and Asset Management Companies are composed according to the same principles as those provided for the Group Banks reported with the exception of what is provided with reference to professionalism. With regard to gender diversification, for these Companies it is a requirement that at least 20% of the members of the board of directors should be of the less represented gender.

The recent update of the company policies on the eligibility of representatives and bodies of the Supervised Companies lays down rules on the adequate optimal composition, even in relation to the boards of statutory auditors.

In particular, from a merely qualitative standpoint, the composition of the boards of statutory auditors of the Group Banks, as a collective body, in order to ensure an adequate balance in terms of age, gender and term of office, provides for the following characteristics:

- an average age of its actual members of no more than 65 years;
- at least 33% of the actual members drawn from the less represented gender⁶;
- alternate auditors are representatives of both genders; the alternate auditor of the less represented gender among standing auditors is chosen from among those registered in the list of certified auditors who have practiced statutory auditing for a period of not fewer than three years;
- with specific regard to the criterion of term of office, the requirements, if any, set forth in the respective articles of association shall apply;
- with reference to the professionalism of the standing and alternate members of the Board of Statutory Auditors:
 - at least one of the standing auditors and at least one of the alternate auditors shall be chosen from among those registered in the list of certified auditors who have practiced statutory auditing for a period of not fewer than three years;
 - at least two standing auditors must have competencies and/or experience in at least 2 of the subject areas referred to in the Policy regarding eligibility.

The table below shows the composition of the Board of Directors at the Parent Company level and for the Group as a whole.

TABLE 405-1a)

⁶ As far as this is concerned, in order to comply with gender quotas for banks that are smaller or whose operations are less complex, the quota is least 20% of the members of the Body but for not longer than until the first full replacement of the Body, carried out after 1 January 2022, and in any case by no later than 30 June 2024; for subsequent renewals, and in any case by no later than 30 June 2027, the 33% quota also applies to these banks.

2021

No. of members of the BoD of Iccrea Banca	Men	Women	Total
Under 30	-	-	-
Between 30 and 50	1	-	1
Over 50	11	3	14
Total	12	3	15

TABLES 102-22)

Composition of the Group's BoD	2021	2020	2019	Var.%21-19
Women	199	181	185	7.57%
Men	968	1,045	1,188	-18.52%
Total BoD by Gender	1,167	1,226	1,373	-15%
Under 30	-	1	8	-100%
Between 30 and 50	253	269	296	-14.53%
Over 50	914	956	1,069	-14.50%
Total BoD by Age Group	1,167	1,226	1,373	-15%

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Total BoD by Age Group	1,167	1,226	1,373

The table below shows the rate of attendance at the Board of Directors' meetings, broken down by Affiliated Banks and Group Companies (Direct Perimeter and Indirect Perimeter).

NUMBER OF MEETINGS AND ATTENDANCE RATE

	2021			2020			2019	
	Banks	Companies	Total	Banks	Comp anies	Total	Banks/ Compa nies	Total
Number of BoD meetings	3,515	53	3,568	3,783	33	3,816	3,936	3,936
BoD meeting attendance	97.03%	99.00%	97.06%	94.53%	99.00%	94.57%	91.02%	91.02%

GRI 102-25

Management of Conflicts of Interest and Related-party Transactions

The “Group’s Policy for the Management of Conflicts of Interest and Related-party Transactions” constitutes the internal rules of reference governing safeguards against conflicts of interest inherent in related-party transactions for resolutions falling within the scope of application of art. 136 of the Consolidated Banking Act and art. 2391 of the Italian Civil Code, as well as, where applicable, conflicts of interest connected to the Articles of Association of Co-operative Banks and the application of the Early Warning System. This Policy lays down the principles and rules for detecting, evaluating, managing, mitigating and preventing situations that involve the interests of certain persons close to the decision-making centers of the Parent Company and of the Group Companies, so that any such interests are not of prejudice to the impartiality and objectivity of the Group’s operations, and do not lead to possible inequitable processes of the allocation of resources and the Group’s exposure to risks that have not been adequately measured or guarded against and potential damage to customers and shareholders. The Policy implemented the provisions of the CRD-V Directive in its latest update in January 2022. As part of this, the framework of obligations and responsibilities for handling the following new cases has been defined:

- the identification of a further number of persons in a potential conflict of interest (“Related Parties”);
- the recording of loans connected with them so that they can be notified to the Supervisory Authority, if required.

Diversity and equal opportunities

Following the updating of the Supervisory Provisions on Corporate Governance (Bank of Italy’s Circular letter no. 285 of 2013) the Supervisory Authority has given the Body responsible for strategic oversight the duty of approving a policy for the promotion of diversity and inclusivity. The Group considers that promoting a diversity and inclusivity culture and putting it into practice is essential for guiding and managing change and

innovation responsibly, including in line with the principles stated by the “Charter of Co-operative Banking Values”, the “Code of Ethics of the Parent Company” and the “Group Charter of Commitments on Human Rights.”

In this area, the Group adopted the Diversity and Inclusion Policy in January 2022, which sets out the measures taken by the Group to foster a corporate culture free of all forms of discrimination, while creating organizations that recognize the value of diversity, pilot it effectively through inclusive criteria, practices and processes and ethical and responsible actions, generate an accessible and respectful work environment, communicate inclusively and promote and support the principles of diversity and inclusion actively.

According to this Policy, its principles must be referred to for each of the business processes that have been scrutinized (e.g. Employer branding; recruiting, selection and onboarding; performance appraisal; training; professional development; pay and system of incentives; long leave; flexibility and work-life balance); they must be taken into consideration in order to ensure equal opportunities and an inclusive approach.

In order to be able to also check that the principles laid down in the Policy are put into actual practice over time, and consequently take any necessary corrective action in line with the Group strategies, specific sets of indicators have been laid down to measure, monitor and report the situation at the start and afterwards the progress made and the results achieved, in order to foster the cultural change in these matters.

In 2021, with the aim of promoting a culture of diversity and inclusion, the Group joined the **Valore D** Association, which promotes gender balance and a more inclusive culture for the growth of businesses and the country itself and bases its activity on the principle that giving its due importance to gender diversity and also different generations and cultures is a factor of innovation, competitiveness and then of growth. Valore D provides concrete tools and clear indicators to monitor and increase the degree of inclusion of diversity within the organization.

The Group joined Valore D in order to enhance the value of its belonging to **iDEE – Associazione delle donne del Credito Cooperativo**, an association for female staff in Italian Co-operative Banks of which the Group has been a member for some time, founded in 2004 to promote and enhance the presence, importance and contribution of the system’s women, while fostering equal opportunities. The Association contributes to the creation and dissemination of a culture of equality, encouraging discussion and the exchange of best practices by arranging meetings and educative events, publications and feature articles and the creation of projects and dedicated tools.

Iccrea Banca is a signatory of the **Donne in banca: valorizzare la diversità di genere** (“Women in the bank: value gender diversity”) Charter, which was promoted by ABI, the Italian Banking Association, in 2019. The Charter then constitutes an instrument at the business world’s disposal that sustains commitment to equal opportunities, including in line with the provisions of the regulations in force. The Italian Banking Association’s objective is

further to enhance the value of gender diversity, seeing it as a key resource for development, sustainable growth and the creation of value in enterprises of all types.

The table below provides data regarding Group employees, broken down by position and age group.

GRI 405 -1b

EMPLOYEES BY CATEGORY AND AGE GROUP

No. of employees by category and age group	2021			2020			2019		
	Men	Woman	Total	Men	Woman	Total	Men	Woman	Total
Employment category									
Executives	366	28	394	379	27	406	384	25	409
Under 30	0	0	0	0	0	0	0	0	0
Between 30 and 50	49	5	54	53	5	58	68	7	75
Over 50	317	23	340	326	22	348	316	18	334
Managers	4,738	1,647	6,385	4,720	1,592	6,312	4,668	1,542	6,210
Under 30	3	3	6	4	4	8	4	5	9
Between 30 and 50	1,663	682	2,345	1,683	687	2,370	1,839	751	2,590
Over 50	3,072	962	4,034	3,033	901	3,934	2,825	786	3,611
Office staff	7,637	7,668	15,305	7,766	7,658	15,424	7,882	7,657	15,539
Under 30	505	483	988	384	414	798	390	412	802
Between 30 and 50	4,543	5,119	9,662	4,847	5,365	10,212	5,210	5,599	10,809
Over 50	2,589	2,066	4,655	2,535	1,879	4,414	2,282	1,646	3,928
Total	12,741	9,343	22,084	12,865	9,277	22,142	12,936	9,224	22,158

EMPLOYEES BY CATEGORY AND AGE GROUP –% DISTRIBUTION

%. of employees by category and age group	2021			2020			2019		

EMPLOYEES BY CATEGORY AND AGE GROUP –% DISTRIBUTION

Employment category	Men	Woman	Total	Men	Woman	Total	Men	Woman	Total
Executives	93%	7%	100%	93%	7%	100%	94%	6%	100%
Under 30	0%	0%	0%	0%	0%	0%	0%	0%	0%
Between 30 and 50	91%	9%	100%	91%	9%	100%	91%	9%	100%
Over 50	93%	7%	100%	94%	6%	100%	95%	5%	100%
Managers	74%	26%	100%	75%	25%	100%	75%	25%	100%
Under 30	50%	50%	100%	50%	50%	100%	44%	56%	100%
Between 30 and 50	71%	29%	100%	71%	29%	100%	71%	29%	100%
Over 50	76%	24%	100%	77%	23%	100%	78%	22%	100%
Office staff	49.8%	50.2%	100%	50.4%	49.6%	100%	51%	49%	100%
Under 30	51.1%	48.9%	100%	48%	52%	100%	49%	51%	100%
Between 30 and 50	47%	53%	100%	47.5%	52.5%	100%	48%	52%	100%
Over 50	55.6%	44.4%	100%	57%	43%	100%	58%	42%	100%
Total	57.6%	42.4%	100%	58%	42%	100%	58%	42%	100%

GRI 405-2

The data relating to the **Group's Gender Pay Gap**⁷ are reported below.

There has been no significant deviation between pay for men and women in the "Professional Area" and "Middle Managers" categories during the period of observation (2019-2021); gender pay gap figures stand in fact at 94% and 91% for 2021, respectively (see "total salary").

On the other hand, the figure relating to the "Executive" category stood at 76% in 2021, with an increase, however, equal to 9% compared to 2019 and 6% compared to 2020 (see "total salary"). This shows that there has been a substantial improvement during the period of observation.

GENDER PAY GAP – BASIC SALARY			
Category	2021	2020	2019
Executive	76%	69%	66%
Middle Manager	92%	92%	92%
Professional Area	95%	94%	95%

GENDER PAY GAP – TOTAL SALARY			
Category	2021	2020	2019
Executive	76%	70%	65%
Middle Manager	91%	91%	91%
Professional Area	94%	93%	94%

Remuneration Policies

GRI 102-35

GRI 102-36

GRI 401-2

The **Remuneration and Incentive Policy**, which has been drafted pursuant to the provisions of the current "Provisions on remuneration and incentive policies and practices in banks and banking groups" of the Bank of Italy (Circular Letter no. 285 of 2013), was set down by the Parent Company by taking account of the cooperative credit structure of the Group and the mutualistic DNA of Affiliated Banks, with the aim of applying the relevant

⁷ The values for 2020 and 2019 differ from those published in the 2020 CNFS because the analysis carried out in relation to the reporting year takes account of the data relating to FTEs. This indicator is calculated on the number of paid employees as at 31 December 2021.

regulations organically, as well as of ensuring compliance with applicable minimum requirements.

The Remuneration and Incentive Policy, which was updated in 2021, is adopted by the Direct Perimeter Companies by a resolution passed by their respective Members' Meetings for the Banks and the SGR, as well as by the respective competent bodies for any other Company. The Policies also apply to the Affiliated Banks, which are responsible for compliance with the regulations directly applicable to them, in accordance with the principle of proportionality, and for the proper implementation of the guidelines issued by the Parent Company.

Affiliated Banks put the Parent Company's guidelines in a document of their own, which is drawn up on the basis of the standard set out by the Parent Company and is submitted to the competent bodies (Board of Directors and members' Meetings) for their approval.

The Iccrea Co-operative Banking Group applies its Remuneration Policies with the aim of ensuring the best alignment between the interests of the Members, the Management and all Stakeholders, through a proper correlation between the results that are achieved and sustainability.

The Policies constitute an important operational lever for Directors, Management and all those who hold key roles within the organization, assisting the Group's governance, competitiveness, attractiveness and the maintenance of the professional competence required to meet the needs of each of the Group Companies. In accordance with the main pillars of the new Strategic Plan, the 2021 Remuneration Policies provide for new elements aimed at further aligning the interests of personnel with those of all Group Stakeholders.

Remuneration system for Corporate Bodies

The remuneration system of the Corporate Bodies is based on compliance with the regulations in force and is inspired by the cooperative principles of mutual banking without the aim of private speculation. Remuneration is proportionate to the work performed and the efforts made, including in terms of time available and taking account of the importance of the position held and related responsibilities.

Specifically, the members of the Board of Directors:

- receive fixed remuneration established by the Members' Meeting and the reimbursement of the expenses that are actually incurred to perform their duties;
- do not receive variable remuneration depending on the achievement of results;
- hold "accident" and "third party liability" insurance policies, as defined by the Members' Meeting or by the Board of Directors on a mandate by the Members' Meeting.

Furthermore, the Directors who hold executive positions can receive an additional fixed remuneration established by the Members' Meeting and the reimbursement of expenses that are actually incurred for the performance of their duties.

In accordance with Article 2389 of the Italian Civil Code, the Board of Directors - upon proposal of the Remuneration Committee and having heard the Opinion of the Board of Statutory Auditors – set the remuneration of Directors who hold specific positions, by linking their fees to the efforts they have made and the responsibilities they have assumed in compliance with the relevant resolutions passed by the Members' Meeting.

Finally, it should be noted that in no case may the total fees due to the Chairman of the Board of Directors exceed the fixed remuneration received by the General Manager. Specifically, the members of the Board of Statutory Auditors:

- receive fixed remuneration established by the Members' Meeting for their entire term of office and the reimbursement of the expenses that are actually incurred to perform their duties;
- do not receive variable remuneration depending on the achievement of results;
- hold "accident" and "third party liability" insurance policies, as defined by the Members' Meeting or by the Board of Directors on a mandate by the Members' Meeting.

The Group Companies that have opted not to appoint the Board of Statutory Auditors as the Supervisory Body (hereinafter also referred to as "SB") in accordance with Legislative Decree no. 231 of 2001 pay the latter's members – as a guarantee of the independence and autonomy of the function and of the diligent performance of their duties - a fixed remuneration set in advance by the Board of Directors for the entire period of their term of office, based on market conditions and the responsibilities they have assumed. The Chairman may receive a higher remuneration than the fees due to the other members of the SB. In no case may these persons receive a variable remuneration linked to the results achieved by the company or by the SB itself.

Remuneration of employees

The pay package reserved for employees is structured on the basis of the following components:

- fixed remuneration and benefits that are normally associated with this component;
- variable remuneration;
- recognition of goods and services in the form of company welfare (e.g. training activities, study and education courses, welfare services).

GRI 102-38

The table below shows the breakdown of the ratio between the annual remuneration of the individual to the highest remuneration within the organization and the median values of the total annual remuneration of all employees⁸.

Year	2021	2020
Pay Rate ⁹	25.51	23.56

The general criteria of the remuneration and incentive Policies are accessible to all staff members, respecting each person's right to confidentiality. The criteria on which performance appraisals are based are clear and predetermined and the decision-making process is properly documented and made transparent to each person concerned.

3.2. The Parent Company's organizational and ownership structure

GRI 102-18

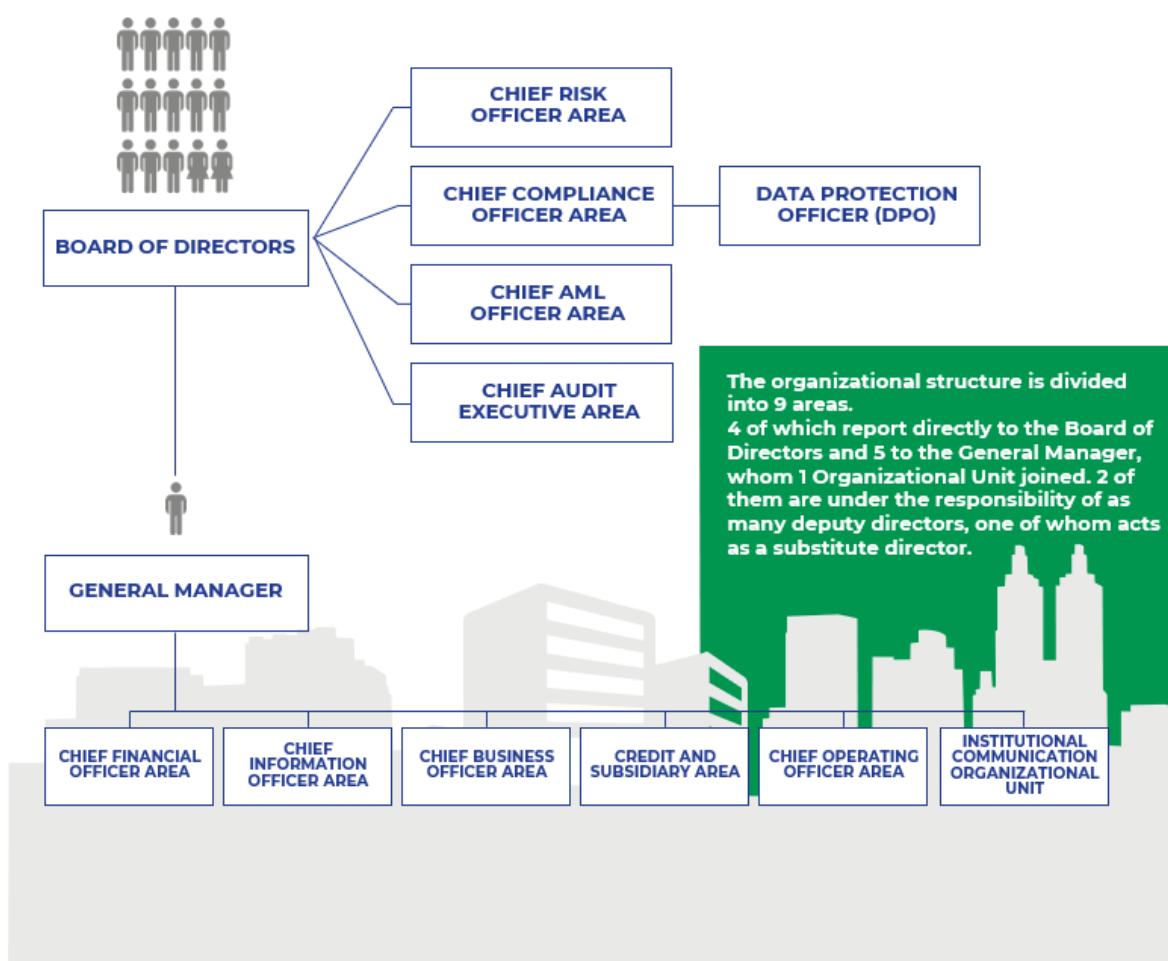
The organizational structure of the Parent Company is based on the operating model and the strategic-operational activities required by the relevant legislation and the Cohesion Contract, which can be summarized in the macro-areas of: (i) management, coordination, policy and control; (ii) provision of services to Affiliated Banks and Direct Perimeter Companies; (iii) carrying out the activities of the Parent Company.

However, the Parent Company's organization operates through a structure based on several levels in the chain of command. The first-level functions report to the Board of Directors (in the case of Corporate Control Functions - CCFs) or to the General Managers; they mainly group together organizational units carrying out activities that are coordinated with or complementary to each other and that are linked to functional and operational approaches and/or belong to the same technical and operational area, ensuring the performance of the duties required to carry out the activities of the Parent Company and to coordinate the choices and operations of the units under their supervision.

⁸ The cause of the variation in the ratio is the payment of the variable components settled during 2021 after audits of compliance with the conditions for access to the bonus pool, the outcome of which, unlike the preceding year, was positive: proportionately, this determined a greater impact on the person with the highest pay compared to the median values of the remuneration of all employees. Further information can be found in the 'Remuneration Report'.

⁹ Pay rate is calculated as the ratio of the person with the highest pay to the average of the median values of employees as at 31 December 2021, excluding the person with the highest pay.

ORGANIZATIONAL STRUCTURE OF THE PARENT COMPANY: ICCREA BANCA



Substantial organizational and operating model changes were made during 2021 in order to bolster sustainability governance and, in general, to enhance the Group's overall efficiency, ensure simplification and streamline models and processes and lead to greater specialization in the various spheres of competence.

As regards particular ESG action and as mentioned above, in addition to updating Corporate Governance Policies, attention was given to the ESG coordination function at Group level – Group Sustainability & ESG Strategy Organizational Unit – in order to shape its mission and structure in a manner consistent with the new legislative and market scenario and to the Risk Management Function, forming a function in the CRO Area devoted to the coordination of the processes of identification, evaluation and management of ESG risks (ESG Risks and Cross-functional Activities Organizational Unit).

Additional actions taken during the year included the following:

- as a result of the corporate transaction whereby Iccrea BancaImpresa's lending business segment was transferred to the Parent Company, the operational and organizational model for Corporate financing (ordinary credit, special-purpose credit,

foreign operations and corporate finance) was reviewed. The new model set out provides for, among others:

- the Parent Company office for the development of products offered to business customers on the part of both Iccrea Banca and Iccrea BancaImpresa, strengthening specialist expertise in particular forms of product and customer segments (structured finance, foreign operations, subsidized funding, agriculture, tourism, etc.);
 - model and process synergies and efficiencies within the typical phases of lending process.
- The Parent Company's operational and service model for Affiliated Banks (whereby Local Office functions in their capacity as the Parent Company's proximity banking offices working with Affiliated Banks were involved and acted as intermediaries in certain service areas¹⁰) were also reviewed, introducing a "direct model" in which the head office units concerned are in direct contact with the Affiliated Banks for the performance of related service processes;
 - work was completed on strengthening the local model by revising the Parent Company's commercial operational model, reallocating the responsibility for the commercial oversight of the area from Commercial Divisions (Retail and Corporate) to Local Market Areas.
- As part of the work to enhance the CBO Area's operational model, the following measures were also put in place:
 - the evolution of the logic for interaction and engagement models of the Organizational Units dedicated to the development and delivery of specialist products (Foreign Operations and Tourism), by introducing "product specialist roles" in support of local sales units and Affiliated Banks;
 - establishing a single Commercial Division (Private and POE Division) in order to foster full synergies and efficiencies in the processes relating to Retail, Private & Wealth Management;
 - bolstering the Corporate Division's internal oversight of the management and structuring of transactions and instruments financed/co-financed with funds from national and supranational bodies;
 - the organizational structure of the e-money sector was revised to improve the areas of business development/innovation and services to the Group's customers and set up a center of competence of the system for the prevention and management of the risk of fraud on products and services in this sector; furthermore, with a view to the planned corporate spin-off of the Parent Company's e-money business segment, which will lead to the start-up of BCC PAY in 2022, the Board of Directors set out and approved the future related organizational structure of both the Parent Company and the new Group Company;

¹⁰ Specifically, Local Office functions handled service activities relating to the following areas: Planning and Management Control, Administration and Budget, Tax, General Counsel, Human Resources and Organization.

- a special organizational unit was formed to cover Payment Systems (Fraud Management) security issues;
- the operational model relating to the Business Continuity Plan was revised, with a review of the related responsibilities;
- the centralization of the Risk Management Function in the Parent Company was completed as a form of outsourcing, including for the Direct Perimeter Companies, in line with the model already adopted by the other Control Functions and also with the model already in being for Affiliated Banks. Organizational changes were also made to the Parent Company's CRO area for the continuous improvement of the control of its spheres of competence; to be mentioned among these is the centralization of all Group Risk Management and Risk Strategy (both for the Parent Company and Affiliated Banks and Direct Perimeter Companies) issues in a single organizational unit reporting directly to the CRO Area itself and the increasingly deeper integration of Risk Management between head office functions and local Risk Managers. Again with reference to the CRO Area, measures were put in place to develop the Operational & IT Risk Management framework connected with the Risk Assessment process on operational and IT risks;
- further organizational changes were made in the context of the day-to-day ongoing evolution of the Parent Company, as a result of developments in the areas of business concerned, to meet the need to comply with mandatory changes in law (e.g. actions necessary for full compliance with the relevant regulations) and also so that improvements in models and processes could be made with a view to an increasingly higher degree of efficacy and efficiency.

Therefore, the present organizational model of the Parent Company provides as follows:

- second and third-level Corporate Control Functions (CCFs), which report directly to the Board of Directors and are organized into the following areas: Chief Audit Executive (CAE); Chief Risk Officer (CRO); Chief Compliance Officer (CCO), which incorporates the Data Protection Officer function; and the Chief AML Officer (CAMLO). Each Function has its own local structure through which control activities on behalf of the Affiliated Banks are outsourced. Corporate Control Functions are fully centralized and operate on an outsourced basis for all Group companies (Affiliated Banks and Direct Perimeter Companies concerned for which FACs are envisaged). For further details, please see the more complete discussion concerning the Internal Control System.
- Organizational Functions/Areas that report directly to the General Manager:
 - Chief Financial Officer (CFO) Area;
 - Credit and Subsidiaries Area;
 - Chief Operating Officer (COO) Area;
 - Chief Business Officer (CBO) Area;
 - Chief Information Officer (CIO) Area;
 - Institutional Communication OU.

Shareholders of Iccrea Banca, the Parent Company of the Iccrea Co-operative Banking Group

Breakdown of capital by type of shareholder at 31/12/2021				
Type of shareholders	no. of members	no. of shares	Nominal value of shares	% shareholding
Affiliated co-operative Banks	177	25,755,215	1,330,256,854.75€	94.95%
Central-level Banks	2	332,033	17,149,504.45€	1.22%
Cooperative Bank Federations	14	247,540	12,785,441.00€	0.91%
Other entities	5	751,411	38,810,378.15€	2.77%
Other Banks	4	39,560	2,043,274.00€	0.15%
Total	202	27,125,759	1,401,045,452.35€	100%

3.2.1. Sustainability governance

GRI 102-20

GRI 102-30

The Group has put in place a system of sustainability governance to integrate the three ESG (Environmental, Social and Governance) factors into the design of strategies and into operating and control processes, which is based on precise centers of responsibility. This system promotes engagement among corporate bodies and areas across the organization and gives top priority to the creation and distribution of value to all our stakeholders.

The Board of Directors sets out the Group's sustainability guidelines and strategies, with specific regard to the objectives of sustainable finance and the integration of environmental, social and governance factors into corporate decision-making processes.

It is responsible for integrating ESG-related objectives into the business plan, the risk management and internal control system and remuneration policies. Specifically, the Sustainability Plan and Group policies and guidelines in the area of sustainability are therefore approved by the Board of Directors.

In addition, the Board of Directors evaluates and approves the Consolidated Non-Financial Statement (CNFS), which highlights the Company's achievements in the field of Sustainability, including as a result of the stakeholder engagement process and the identification of "material topics".

Therefore, action on the part of the Board of Directors takes the form – both on the strategic and on the regulatory compliance and risk management front - of in-depth and ongoing encouragement and supervision of matters capable of giving life to projects and activities that have the capacity to facilitate and assist in sustainable transition in the tradition of the support that Co-operative Banks historically give their local areas.

In the course of 2021, the following regulatory provisions concerning the corporate governance of ESG issues were adopted:

- the Group's Corporate Governance Policy provides for the Parent Company to appoint a director with powers in ESG matters or an ESG Committee; Management and Coordination Perimeter Companies may make provision for the appointment of a director with powers in ESG matters or an ESG Committee. The functions of this director and the ESG Committee are to be consulted, to examine proposals and to make proposals themselves on sustainability issues;
- the Policy on the eligibility of representatives of Supervised Companies stipulates that, in the boards of directors of the Group Banks, at least one of the directors must have theoretical knowledge and/or practical experience in areas related to environmental, social and governance (ESG) factors.

Also in progress is work on the revision of the Group Banks' boards of directors rules, which will require boards to take various aspects into consideration in laying down company strategy, which also include sustainable finance objectives and, in particular, the integration of environmental, social and governance factors into the processes relating to corporate decision-making processes.

Executive Director for Sustainability

Since May 2019, the Board of Directors has been supported by an Executive Director for Sustainability, assisted by a Sustainability Science Committee and the Group Sustainability & ESG Strategy Organizational Unit, which assists it by carrying out its functions of being consulted by and making proposals to the Body responsible for strategy supervision. The Executive Director for Sustainability oversees issues in this field in the framework of the relevant powers, in accordance with the general and strategic guidelines set out by the Board of Directors. Specifically, this Director is granted powers to prepare and monitor the Sustainability Plan and to supervise and prepare the Consolidated Non-Financial Statement (NCFS).

Sustainability Science Committee

The Sustainability Science Committee is a non-board committee with an advisory function, chaired by the Managing Director and composed of representatives of the Group's main stakeholders, namely the Co-operative Banks and the world of universities, associations and businesses. Its main function is to give the Managing Director an external and strategic point of view regarding sustainability objectives, support him/her in developing the Sustainability Plan, promote a culture of sustainability inside and outside the Group, help to establish topics that are material for the purposes of strategy and report on its proceedings. The composition of the Science Committee is renewed every three years.

As regards the arrangements referred to above, the assignment of powers in ESG matters to a specific ESG Committee in place of the Managing Director is being finalized, in line with the Group's greater and greater attention to ESG and the gradual changes in the governance structure involved. This measure, one of the purposes of which is to enhance stakeholder trust in the Group's capacity to deal with sustainability issues and manage the associated risks, will also entail a change to the extent to which external experts in the matter are engaged – under the new system by the ESG Committee - for certain themes in order to support the Committee in their work of analysis and evaluation.

Group Sustainability & ESG Strategy

The Group Sustainability & ESG Strategy Organizational Unit is the focal point for sustainability topics at Group level, submitting proposals and acting as a coordinator. Its work follows these main lines of action: (i) definition and monitoring of sustainability strategies; (ii) integration of ESG factors into corporate processes and coordination of any related project; (iii) preparation of the Consolidated Non-Financial Statement (CNFS); reporting the Group's results in the ESG sphere compared with the stated objectives and commitments; and (iv) interaction with the Group Companies and Trade Associations with the aim of supporting the Group in its path to sustainable development.

Other organizational units with sustainability expertise

The “ESG Risks and Cross-functional Activities” organizational unit was formed in the CRO Area. It coordinates the work concerning the processes of identification, measurement and management of ESG risks, as well as development and consolidation routes towards the full integration of ESG risks with the broader framework of Group Risk Management.

Moreover, further important action is being taken, including finding instruments for the management of the risk of non-compliance with the ESG regulations within the Compliance function and the creation of technical/operational safeguards in individual areas of the Parent Company and of the Group companies (ESG Ambassadors) as an interconnection with the Group Sustainability & ESG Strategy function formed in the Parent Company.

Sustainability management policies

At present, the following Policies are applicable at Group level:

Policy for the integration of ESG into investment services

This sets down the Group’s commitment to assist in economic and sustainable growth, preferring, in selecting investments, enterprises that follow virtuous practices regarding the use of production methods that respect the environment, ensuring working conditions that are inclusive and mindful of human rights and the adoption of the best standards of corporate governance. In adopting the (SFDR) Sustainable Finance Disclosure Regulation, the Policy fosters knowledge of ESG investment matters within the Group and towards stakeholders and assists in the application of responsible investment principles and processes in order to avoid investments that are not in line with the tenets of ethics and integrity that are the basis for the Group’s manner of operating.

Group Policy on the Consolidated Non-Financial Statement

The aim of this policy is to regulate the phases, timing, roles and responsibilities and activities of the various persons involved in the reporting process.

In this framework, it should be noted that the Group’s Sustainability Policy is in the finalization phase. Its intention is to set out the overall structure of the governance, management, control and disclosure of sustainability matters, also taking in the two Policies referred to above as separate sections with the intention of building a single company regulatory framework.

A set of other corporate policies and processes are also being updated in line with the renewed regulatory framework of reference, particularly with regard to credit and risk management processes.

Charters of Commitments

In 2021 the Charter of Commitments of the Environment and Combating Climate Change and the Charter of Commitments on Human Rights were also issued at Group level, which define, respectively, the Group's commitment to effectively prevent, manage and, where possible, reduce the environmental impact (both direct and indirect) resulting from its operations and to ensure the protection of human rights and communities, as well as to promote the values of inclusion, mutual benefit and solidarity among its communities.

In addition to the above provisions, it should also be noted that the "*Group Policy on the Granting and Execution of Credit*" provides for the definition of the activities and economic sectors that, although included among legal activities, may not be financed¹¹.

In detail, reference is made to:

- manufacture, distribution and marketing of weapons (with the exclusion of weapons for sporting or recreational activities), equipment and systems that can be used for military purposes only. It should be noted that no exceptions are allowed for certain cases that are properly identified within the Due Diligence Policy for Affiliated Banks;
- manufacture, distribution and marketing of equipment for betting, video-poker, slot-machines, etc.;
- setting up and operation of gaming and betting halls;
- all sectors relating to pornography (e.g. sex shops, pornographic publications, etc.).
- We Buy Gold shops;
- Money Transfers;
- Management and administration trust companies that use omnibus accounts.

¹¹ Subject to any waiver on the part of the Board of Directors or the Executive Decision-making Bodies to which it has delegated powers. Any operations in the aforementioned sectors must be accompanied by adequate reasons for their viability (e.g. the project's importance to the economy, morality of the members, prevailing activity of the company as opposed to that activity which cannot be financed, etc.).

3.3. Risk management process and Internal Control System

GRI 102-15

The Risk Management Policy represents the reference model in organizational and process development and in the systematic execution of all the operational and business activities performed by Group Companies and is an integral part of the Risk Management Process (RMP), developed and implemented in accordance with the reference regulatory framework. The RMP is subject to continuous evolution depending on the changes in the framework itself, as well as on those occurring in the market and in the Group's operational environment.

The RMP is structured in five phases that represent the general organizational manifestation of the Group's risk assumption and management framework:

1. Risk identification (knowledge): this requires that each process and/or operational and business activity that involves the assumption or management of risks on an ongoing basis provide for the identification of the underlying types of risk and the factors that drive them. This phase is especially significant at the start of new initiatives, in implementing new strategies (business, organizational and infrastructural development, etc.) but is also important in existing activities in the presence of changes in the surrounding context (market, operational, regulatory, etc.).
2. Assessment/measurement of the identified risks (awareness): this requires that the level of risk connected with the activities performed be assessed/measured for each of the various types of identified risk. This phase is especially important in understanding the dynamics of the risks involved and in forecasting (or estimating) their developments in relation to developments in the underlying risk drivers and the possibility of adverse events that could jeopardize achievement of expected results or generate losses. The preceding step is also based on a methodological framework for the assessment/measurement of each type of risk assumed and/or managed, which has been defined and implemented consistently with the provisions of internal rules and in compliance with the applicable regulatory framework (and for this purpose recall the role played by Corporate Control Functions in this field, each in their respective area of responsibility).
3. Risk prevention and attenuation (strategy): this consists in the ex-ante identification, both at the organization stage and the current execution of operational and business activities, of the possible approaches to preventing and attenuating adverse developments in the risks assumed and/or managed. After a cost/benefit analysis of the risk/return trade-off, this phase involves establishing the actions (or techniques) necessary to prevent the occurrence of adverse internal or external events or to attenuate the impact of an adverse event or development. In any case, such actions are intended to guide the evolution of the possible risk scenarios underlying operations within the Risk Appetite levels established for the individual operating or business segment.

4. Monitoring and reporting (tracking and control): this consists of the set of monitoring and ongoing assessment (measurement) activities tracking the dynamic evolution of the risks underlying operating and business activities carried out in each segment, using methods consistent with the established methodological framework, providing for reporting at the frequency and levels established in the applicable internal rules for the segment, and functionally preliminary in terms of timeliness, accuracy and effectiveness to the decision-making process underlying the subsequent management and mitigation phase (recall the role played by Corporate Control Functions in this field too, each in their respective area of responsibility).
5. Risk management and mitigation (reaction and proactivity): this phase comprises the activities and actions that must be established for each operational and business segment to manage the development of the risks assumed, to mitigate any adverse impacts on expected results in the event of unfavorable actual or expected (estimated) developments, also assuming the constant monitoring of the results of the activities performed. The most important operational and business sectors perform entire corporate processes dedicated to these activities, with corresponding organizational arrangements specifically established for their performance. A critical success factor for the effectiveness of risk management and mitigation activities is the presence of a decision-making process to identify the activities themselves and their evolutionary/corrective maintenance that is soundly based on the results of the monitoring and reporting activities in the previous phase.

The Internal Control System (ICS) operates on the RMP, which must, in general, ensure the completeness, adequacy, functionality (in terms of effectiveness and efficiency) and reliability of the RMP and its consistency with the Risk Appetite Framework (RAF). The structure of the ICS was designed in line with the Group's organizational structure and takes account of the specific operations and associated risk profiles of each of the companies that comprise the Group.

The RAF is intended to explicate the medium/long-term vision of the desired risk profile for the Group as a whole and for each Group company, defining the risk area within which the management functions must operate in the pursuit of corporate strategies.

The RAF sets out - consistent with the maximum risk that can be assumed (Risk Capacity), the business model and the Group strategy, the operational Plan and the company incentive system - the risk objectives or propensity (Risk Appetite) and the tolerance thresholds (Risk Tolerance), while also taking account of any possible adverse scenarios. According to the RAF, consistent operating limits are set out within the overall framework of the Risk Management Policy. The latter in turn constitutes the company regulatory interpretation of the "rules" for assuming and managing risks and forms an integral part of the RMP.

Within this framework, the risk objectives underlying the development and management of the corporate strategy are formalized within the Risk Appetite Statement (hereinafter "RAS").

In preparing the Group's RAS, the Parent Company takes account of the overall operations and risk exposure of the Group as a whole and of the companies included within the scope

of management and coordination. In terms of governance and responsibility for the overall system of the Internal Control System, the model adopted by the Iccrea Co-operative Banking Group hinges upon the responsibilities of the Parent Company for defining strategies, processes and control methods, tools, mechanisms and standards for planning and reporting activities, as well as the execution of second- and third-level controls.

Coordination within the Group is ensured not only by the proactive efforts of the Parent Company, but also by the existence and ongoing relevance of the methods of governance for the Affiliated Banks and for the other Group Companies in relation to the organizational model underlying creation of the IMBG.

The Group has outlined a model for the centralized governance of Corporate Control Functions, according to which the Parent Company regulates the operational criteria and the main powers of the Corporate Control Functions, while also defining the relationships between them and with corporate bodies. In line with the model adopted, the Parent Company is responsible for providing the Group with a single internal control system that allows effective control over both the strategic decisions made by the Group as a whole, and a balanced management of each component.

As part of its management, coordination and control activities, the Parent Company sets out the structure of the Corporate Control Functions and their organizational and operational set-up, while defining:

- organizational structure and reporting, tasks and responsibilities, operational model and methodological framework, information flows and coordination methods between the Functions themselves;
- procedures that ensure, at centralized level and for each component of the Group, an effective organic process for the identification, measurement, assessment, management and control of the risks assumed by the Group, including cybersecurity and business continuity risks, while also overseeing the correct functioning of the process and putting the activities in place that are necessary for its methodology, organization and procedures to be reviewed regularly;
- periodic information flows that ensure that the Parent Company can properly fulfill its responsibility for controlling and monitoring all Group components effectively, also by means of mechanisms for the integration of data management processes information systems and checking their quality and integrity;
- procedures for coordination and communication between the Parent Company and the Group Companies in relation to any and all business areas in which the Group operates.
- Completing the Internal Control System are the first-level functions, i.e. all the operational and business structures that perform controls on their own business processes and the units dedicated solely to carrying out controls in specific operating environments.

For this purpose, the Group has set up specific Corporate Control Functions, provided with autonomy and independence, dedicated to ensuring the proper and efficient functioning of

the Internal Control System, and reporting directly to the Board of Directors of the Parent Company:

- the Compliance function (CCO Area) – second-level control;
- the Anti-money laundering function (CAMLO Area) – second-level control;
- the Risk Control function (CRO Area) – second-level control;
- the Internal Audit function (CAE Area) – third-level control.
-

3.3.1 ESG risks

On 20 June 2019, the European Banking Authority (EBA) launched a public consultation on "Draft Guidelines on loan origination and monitoring."

The final version of the Guidelines, which was published on 29 May 2020, provides the Regulator's instructions and expectations regarding the behavior and practices to be adopted by Credit Institutions, and envisages the application of stringent and prudent standards aimed at improving the governance of the credit portfolio and the processes and practices regarding the granting and monitoring of credit, thus actually calling for a rethinking of the entire framework of risk assumption.

Among the issues addressed by the Guidelines, of particular relevance is the requirement for Credit Institutions to incorporate ESG factors - and any related risk associated with them – into their credit risk appetite, risk management policies, and policies and procedures relating to credit portfolio management.

Specifically, Credit Institutions are required to take account of the risks associated with ESG factors, in particular the potential impact of environmental factors and climate change; they are also required to assess the adequacy of any mitigation strategy specified by the customer and consider factors affecting the value of collateral, such as, for example, the energy efficiency of buildings.

Subsequently, in November 2020 the ECB published a *Guide on climate-related and environmental risks* with the aim of supporting banks in working towards the safe and prudent management of climate-related and environmental risks. The Guide describes expectations concerning the way entities should consider such risks in framing and implementing corporate strategies, and in governance and risk management systems, and provides information regarding the manner in which disclosure of these themes can be strengthened.

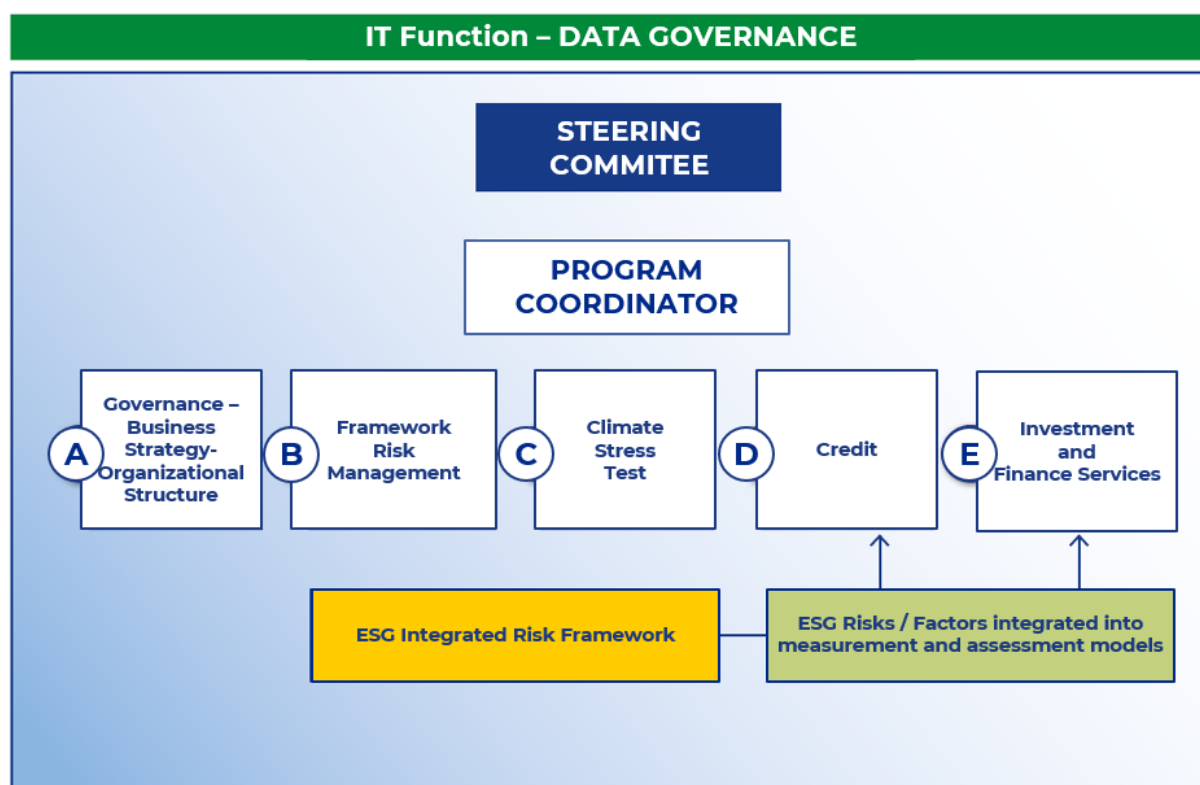
As regards the results to be obtained in accordance with the *Guide on climate-related and environmental risks*, the ECB asked Iccrea Banca to conduct a self-assessment of the practices it had adopted in January 2021 (Questionnaire A). The objective was to gauge the degree of preparation of the Group in relation to the processes for the identification, measurement and management of climate-related and environmental risks, as well as to establish the main areas of improvement necessary in order to align itself fully with the Supervisory expectations. After the self-assessment, Iccrea Banca was also asked to

provide evidence of the plans of action put in place for this purpose, while also including time schedules and the human resources involved (Questionnaire B). The findings were also discussed with the ECB as a part of dialogue with the Supervisory Authority.

Considering the Supervisory Authority's requirements and the steadily increasing attention given to Sustainability (ESG) issues by the Group's internal and external stakeholders, a wide-ranging **"ESG planning programme"** was launched in November 2021.

The primary purpose of this Programme¹² was to combine the many projects that the Group had commenced in order to satisfy new ESG rules in a single governance instrument that manages cross-functional interconnections and exploits indubitable existing synergies; this would also achieve a homogeneous approach to the matter.

In addition to requiring comprehensive and codified "project governance" that brings in group Areas across the board, the project programme is divided into 5 separate work streams. In view of the key role of the Data Management/Availability component, both the IT and Data Governance Functions are involved across the Group, which run cross-functional work streams in these areas, in order to assure the central governance of information needs arising from each work stream.



¹² The ESG Programme summarizes what the Parent Company has done on the road to compliance with the 13 Supervisory Expectations on ESG matters and additional relevant regulations (e.g. Guidelines on Loan Origination and Monitoring – LOM and Sustainable Finance Disclosure Regulation – SFDR). With the action taken to lay down sustainability strategies (Sustainability Plan), the ESG Programme is one of the two main routes that the Group is taking in order to direct its activity of steady evolution in this sphere.

The various ECB expectations are to be found in these individual “vertical” work streams, specifically separated by theme, together with specific recommendations; in particular:

- A) Governance - Business Strategy – Organizational Structure. This includes the work on revising the governance structure, on organizational aspects seen from an ESG viewpoint, on integrating ESG factors into strategic/operational planning and on updating the system for disclosure to stakeholders. With reference to the work stream, an important part of this was Corporate Governance Policies and their consequent implementation in operations, as well as on the mission of the functions dedicated to ESG strategies and risks. Also important are the measures taken in the framework of the processes of laying down and monitoring strategies by means of an initial analysis of Group ESG positioning in order to guide the implementation of the strategies. Finally, we must note the preparation of the first disclosure concerning the Taxonomy eligibility in line with the current regulatory provisions;
- B) Risk Management Framework. An important part of this project in 2022 is establishing and implementing an initial survey of the positioning of the Group in relation to ESG risks (focusing on climate-related and environmental risks), as is the first implementation/inclusion of climate-related and environmental factors/risks within the Group’s Risk Governance processes with a view to First-Time Adoption (FTA). The aforesaid Work Stream sets out the plans of action that progressively integrate ESG factors with the Risk Management Framework (Credit, Financial & Operational Risk Framework)¹³;
- C) Climate Stress Test. Consistently with the processes of progressive integration involving the broader Risk Management Framework (see point (B) above), this work stream includes the set of activities that integrate climate-related and environmental factors/risks into the stress testing system established and adopted by the Group in order to support stress testing both for regulatory and operational/internal purposes;
- D) Credit. This includes the work on integrating ESG factors into the phases of granting and monitoring credit and laying down/revising lending strategies from an ESG viewpoint. This work stream includes the ongoing activities concerning the project aimed at complying with the EBA guidelines on Loan Origination and Monitoring (LOM);
- E) Investment and Finance Services. This includes activities in progress, particularly as regards the delivery of services concerning investments and the disclosure to be provided to customers (SFDR), as well as the processes and procedures that integrate the sustainability preferences expressed by customers in evaluating investment suitability and the updating of the governance rules of financial instruments.

¹³ As mentioned above, an organizational measure was already adopted in the CRO Area in relation to this plan in 2021: an ESG Risks and Across-the-Board activities was formed with ESG responsibilities, mainly in the form of centralized oversight of ESG risk management initiatives.

GRI 102-11

With regard to the risks associated with the Iccrea Co-operative Banking Group's material topics, work commenced during 2021 on a preliminary identification and assessment of the related controls.

AREA OF INTEREST: SOCIAL – MEMBERS, LOCAL COMMUNITIES AND TERRITORY

- Material topic**
- Support for territorial development
 - Providing financial support to households and SMEs
 - Financial inclusion

- Main risks**
- Lack of/incomplete management of strategic and operational risks and opportunities for the development of local areas and communities, resulting in the Risk of ineffective management of the corporate structure
 - Lack of transparency in community relations
 - Inability of individuals and/or organizations not yet integrated into the ordinary financial system to access banking services

Governance

In promoting the mission set out in Art. 2 of the Articles of Association, the Iccrea Co-operative Banking Group has established a strong bond with local communities, with the aim of actively contributing to the responsible development of the geographical areas in which it operates, including through listening and dialogue with local stakeholders, among which the Third Sector. The Group recognizes the need to take all measures to identify and manage any impact – either direct or indirect - towards the communities in which the Affiliated Banks operate, while always taking account of the principles of mutual banking, inclusiveness and solidarity laid down in Article 2154 of the Italian Civil Code (regarding mutual banking requirements) and Article 35 of the Consolidated Banking Act (regarding requirements of predominant operations with members), as well as formalized in the Articles of Association and in the Charters of Co-operative Banking Values.

Specific projects aimed at ensuring support to the territory and local communities are also implemented through the preparation of the Sustainability Plan, which includes, among others, appropriate actions in this area (e.g. financial education programmes).

(GRI 103-2, GRI G4 FS16)

AREA OF INTEREST: STRENGTH, RESILIENCE AND INNOVATION

- Material topic**
- Capital and financial strength
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Main risks	Liquidity and capital and financial strength risk leading to poor ability to attract and retain customers
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Governance	<p>With specific regard to the financial strength of the Group, the Chief Financial Officer Area ensures the proper management of the Group's financial assets, proposing investment strategies and guaranteeing financial stability, liquidity and funding management, monitoring any related risks. It coordinates the implementation of planning and management control guidelines and policies and verifies whether they are actually implemented. It ensures the proper and timely reporting of the Parent Company's separate and consolidated results of operations and financial position, as well as the fulfillment of any related accounting, supervisory and tax obligation.</p>
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With regard to the safeguards about capital strength, the Chief Risk Officer is responsible, given the strategic guidelines that the Group has set out (i.e. Capital Plan and Funding Plan) for the control and monitoring of its capital and financial strength as a whole. For this purpose, of particular importance are the obligations provided for by the prudential regulations concerning the definition of the capital adequacy control process (ICAAP - Internal Capital Adequacy Assessment Process), for the assessment of any and all relevant risks for the banking business, on a current and prospective basis and in cases of "stress", and of an adequate governance and management system of liquidity risk (ILAAP - Internal Liquidity Adequacy Assessment Process).

Both processes are coordinated and consistent with the system of risk objectives (RAF - Risk Appetite Framework), which allows, through specific indicators of the capital profile, the assessment and ongoing monitoring of capital adequacy.

With particular reference to liquidity risk, the Liquidity & IRRBB Monitoring & Control OU, operating within the CRO Area, carries out the measurement and control, both precise and prospective, concerning the exposure to liquidity and interest rate risk (profile), at both consolidated and individual level, while verifying its positioning with respect to the levels included in the RAS and compliance with the limits that constitute its operation. In this context, it is responsible for proposing the definition and updating of the operational limits of exposure to interest rate and liquidity risk, thus ensuring their compliance with the provisions of regulations on an ongoing basis.

AREA OF INTEREST: HUMAN RESOURCES MANAGEMENT

Material topic	<ul style="list-style-type: none"> • People care and staff enhancement • Diversity, equal opportunities and inclusion
Main risks	<ul style="list-style-type: none"> • Risks in Occupational Health and Safety related to bank personnel and contractors, resulting in the risk of accidents and situations of danger for workers • Lack of or inadequate staff training • Failure to combat forms of discrimination • Lack of protection and attention to employee welfare, with consequent shortcomings in the safeguards dedicated to inclusion and work-life balance and risk of loss of key staff members
Governance	<p>With specific regard to the risks of the Health and Safety regulatory framework (under Legislative Decree no. 81 of 2008), the Group has obtained the UNI-INAIL Unified Certification on Health and Safety and has set out an Occupational Safety Management System (SGSL).</p> <p>Within the framework of the Occupational Health and Safety Management System (SGSL), the Group's model provides for the formal appointment of the persons responsible for the Management System (e.g. Prevention and Protection Service Manager (RSPP), Company doctor and coordinator, Workers' Representatives, Executives, Supervisors and Workers, etc.). In addition, the definition of an Intercompany Committee for Occupational Health and Safety has also been envisaged, which is responsible for standardizing and directing the activities pertaining to Occupational Health and Safety issues of each Company adhering to the Group's Occupational Health and Safety Management System (hereinafter "SGSL").</p> <p>With reference to personnel training, the "Group Policy on personnel training" was formalized, which sets out the guidelines on professional training for the personnel of the Parent Company and the Direct Perimeter Companies of the Iccrea Co-operative Banking Group, as well as the coordination system of compulsory regulatory training for the personnel of the Group Banks.</p> <p>Finally, with the approval of the Group Policy on Diversity and Inclusion, the Group has set out the guidelines, the principles of reference and commitments on Diversity and Inclusion issues, considering, as elements of diversity, sexual orientation, age, ability, ethnicity, language, religion, political opinions, personal or social conditions and any other diversity.</p> <p style="text-align: right;"><i>GRI (103-2, GRI 102-15)</i></p> <p>At an organizational level, the Parent Company has an Industrial Relations, Compensation and Workforce planning Organizational Unit, within the COO Area, which is responsible for promoting employee</p>

welfare, including by fostering work-life balance and ensuring the proper definition, dissemination and implementation of Flexible Benefit and Work-Life Balance policies.

In this area, the structure sets out the guidelines for the Parent Company and the Management and Coordination Perimeter companies, which are aimed at spreading employee welfare more widely and ensuring the related work-life balance by promoting specific corporate Welfare projects.

AREA OF INTEREST: CORRUPTION

Material topic

- Business ethics, transparency and integrity
- Fight to corruption

Main risks

- Risk of corruption, money laundering and terrorist financing in the Group's activities
- Non-compliance with the principles set out in the Code of Ethics and the Charter of Cooperative Banking Values

Governance

The control measures for the prevention of the risk of corruption defined within the Group are as follows:

- Code of Ethics and Organizational and Management Model under Legislative Decree no. 231 of 2001 of the Parent Company;
- Code of Ethics and Organizational and Management Model under Legislative Decree no. 231 of 2001 of the Direct Perimeter Companies that have taken steps to adopt them;
- Methodological Guidelines for the adoption of the Organizational and Management Model under Legislative Decree no. 231 of 2001 for Affiliated Banks (currently under development);
- Group Whistleblowing Policy;
- Training and information.

Specifically, the Organizational, Management and Control Models adopted by the Parent Company and certain Group Companies pursuant to Legislative Decree no. 231 of 2001 set out the special-preventive control measures aimed at preventing the risk of committing bribery offences. Within the scope of these Models, the main areas at risk of corruption are mapped and the principles of conduct are laid down, which top managers and employees must comply in order to prevent the risk of committing bribery offences.

The Compliance Function, in the capacity as Coordinator of the Parent Company's Working Group, plans the updates/implementations of the Models pursuant to Legislative Decree no. 231 of 2001 for the Parent Company and the Direct Perimeter Companies on a multi-annual basis.

With regard to the Affiliated Banks, in May 2021 the Parent Company resolved to commence work on planning for the preparation of the Methodological Guidelines to be used for the definition of Models pursuant to Legislative Decree no. 231 of 2001, which also take account of measures to fight corruption.

As far as training is concerned, the Companies organize structured, systematic, compulsory and diversified Training activities (in e-learning or classroom mode) for the different categories of recipients of the Model (members of Corporate Bodies; Company managers; Personnel; Collaborators; new entrants) in order to make them aware of the provisions of Legislative Decree no. 231 of 2001 on the risks/offences potentially existing in the anti-corruption area of the corporate structure. The Models and Codes of Ethics are also available on the company intranet.

In addition to the above, in 2021 the Parent Company adopted the following company Policies/Rules providing for specific safeguards envisaged in the special protocols of the Model for activities at risk of offences with regard to Articles 24 and 25 of Legislative Decree no. 231 of 2001 relating to the issue of corruption:

- "Group Policy on Personnel Training";
- "Group Policy on Relations with Supervisory Authorities";
- "Policy on the Selection and formalization of the entry of On-Boarding resources and intercompany mobility";
- "Group Policy on Social Media";
- Process standard on "Management of gifts".

It should be noted that work on the drafting of an Anti-Bribery Policy is at an advanced stage and is expected to be completed by September 2022.

In order to properly monitor and manage money laundering and terrorist financing risks, the Iccrea Co-operative Banking Group has issued the "Rules of the Parent Company's Anti-Money Laundering Function". In accordance with the provisions of the Risk Management Process and in particular of the Risk Appetite Framework (RAF), these Rules form an integral part of the Internal Control System (ICS) and of the organizational and control measures for the governance and

management of money laundering and terrorist financing risks at the level of the Iccrea Cooperative Banking Group.

Furthermore, the Parent Company's AML Function has issued a Policy for AML Risk Management within the Group in order to set out the control measures, roles, responsibilities, and the organizational and operational model for the governance and management of AML risks on the part of the Entities in full compliance with the relevant external regulations.

(GRI 102-29, GRI 103-2, GRI 205-1)

AREA OF INTEREST: HUMAN RIGHTS

Material topic Protection of human rights

Main risks Improper management of human and/or labour rights in the direct operations of the Group and supplier companies, resulting in the risk of violation of these rights.

Governance With regard to Human Rights, the Iccrea Co-operative Banking Group has identified and assessed the areas that may generate a negative impact, even indirectly, associated with the predicate offences provided for by Legislative Decree no. 231 of 2001. Following these assessments, the Group has not identified significant areas of residual risk. However, it is believed that respect for Human Rights is an essential requirement in the performance of its activities, and for this reason, it protects and promotes their respect, on an ongoing basis, including through the application of the Code of Ethics and the Charter of Values. In 2021, the Code of Ethics was updated as part of the work to update the Model under Legislative Decree no. 231 of 2001.

(GRI 406-1)

AREA OF INTEREST: ENVIRONMENTAL

Material topic

- Climate change and transition to a sustainable economy
- Direct environmental impact

Main risks Climate and environmental factors can turn into impacts on the primary/typical risks of the banking business, i.e. operational, credit, financial (market and liquidity), business and reputational risks for the bank itself and for the entire Group:

-
- Operational risks, in terms of inefficient management of resources, increased costs and business discontinuity;
 - Credit, financial and business risks, to be understood as potential losses in the value of the Group's assets/credit exposure as a result of adaptation plans/processes towards a low-carbon and more environmentally sustainable economy;
 - Reputational risks, which, for a cooperative and mutual bank with sustainable development as its mission in its Articles of Association, can have a greater impact on its image and, consequently, on its business than other commercial banks.
-

Governance

In 2021, the Group launched a project programme on ESG matters, which includes activities aimed at strengthening the Risk Management Framework under a specific work plan, specifically:

- designing a methodological framework necessary to assess the ESG risk profile, identifying evolutionary information needs, updating/making additions to the Group's Information Systems and then proceeding with the periodic performance of the Risk Assessment;
- updating the risk appetite framework, envisaging an extension of the present RAS perimeter to ESG factors, with the identification of monitoring indicators and related attention thresholds;
- integrating ESG factors into the overall risk governance framework (ICAAP, recovery plan, etc.);
- making additions to the Risk Management framework (credit, operational, market and liquidity risk) by identifying any potential impact of ESG factors on current risk measurement and assessment models and setting out the methodology for their integration.

(GRI 102-29, GRI 102-30)

3.3.1.1. Climate-related risk

GRI 102-29

As known in the latter part of 2020 the European Central Bank published a definitive version of its *Guide on climate-related and environmental risks* for Banks subject to the Single Supervisory Mechanism (SSM) and, during 2021, commenced a series of surveys and talks with the Entities in order to survey the extent to which they observe the main requirements in the Guidelines. The Guide describes the ECB's expectations of how banks should take

these risks into account when designing and implementing business strategies, as well as governance and risk management systems. It also states that, according to the ECB, banks should be more transparent, thus increasing the amount of information they provide regarding climate and environment aspects.

In the surveys and contacts in 2021, the ECB formally asked Banks to conduct a self-assessment of the practices followed to meet the expectations set out in the Guide in question, together with the definition of the implementation plans aimed at improving the management of climate-related and environmental risks. The work required was carried out by a dedicated inter-function Working Group so that the ECB's request was complied with in February 2021 (Self-assessment) and May 2021 (implementation plan).

The overall prudential regulatory framework of reference was then further added to by in the second half of 2021 when the ECB announced its intention to launch the first "pilot" exercise concerning the "Regulatory Climate Stress Test (CST22)" in 2022.

In this context, the Board of Directors approved, as outlined above, a structured "ESG Programme" in November 2021, which contemplates, in addition to specific work plans dedicated to the implementation of ESG metrics in business processes, two specific work plans dedicated to updating the Risk Management Framework and the Climate Stress Test, respectively.

The integration of ESG factors into the Risk Management Framework is one of the main spheres of action in which the Group is engaged in order to ensure the integration of ESG risks within risk identification, measurement and assessment models, with a particular focus on climate-related and environmental risks.

In this regard, the planning work that the Risk Management Function carried out in 2021 mainly concentrated on feasibility analyses and preliminary study for setting the main directions to be taken and the frame of reference in planning and implementing this integration process; these were at the basis of the work done during 2021 and serve as inputs for planning the further initiatives and activities scheduled in 2022.

In this area, particularly important are the research and feasibility studies carried out, including in collaboration with the other Parent Company Functions concerned in order to create an initial frame of reference for constructing and setting up a stock of information that observes the Group's transition and physical risk profile, particularly as regards the credit and financial assets it holds.

Work conducted on these aspects intensified during the last part of the year, even in view of the launch by the Supervisory Authority of the first regulatory Climate Stress Test exercise. In detail, careful data gap analyses were carried out that found, as hoped by the Supervisory Authority, tactical solutions (e.g through the use of proxies) that enabled both the Advanced Data Collection (ADC) phase to be accomplished as required by the regulatory Climate Stress Test exercise and the target processes to be outlined, which will be implemented in 2022 to strengthen the set-up of the wealth of information relating to climate-related and environmental risks.

At the same time, the Risk Management Function conducted preliminary analyses during 2021 to outline a methodological framework of reference aimed at observing an initial positioning of the Group's risk profile with respect to the transition and physical risks associated with the credit portfolio (including the real estate component as security for physical risk) and the financial portfolio.

As the financial portfolio consists substantially of Italian government bonds (about 96% of the Group's financial portfolio), the segment's overall exposure to climate-related and environmental risks appears to be particularly limited.

With an initial consolidation and finalization of this frame of reference, as early as from the RAF/RAS 2022 cycle, a climate-related and environmental risk profile can be integrated with the Group's risk propensity framework by introducing the first monitoring KRIs, having the main purposes of (i) periodically observing and monitoring credit exposure to the economic sectors that, on the basis of information from the system, have transition risk profiles and/or constitute carbon-intensive sectors; and (ii) providing an initial positioning/mapping of the real estate assets that secure the Group against physical risks (flooding and earthquakes).

At the same time, the findings of this first positioning will also be progressively integrated with the other Risk Governance processes of the Group (i.e. ICAAP & ILAAP 2022, Operational Stress Test Framework, periodic update of the Group Recovery Plan).

In this sphere, the gradual strengthening of the methodological frame of reference that will lead to a robust ESG risk identification phase (with priority on climate-related and /environmental risks), together with the First-Time Adoption (FTA) applications within the Group's main risk governance processes, will put a process of continuous improvement in place that will make the Group more aware of such "new" types of risk and of the possible consequent impacts, given the Group's business model, and

that will assist the Group in considering the most appropriate strategies (e.g. development/repositioning, containment/mitigation).

3.3.2. Preventing money laundering

GRI 205-1-2

Money laundering is one of the most serious crimes occurring in the financial market and is an area of specific interest to organized crime groups. The reinvestment of illicit proceeds in legal activities and economic operators and bodies colluding with criminal gangs profoundly alter market mechanisms, impair the efficiency and fairness in financial operations and weaken the economic system itself. For these reasons, the usual repressive action has been enhanced by a set of preventive measures, mainly aimed at protecting the financial sector. The same type of actions have also been extended to the fight against terrorist financing, which is an equally serious crime for which the European and Italian legislators, as well as numerous international bodies, have proposed and issued, over time, specific control processes concerning traditional anti-money laundering arrangements.

Since it was founded in 2019, the Group has issued an Anti-Money Laundering Policy applicable for all Companies and Affiliated Banks, providing for company regulation processes of the Group's AML Function and the principles for combating money laundering and terrorist financing, which are then laid down in each set of company rules. The Iccrea Co-operative Banking Group responds responsibly to the complexity and dangerousness of these crimes by paying the utmost attention to actions and tools to combat them, in the awareness that the search for profitability and efficiency must be combined with the effective monitoring of the integrity of the business structure on an ongoing basis.

In this regard, the Policy also takes account of the guidelines issued by the main international authorities (FATF, EBA, Wolfsberg Group, etc.) to which the updates are oriented on an ongoing basis, which are provided on the Policy itself, as well as on the company rules of secondary rank (DOP, NOP).

Therefore, the involvement of the corporate bodies and the proper fulfillment of the obligations they have undertaken are a priority. In particular, it is the responsibility of the Board of Directors to put in place such policies to govern money laundering and terrorist financing risks as are appropriate to the amount and type of risks to which the business of the Group Companies and Affiliated Banks are actually exposed. The complexity of the Group's business, which is due to processes that are often differentiated by type of product and/or target customers, has led to creating a control model based on ex-ante analyses, for example in the pre-issue phase of new products or services, or of substantial changes in those that are already provided, which entail the preliminary involvement and require a mandatory opinion from the Parent Company's Anti-Money Laundering Function; the model also requires ex-post analyses through specific IT tools and controls catalogues that each Company and Affiliated BCC are required to report at least on a six-monthly basis. The control system put in place is targeted at the mitigation of the risks of sanctions envisaged under the regulations in force, as well as at the mitigation of reputational risks, while also exerting pressure, in this sense, on institutional banking and financial counterparties for relations and services that are not directly subject to due diligence obligations.

The Iccrea Co-operative Banking Group adopts a model according to which the governance and responsibility of the Corporate Control Functions are centralized at the Parent Company, through outsourcing, under specific contracts, the Anti-Money Laundering Function of each Affiliated Bank to the peripheral offices of the Parent Company and of each Direct Perimeter Company to the respective AML (Anti-Money Laundering) OU (Institutional & Retail AML OU or Lending AML OU). This model provides for the set-up of a Parent Company Anti-Money Laundering Function which is entrusted with the role of guidance, coordination, monitoring and control of the individual Entities belonging to the Group.

This Function is responsible for designing control strategies, policies, processes and methods, as well as tools, mechanisms and standards for planning and reporting activities and the execution of second-level controls.

In the light of the above information, with reference to the Parent Company Anti-Money Laundering Function, the Group provides for:

- appointing a Chief Anti-Money Laundering Officer (CAMLO) to whom authority is delegated for Suspicious Transaction Report (STR) for the perimeter of Iccrea Banca;
- setting up a Methodologies and Reporting AML OU dedicated to the analysis of developments in anti-money laundering regulations, the assessment of impacts, the design of policies, methodological guidelines and standard control instruments, as well as to planning and reporting at Group level;
- setting up an Affiliated BCC AML OU in charge of monitoring and coordinating the operations carried out by the Peripheral AML Offices OUs for Affiliated Banks on an outsourced basis, as well as dedicated to ensuring the standardization and consistency of procedures and criteria for customer profiling, the assessment of suspicious transactions and any other relevant obligation on the matter;
- setting up a Direct Perimeter AML OU which coincides with Iccrea Banca's Anti-Money Laundering Function, in charge of monitoring and coordinating control activities carried out by the Institutional & Retail AML OU and the Lending AML OU for Direct Perimeter Companies on an outsourced basis;
- setting up an Institutional & Retail AML OU and a Lending AML OU responsible for fulfilling anti-money laundering obligations for Direct Perimeter Companies that operate on an outsourced basis, guaranteeing the adequacy standards required for the performance of these activities and the proper application of the framework defined by the Parent Company. For each of the above-mentioned Organizational Units a Manager is to be appointed, who is entrusted with the role of Head of AML of DPCs (Direct Perimeter Companies) (DPC HAML) and of Suspicious Transaction Report (STR) delegate for the company in the perimeter of competence;
- setting up Peripheral AML Offices OUs, by geographical area of reference, responsible for providing support on this matter to the Affiliated Banks that operate on an outsourced basis, guaranteeing the adequacy standards required for the performance of these activities and the proper application of the framework defined by the Parent Company. Within each Peripheral AML Office, the Head of Peripheral AML Office OU is to be appointed, who is responsible for coordinating and supervising, depending on the functional role, the activities carried out by the BCC's Heads of AML (BCC HAML) of the geographical area of reference, who fulfill AML obligations in line with the policies, methodologies and guidelines set out at Group level;
- conferring responsibility for reporting suspicious transactions, for the Affiliated Banks belonging to the geographical area of reference, on the Head of Peripheral AML Office OU or to an employee of the same OU (STR Delegate) or to one or more BCC's Heads of AML (STR Delegates);
- appointing, through the Boards of Directors of the Affiliated BCCs and Direct Perimeter Companies, after consulting their respective Boards of Statutory Auditors, a company Officer (BCC Contact Person and DPC Contact Person) with the task of supporting the outsourced function, identified as the Director with Delegated Powers for the Internal Control System.

**COMPANY RULES FOR MONEY LAUNDERING RISK MANAGEMENT
OPERATED BY THE CAMLO AREA**

Group regulatory policies	The main Group regulatory policies on the matter are the "Iccrea Co-operative Banking Group AML" Policy and Customer Due Diligence Policies for Affiliated BCCs and Direct Perimeter Companies.
Detailed operational procedures	Among detailed operational procedures on the matter are procedures for reporting suspicious transactions on the part of Affiliated Banks and Direct Perimeter Companies.
Group anti-money laundering rules for Direct Perimeter Companies	Group AML rules are also applied for Direct Perimeter Companies (see above).
Controls catalogue for affiliated BCCs and direct perimeter companies	According to the regulation, each of the Group companies has set out its own specific body of rules that outlines the control work arising from the individual obligations provided for in Legislative Decree 90 of 2017 in relation to the operational and distribution model adopted. Specifically, the body of rules consists of a general process rule and secondary rules. These rules make provision for obligations concerning customer due diligence, storage and recording of material information for anti-money laundering purposes and reporting of suspicious transactions.

The Group's AML structure also makes use of IT tools, which:

- assist the CAMLO Area in the in-house management of activities;
- support the STR officers/delegates in detecting potentially suspicious transactions of money laundering and terrorist financing, or in ascertaining operational anomalies through automatic first- and second-level controls;
- put in place a system for monitoring on Direct Perimeter Companies and Affiliated BCCs, through Key Risk Indicators (KRIs) aimed at reporting shortcomings in anti-money laundering compliance on their part.

INFORMATION FLOWS OF THE CAMLO AREA

On a six-monthly basis

From the AML Function to the Parent Company's Governing Bodies (Board of Directors, Executive Committee, Risks Committee), on the basis of the analyses it has received from the Companies and Affiliated BCCs, while taking steps for ongoing monitoring of the remedial actions the CAMLO Area require from the BCCs and Companies if risks are reported by audits.

On an annual basis

Reporting is carried out, as required by the Bank of Italy, by each BCC and Direct Perimeter Company, through the self-assessment of money laundering and terrorist financing risks.

Furthermore, the AML Function makes plans, in collaboration with the Parent Company's Human Resources department, on annual courses on anti-money laundering issues for employees as an additional measure to mitigate the risks under examination. The AML Function participates both directly in the training sessions and by selecting third-party teachers. The training offer is completed with the organization of days dedicated to specific topics, such as, for example, courses on anti-money laundering compliance targeted at foreign operations.

Finally, reports concerning money laundering and financing of terrorism are also made in accordance with the procedures set out in the Group Policy on internal reporting systems.

During 2021, the Parent Company's Internal Audit Function conducted more than 60 audit missions, covering the same number of Affiliated Banks, aimed at verifying the adequacy of the internal control system to guard against the risk of money laundering and terrorist financing. The scope of the analysis concerned the regulatory framework, the organizational model, the decision-making and operational processes adopted by the Banks in managing the risk in question, with a greater focus on the "core" functioning checks connected with the regulatory obligations on customer due diligence (simplified, ordinary and enhanced), ongoing monitoring of the money laundering risk, and active cooperation in the reporting of suspicious transactions (STR).

The anti-money laundering safeguards are also checked on an ongoing basis, for the profiles of competence, during the audits conducted on the peripheral network of Affiliated Banks (more than 650 missions completed in relation to the 2021 Audit Plan).

Additional audits on the segment are carried out with reference to the Parent Company and to the Banks/Direct Perimeter Companies, in particular for risk profiles relating to data storage, due diligence processes and the identification of suspicious transactions (7 missions concluded in relation to the 2021 Audit Plan).

The monitoring activities, carried out during the year by the Group Companies subject to the relevant obligations, included an analysis of processes connected with potential money laundering and terrorist financing offences. In this area, the Group analyzed 21 processes, equal to about 17% of the total, for an overall number of 136 Companies/Affiliated Banks.

The audits carried out by the Group Anti-Money Laundering Function consist of checks on each formality required by the regulations in force from time to time, which are then reported to the Corporate Bodies at least on a six-monthly basis, including depending on the severity of the final judgment expressed by the Function. In considering the disclosure obligations prescribed by law in favor of the national Supervisory Authorities, it is agreed to set the minimum perimeter of the annual audits carried out as 136, equal to the total number of the Anti-Money Laundering Annual Reports the Function issued to the Boards of Directors of each Affiliated BCC and Direct Perimeter Company and sent to the Bank of Italy after the aforesaid Boards had granted their approval.

3.3.3. Ethics, transparency and integrity Fight to Corruption

GRI 205-1-1

GRI 205-3

GRI 205-3-2

The Iccrea Co-operative Banking Group undertakes to manage relations with all its stakeholders employing the utmost degree of honesty, transparency and compliance with internal rules and applicable legislation, preventing any conflict between corporate and personal interests.

In order to prevent possible wrongdoing behavior in compliance with Legislative Decree 231 of 2001, including bribery, the Parent Company, the Direct Perimeter Companies and most of the Affiliated Banks have prepared a Compliance Model (Model 231).

More specifically, the Models adopted by the Parent Company and Direct Perimeter Companies consist of the following elements:

- **Code of Ethics and Conduct:** this document sets out the shared principles of values and expresses the ethical and behavioral commitments and responsibilities that Iccrea Banca and Direct Perimeter Companies assume and implement in the conduct of their institutional business and to which their staff members, both top management and subordinate, collaborators and anyone acting in the name and on behalf of the aforesaid entities must conform;
- **Behavioral Protocols - General Part:** this is a document illustrating the contents of Legislative Decree 231 of 2001, outlining the profile of the Supervisory Body and defining the methods for conducting training and information activities;
- **Crime risk mapping matrix:** this document summarizes the evidence resulting from the potential commission of the offences defined in the 231/2001 catalogue;
- **Behavioral Protocols Special Part:** this is a document defining the special preventive arrangements and the rules of conduct governing those working in “sensitive” corporate

areas, as managers of processes considered potentially exposed to the commission of the identified offenses that could be committed;

- **Disciplinary System:** this is a document that defines the specific system of penalties that can be imposed on violators of the provisions of the Compliance Model or parts thereof, in accordance with principles and procedures that comply with the Workers' Statute and the applicable National Collective Labor Agreement.

The task of ongoing supervision of the adequacy, effectiveness, updating and compliance with the Model adopted is entrusted to the Supervisory Body that is specifically appointed by the Board of Directors. The Parent Company has given the role and functions of the Supervisory Body to the Board of Statutory Auditors.

The Board of Directors of each Company that has adopted a Model allocates an expenditure budget to the Supervisory Body to perform the functions assigned to it for each financial period.

The Parent Company plans on a multi-year basis the updates/implementations of the Model under Legislative Decree no. 231 of 2001 within Direct Perimeter Companies, in order to ensure standardization from a methodological and specific point of view in relation to the business and activities carried out by each Company.

Each year, during the planning and budgeting phase, the needs for updating the Models of the Direct Perimeter Companies are identified, while providing data on in-house and third-party resources to be involved.

Below is a list of the Companies that updated their Models in 2021: Iccrea Banca, BCC Gestione Crediti, BCC Factoring, Banca Medio Credito del FVG. The Model of Sinergia was also prepared.

Work commenced on updating the Model of di BCC Credito al Consumo, BCC Solutions, BCC Lease and BCC Sistemi Informatici, with a view to including the new regulatory developments, as well as the new organizational and corporate structure arising from the incorporation of the Banking Group; the work will be completed by September 2022.

The activities envisage the involvement of third-party consultants (Consulting company specializing in Organizational and Management Models assisted by a Legal Counsel who is expert in the field) and the Working Group (composed of the AML, Internal Audit, Risk Management, Human Resources, Organization, Legal Functions), coordinated by the CCO Area, to support the Management and the SB of each Company.

With regard to Affiliated Banks, it appears that 66 BCCs have adopted a Model pursuant to Legislative Decree no. 231 of 2001, accounting for 59% of the total (this figure is updated at January 2022).

In May 2021 the Parent Company resolved to commence work on the project activity for the drafting of the methodological Guidelines for the definition of Organizational and Management Models under Legislative Decree no. 231 of 2001 for Affiliated Banks, in order to update/define their existing OMMs or those being implemented, while taking account of the provisions of the Cohesion Contract and the principles set out by the Parent Company.

Operational activities are currently underway to prepare the Guidelines and standard documentation ("prototype" documents); work is expected to be completed by the first half of 2022.

The Companies that updated their Models 231/2001 in 2021 have been considered in order to determine the total number and percentage of transactions assessed for corruption-related risks. Since in some cases the processes under analysis that are linked to potential corruption offenses at the companies BCC Factoring, Iccrea Banca, Sinergia and Banca Mediocredito FVG were found to coincide, the table below shows the numerator that considers the univocal data of the processes analyzed for corruption-related risks (38) and the denominator that considers the total number of processes provided for in the Mapping of Group processes analyzed for the four Companies (203), for a percentage of processes analyzed for corruption-related risks equal to 19%.

BUSINESS PROCESSES ASSESSED FOR CORRUPTION-RELATED RISKS						
2021		2020		2019		
	n.	%	n.	%	n.	%
Processes assessed	38	19%	53	21%	36	11%
Total processes	203		255		318	

4 Group Companies out of the 16 in the Direct Perimeter have been analyzed for corruption-related risks as a whole. The percentage of Group companies analyzed for corruption-related risks is therefore 25%.

COMPANIES ASSESSED FOR CORRUPTION-RELATED RISKS						
2021		2020		2019		
	n.	%	n.	%	n.	%
Companies assessed	4	25%	4	29%	4	31%
Total companies	16		14		13	

Data reported above derive from the updating of the Model 231/2001 at the aforesaid four Companies.

Below are the details of the outcome of the assessment carried out for each Company:

- Iccrea Banca: processes assessed as "sensitive" for corruption offences are 27 out of a total of 203 processes;
- Sinergia: processes assessed as "sensitive" for corruption offences are 22 out of a total of 203 processes;
- BCC Factoring: processes assessed as "sensitive" for corruption offences are 20 out of a total of 203 processes;

- Banca Mediocredito FVG: processes assessed as "sensitive" for corruption offences are 25 out of a total of 203 processes.

BUSINESS PROCESSES ASSESSED FOR CORRUPTION-RELATED RISKS (2021)	
Iccrea Banca	
Processes assessed	27
Total processes	103
% of processes assessed	13%
Sinergia	
Processes assessed	22
Total processes	203
% of processes assessed	11%
BCC Factoring	
Processes assessed	20
Total processes	203
% of processes assessed	10%
Banca Mediocredito FVG	
Processes assessed	25
Total processes	203
% of processes assessed	12%

Preventing corruption

GRI 205-2

GRI 205-2-2

In its decisions and conduct, the Group is constantly guided by the following ethical principles and values, which distinguish its profile and operations: mutual benefit; fairness and honesty in business; transparency; protection of corporate assets; conflict of interest; diligence and professionalism; confidentiality and protection of privacy; quality of services; protection of the individual; protection of the environment; combating organized crime.

With regard to corruption offenses under the Model 231/2001, Iccrea Banca has carried out an analysis of the main processes and activities exposed to the risk of corruption, both between individuals and in relations with Public Authorities. Following this analysis process, the Parent Company established a specific system of responsibilities and controls to govern processes whose activities are potentially exposed to the risk of corruption.

Failure to comply with the provisions of the Model 231/2001, as well as the values and principles expressed internally in the Code of Ethics, by all the parties involved triggers the application of specific disciplinary sanctions.

Reports of violations or irregularities in the conduct of the parties operating in/for the companies and the Group should be sent in writing or via e-mail to the appropriate e-mail address established by the Supervisory Body of each company.

More specifically, the internal reporting systems that, at present, are in place at the Group are as follows:

- reports required under the Model 231/2001, in writing by express mail to the Company's registered office or by e-mail to the mailbox set up by the Supervisory Body;
- policy and process guidelines on internal whistleblowing systems: in writing to the members of the Whistleblowing Committee (Group Committee);
- complaints: paper mail, email, certified email.

In accordance with Legislative Decree 231 of 2001, the Supervisory Body is entrusted with the task of monitoring the adequacy, effectiveness, updating and compliance with the Model adopted on an ongoing basis.

The Model also consists of a Disciplinary System in which penalties are envisaged for any conduct (concerning acts or omissions) that gives rise to an infringement of provisions of the "Model 231/2001", even if the act is not committed, or the event does not occur.

In addition, the sanctions that can be imposed are compliant:

- with the National Collective Labor Agreement for Middle Managers and Personnel in the professional areas of Mutual Banks and Rural Savings Banks in force from time to time;
- for Collaborators and Suppliers and Providers of goods, services or works, with the contractual clauses governing sanctions and/or resolution, except for claims for damages, laid down in contracts and in the letters of engagement.

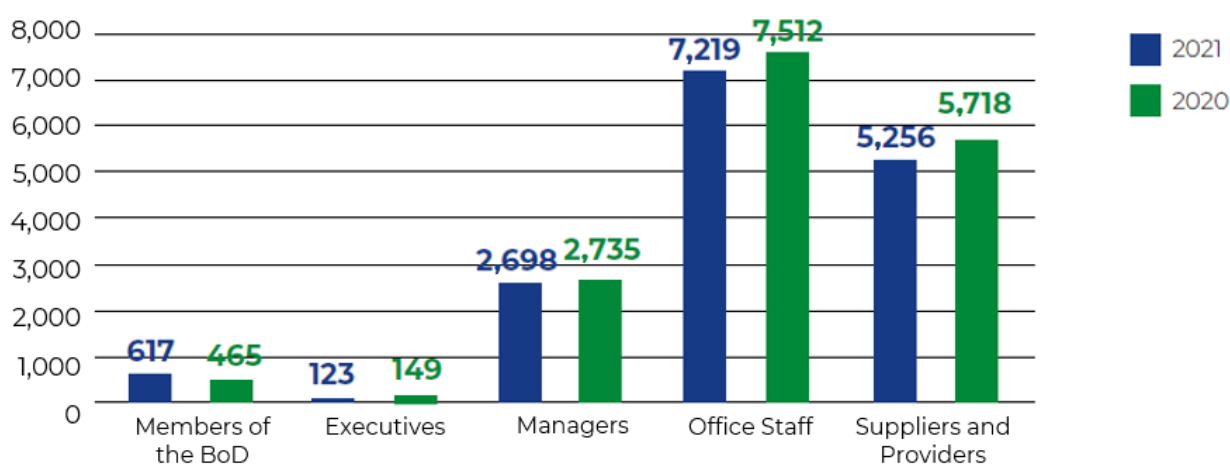
Furthermore, providing information and training to all employees on the Iccrea Co-operative Banking Group's policies and procedures in this area is key to preventing corruption offenses. It should also be noted that activities involving the development of the Anti-Corruption Policy are at an advanced stage of completion and will be issued in 2022.

It should be noted that, as per company rules, anti-corruption and anti-money laundering policies and procedures are subject to approval by the Board of Directors and the Executive Committee of the Parent Company and are available via download from the HuBa Intranet Portal, which is accessible to all employees. Furthermore, each new supplier or provider is required to take account of the Compliance Model in accordance with Legislative Decree 231 of 2001 when entering into contracts with the Group.

The tables below show the related data.

COMMUNICATIONS ON POLICIES AND PROCEDURES ON THE MATTER OF ANTI-CORRUPTION

Year	2021		2020		2019	
Recipients	n.	%	n.	%	n.	%
Members of the BoD	617	53%	465	38%	309	23%
Executives	123	31%	149	37%	82	20%
Managers	2,698	42%	2,735	43%	1,422	23%
Office staff	7,219	47%	7,512	49%	4,134	27%
Total Employees	10,040	45%	10,396	47%	5,638	25%
Suppliers and providers	5,256	3.1%	5,718	3.5%	5,113	4%

TRAINING IN ANTI-CORRUPTION

HOURS OF ANTI-CORRUPTION TRAINING

Year	2021			2020			2019		
Type	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	521	78	599	462	142	604	245	11	256
Managers	18,431	6,211	24,642	12,928	4,324	17,252	4,056	1,581	5,637
Office staff	28,085	27,360	55,445	20,610	19,377	39,987	3,490	3,339	6,829
Total	47,037	33,649	80,686	34,000	23,843	57,843	7,791	4,937	12,722

NUMBER AND PERCENTAGE OF MEMBERS OF GOVERNING BODIES AND EMPLOYEES INVOLVED IN ANTI-CORRUPTION TRAINING

Year	2021			2020			2019		
Type	Total	no. involved	%	Total	no. involved	%	Total	no. involved	%
Members of the BoD	1,167	300	26%	1,226	247	20.1%	1,373	119	8.7%
Executives	394	112	2.8%	406	225	55.4%	409	67	16.4%
Managers	6,385	3,530	55%	6,312	4,990	79.1%	6,210	1,574	25.3%
Office staff	15,305	8,083	53%	15,424	9,816	63.6%	15,539	2,248	14.5%
Total	22,084	11,725	53%	22,142	15,031	67.9%	22,158	3,889	17.5%

3.3.4. Compliant management

GRI 418-1

IBG 000-5

GRI 206-1

Complaints in banking, finance, insurance, and investment services

The Group has adopted specific rules regarding the handling of complaints with the aim of basing customer relations on criteria of the maximum efficiency, fairness and transparency, as well as remedying the situations reported. In particular, reference is made to:

- Group Policy for the handling of complaints and out-of-court disputes;
- Process Standard for Affiliated Banks;
- Process Standard for Iccrea Banca¹⁴.

The purpose of the Policy is to regulate within the Iccrea Co-operative Banking Group the handling of complaints and out-of-court disputes with its customers, providing standardized guidelines.

On the other hand, process standards set out the procedures to be followed in dealing with complaints, in order to remedy the situations reported by the complainant, ensuring prompt and comprehensive responses, as well as designed to avoid the recurrence of conditions that might create dissatisfaction among customers. In detail, the process outlined in company rules is divided into the following stages:

- handling of complaints, in which the steps are described, which must be taken to effectively handle complaints received about banking and financial services, investment services and activities, and insurance brokerage activities;
- handling judicial disputes, in which the formalities on appeals (appeal to Banking and Financial Ombudsman (ABF) and Financial Dispute Arbitrator, appeal to the Prefect and appeal to mediation bodies) are described.

Complaints formalized by customers, whether in written or oral form, are brought to the attention of the Complaints Office, which is required to receive, register, assess and settle

¹⁴ A Process Standard is also being drafted for Iccrea Bancalmpresa.

them, within the time limits established in current legislation. If customers are not satisfied with the responses provided by the Bank, they can contact the Banking and Financial Ombudsman (ABF) or submit a request for mediation for conciliation purposes to a mediation body that is enrolled in the Register of Conciliatory Bodies kept by the Ministry of Justice.

In 2021:

- A. Iccrea Banca received 389 complaints (up by 11.14% compared to 2020), of which 67 were accepted;
- B. Iccrea Bancalmpresa received 24 complaints (down by 27.2% compared to 2020), of which 3 were accepted;
- C. BCCs received 2902 complaints (down by 19.88% compared to 2020).

In relation to the complaints that were accepted, Iccrea Banca in most cases reimbursed customers for the amounts they had claimed following the disallowance of transactions on payment services.

Given the different type of complaints handled by Iccrea Bancalmpresa, the solutions adopted were identified in the correction of reports in the Central Risk Database (*Centrale Rischio*, CR), requested documentary feedback and the renegotiation of some contractual conditions.

Apart from a very small percentage of complaints handled by BCCs (2.03% out of no. 2902 complaints relating to the year 2021), the surveys carried out in relation to the ICBG entities referred to above show that complaints were settled within the time limits required by the regulations:

- 60 calendar days for complaints on banking and financial services;
- 60 calendar days for complaints on investment services;
- 45 calendar days for complaints on insurance distribution carried out by employees and contractors.

During the year 2021, recurring objections in complaints submitted to the various ICBG entities listed above concern the following topics:

- BCC share redemption;
- branch inefficiencies;
- credit rating;
- reports in the Central Risk Database (CR) and the CRIF credit information system;
- fraud and disallowances on payment services.

Finally, the following data were collected with regard to BCC members and related complaints during the reporting period with regard to the Members of BCCs:

Group	2021	2020
Members using BCC services	89% (of total members)	81.58% (of total members)
Number of Complaints	576	396
Complaints with negative outcome for BCC	395	260
Members using BCC services	176	136

Documented complaints for breaches of consumer data privacy

With regard to breaches for consumer data privacy, the following highlights are reported below:

DOCUMENTED COMPLAINTS FOR BREACHES OF CONSUMER DATA PRIVACY (%)				
Year	2021	2020	2019	% Change (21-19)
Complaints from Third Parties	55	47	55	-
Complaints from Regulatory Bodies	3	-	-	-
Total Complaints	58	47	55	5.45%
% of Complaints from Third Parties	94.83%	100%	100%	-5.17%
% of Complaints from Regulatory Bodies	5.17%	0%	0%	-
Losses and thefts	6	3	14	-57.14%

In this regard, it is specified that:

- complaints received from third parties are handled by Iccrea Banca for Direct Perimeter Companies through a register of requests received from the parties concerned;
- complaints from regulatory bodies are handled by the Data Protection Officer (DPO) of Iccrea Banca who cooperates with the Supervisory Authority and acts as a point of contact for issues concerning the processing of personal data;
- the total number of losses and thefts identified is managed in the Group's Register of Incidents (Remedy application).

Cybersecurity

With regard to cybersecurity, the reports on the proven cases of fraud on online current accounts amounted to 23 for the entire perimeter of the Iccrea Co-operative Banking Group in 2021. In particular, priority was given to the number of events recorded in Loss Data Collection, i.e. with a loss greater than Euro 500.00.

3.3.5. Tax governance

GRI 207-1

GRI 207-2

GRI 207-3

The Iccrea Co-operative Banking Group carries out its activities in the field of taxation with the Parent Company issuing policies, guidelines, principles and rules for the implementation of the sector's regulations with regard to the Affiliated Banks and Direct and Indirect Perimeter Companies, in order to ensure compliance with the applicable legislation and limit the tax risk, i.e. the risk of giving rise to a violation of tax regulations or an abuse of the principles and purposes of the taxation system.

The Group maintains a relationship of full collaboration and transparency with the Tax Authorities, guaranteeing the promotion of a corporate culture based on the principles of integrity, honesty and compliance with tax regulations, while ensuring that they are complete, reliable and accessible to all levels of staff across the organization. This is achieved by communicating standards of conduct and spreading a culture of control over tax legislation.

The Parent Company's corporate function that ensures the proper and uniform interpretation of current tax legislation and guarantees compliance therewith is the Tax Organizational Unit (OU), which carries out Management, Coordination and Control activities through laying down principles and rules for the implementation of regulations.

In particular, this OU identifies the tax regulations applicable to the Group Companies (Regulatory Observatory), assesses the potential impact they might generate (Regulatory Impact Analysis) and, in its capacity as Specialist Unit for Tax Regulations, designs the system for monitoring and controlling tax risks associated with corporate processes (business and support).

Furthermore, the Parent Company's Tax OU performs its supervisory work through its involvement in planning and making the organization's choices and business decisions (i.e. "Tax Sustainability"), in order to encourage critical interaction for taking informed decisions, in relation to every issue of company life that may affect the tax variable.

The principles enumerated above, together with the objectives that the Group has set in the management of the tax variable, have been included in the Tax Strategy document, prepared through the Tax OU, which was approved by Iccrea Banca's Board of Directors' meeting held on 12 February 2021 and became applicable on the following day¹⁵.

¹⁵ Following the adoption of the aforesaid Tax Strategy document, work was completed on the collection of documentation required for the purposes of submitting the application to join the Cooperative Compliance Regime, which took place during December 2021." The Regime, which was established by Legislative Decree no. 128 of 5 August 2015, governing "Provisions on legal certainty in relations between tax authorities and taxpayers," has the purpose to establish a relationship of trust between administration and taxpayer that aims to increase the level of certainty on material tax issues. This objective is pursued through ongoing discussion with taxpayers on factual elements with a view to tax risk prevention, including preliminary audits, aimed at a common assessment of situations likely to generate tax risks.

It is an expression of the Board of Directors' intention to implement a system of internal control of tax risk ("Tax Control Framework" or "TCF"), which is fully compliant with international standards, shared by the OECD, and with the guidelines provided by the Italian Tax Authorities for joining the Cooperative Compliance Regime¹⁶.

The document, the interpretation of which is the responsibility of the Parent Company's Tax OU, which also takes care of its related updating, also states the level of tax risk that the Group intends to assume in pursuit of its strategic objectives (tax risk appetite), as well as its approach to the Tax Authorities, oriented towards fairness and transparency, with evidence of its commitment to establish forms of discussion aimed at preventing tax risk in the event of potentially controversial issues and/or dubious interpretation, relating to the planning of complex operations.

The Strategy document also included the definition in practical terms of the "Tone at the top" principle, according to which it is established that it is the Board of Directors that outlines the Tax Strategy, ensuring its application within the Group, thus assuming the role and responsibility of guiding the spread of a corporate culture marked by the values of honesty and integrity and the principle of legality.

Finally, reference was made to the "soft controls" (training plans targeted at employees, and competencies of personnel in charge of controls), with an explicit reference to the Code of Ethics and Conduct as the framework of "ethical safeguards" with which the Group operates and makes full provision for the Tax Strategy.

In order to ensure an adequate level of tax risk management and control, the Tax Department has set up and implemented, at Group level, the Tax Risk Management and Control System (TRMS) – the pillar of which is constituted by the Tax Strategy document -, the action of which is inspired by the requirements set out by the TCF - "OECD Framework - Cooperative Compliance" at international level and in line with the Tax Authorities' guidelines for joining the Cooperative Compliance Regime.

The Tax Risk Management and Control System, in fact, makes it possible:

- prevent any instance of violation or circumvention that may occur in the field of activities that are relevant for tax purposes;
- to guarantee the promotion of a corporate culture based on the principles of honesty and compliance with tax regulations and their dissemination at all levels;
- to improve the effectiveness of the Internal Control System;
- to ensure the capacity to adapt to major internal and external changes (amendments to tax legislation).

¹⁶ Measure dated 14 April 2016: Provisions regarding the requirements for access to the Cooperative Compliance Regime regulated by Articles 3 et seq. of Legislative Decree no. 128 of 5 of 5 August 2015, art. 4.5 Lett. B).

In order to define policies, guidelines and principles on tax matters as well as to design the Organizational and Operational Model adopted by the Tax OU, and to describe the Tax Compliance Model in all its main components, the Group Tax Department has issued two Policies:

- the Tax Policy
- the Tax Non-compliance Risk Management Policy.

These Policies constitute the reference model in the field of taxation defined at Group level, together with the operational process rules issued on an ongoing basis with reference to the various areas that are relevant for tax purposes¹⁷.

The Group's Tax Compliance Model is characterized by a close relationship between company "Operational Management" and "Tax Compliance Management"; the Model therefore includes a direct reference to "Business Compliance-Processes" that makes it possible to identify tax risks and manage and mitigate them by putting in place the related organizational and control measures.

For this purpose, the Processes-Compliance Matrix has been created, in which the "tax risk areas" are identified through a link between tax compliance and the sensitive processes and products that are managed by the Group Banks and Companies and that are relevant for tax purposes. This tool therefore accurately detects any potential tax risk arising from the business of each Group Company.

For each tax obligation applicable to the Perimeter Companies, a Protocol has been prepared which provides guidelines for operational and managerial conduct from a tax point of view for those who are involved in handling relevant business and/or support processes and for those who are involved in tax compliance management. In addition to providing information, these protocols set forth checklists in support of the Tax Compliance audit work, setting out the organizational and control measures that are regarded as functional and necessary to mitigate tax risk.

Specifically, tax risk is assessed by using a method in line with that defined by the Parent Company's Compliance Function. The Potential Risk Rating (PRR) is therefore determined and the adequacy and effectiveness of the organizational and control measures are then assessed at a later time, thus arriving at the determination of a Residual Risk Rating ("RRR"), while taking account of the governance and organizational system and controls in place.

The audit activities the Tax OU carries out in its capacity as Specialist Unit are scheduled on an annual basis in agreement with the Parent Company's Compliance Function. Subsequently, any areas of "non-compliance" with tax regulations are identified and the related corrective actions are planned. Finally, the state of progress of "active" mitigation

¹⁷ During 2021, the Tax OU oversaw the drafting of the following Process Standards: Process standard on "Tax litigation monitoring," Process standard FATCA and CRS - Compliance management for identification of customers for tax purposes, Process Standard on Financial Transaction Tax – FTT.






actions is monitored periodically and a final report is prepared on the activities that have been carried out.








With reference to the compliance work assigned to the Specialist Tax Unit, the Indirect Legislation Organizational Unit of the Compliance Function supervises the proper performance of the aforesaid work, as well as compliance with the methodologies and standards defined by the Compliance Area, acquiring the results and coordinating periodic reporting.

Actually, there is no Reporting mechanism at present, but all staff members of the Perimeter Companies are put in a position to become acquainted with the tax legislation, as well as to report any instance of non-compliance therewith and of violation of tax regulations or abuse of the principles and purposes of the tax system through the issue of Tax Protocols, and then through the dissemination of a culture of tax compliance.

For this purpose, the Group promotes awareness among its Directors and Employees of tax risk, organizing training courses both for those who perform their work in the field of taxation, and for those who perform their work in other fields. This makes it possible to strengthen control over the tax risk arising from business activities and encourages the creation of a corporate culture focused on compliance with tax regulations.

Chapter 4 – Environment

MATERIAL TOPICS	
Climate change and transition to sustainable economy Direct environmental impact	
SDGs	TARGET
	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance a.
	3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.
	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
	<p>By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>
	8.3.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
	14.3 Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels
	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
GRI	
GRI [GRI 301-1 - GRI 301-2 - GRI 302-1 - GRI 302-2 - GRI 302-3 - GRI 305-1 - GRI 305-2 - GRI 305-3 - GRI 305-4 - C4-FS8]	

The Iccrea Co-operative Banking Group is aware of the interdependence existing between economic activities, ecosystems, resources and people. For this reason, it directs the creation of value to the benefit of all stakeholders, such as customers, Members, suppliers, communities and future generations, thus contributing to sustainable economic development in the medium- to long-term. In this perspective, environmental protection and attention to climate change constitute the founding principles of cooperation and mutual benefit. The "responsible and sustainable growth of the local communities in which it operates" and the propensity to stand out "for its social orientation and choice to build the common good" under Article 2 of the Articles of Association is an essential part of the Group's mission and a guide for the BCCs that refer to it. This concept is reported in the Charter of Values of Co-operative Banking whereby, in accordance with the "Principle of connection with local communities", it is necessary to promote a responsible and sustainable growth of the local communities and areas and in the Group's Charter of Commitments on Environment and Fight against Climate Change. There will be several references to these guidelines in this chapter.

For the Iccrea Group, care for the environment means protection of communities and people. The financial wellbeing of BCCs is closely connected with the social, economic and environmental wellbeing of the local areas in which they operate.

The pressure posed by climate change can no longer be postponed. In fact, the importance of these issues to stakeholders has been strongly reiterated in the materiality analysis, in which the "direct environmental impact " and "Climate change and transition to sustainable development " have emerged as material topics.

The principles that guide the Iccrea Group in the management of environmental impact and the actual integration of environmental and climate change issues into its business strategies and operations can be attributed to an ever increasing efficiency in the use of resources necessary to carry out activities, as well as to innovation in operations through the digitalization of processes, products and services, the promotion of the culture of the environment, by encouraging all counterparties to adopt virtuous behaviors and the collaboration with environmental associations recognized at national and international level.

The environmental challenge is complex and is destined to have a strong impact on the future, including the near future. As pointed out on more than one occasion at various national and European levels, Banks play a key role in this transition, since they are able to direct investments and financing and have the possibility of giving priority to businesses with a lower impact on the climate and consequently reducing any related risk.

4.1. The Group's direct environmental impact

Direct environmental impact is defined as any impact arising from business activities that entail the consumption of resources, the production of waste and the emission of harmful substances. The management of this impact takes the form of a set of measures that will be implemented gradually by the Parent Company and, over time, by the Affiliated BCCs on the basis of their applicability in the local area of reference:

1. **Rational use of resources and reduction of emissions into the atmosphere**, as already defined within the Environmental component of the Sustainability Plan in past years, through:
 - the optimization of energy consumption, by investing in energy efficiency solutions, such as use of environmentally efficient lighting systems and other low-consumption equipment;
 - the improvement of the Group's energy profile by preferring to use renewable and/or low-emission energy sources, through the promotion of a partnership in local areas for the implementation of Energy Communities aimed at supporting local communities with a view to ecological transition through the production and self-consumption of energy from renewable sources.
2. **Refurbishments and new construction oriented to the energy efficiency of buildings** through:
 - the definition of standards or guidelines that provide for the use of high-performance building technologies.
3. **Increase in the purchase of "green" products and services** through:
 - the purchase (where possible and with conditions of equal functionality) of equipment, work tools, services and consumer goods characterized by a lower environmental impact;
 - the purchase of disposable compostable/biodegradable products, with the gradual elimination of disposable plastic.

In view of an increasing attention to the management of direct impact, there is the need to structure a network of support for both the activities of the Parent Company and those of the Affiliated BCCs, by strengthening experiences that have already been in place for several years, as reported below:



BIT S.p.a. is the Company of the Iccrea Co-operative Banking Group that provides technical and administrative support to the Parent Company and to the BCCs for investment projects in the renewable energy, energy efficiency and agricultural, agri-food and agro-energy sectors. BIT, as a center of specialist expertise, also provides support to the Iccrea Co-operative Banking Group in the ESG area, to plan and organize activities and services capable of increasing the sustainability of the local areas covered by Affiliated Banks. BIT is an Energy Services Company (ESCo) that is UNI CEI 11352 certified, serving Affiliated Banks and their Customers in the field of energy

efficiency and on the open energy market, as well as in the agricultural, agri-food and renewable energy sectors.



Consorzio BCC Energia. The Iccrea Co-operative Banking Group procures electricity and natural gas through Consorzio BCC Energia, which also operates added-value services in the energy sector. BCC Energia counts, among its consortium members, more than 100 Group Companies and Co-operative Banks that are members of the Iccrea Co-operative Banking Group. Bringing together the BCCs and the Group Companies in a single large purchasing force on the free market makes it possible to have an important bargaining power, but above all to be protagonists on the markets, with evolved contractual forms that modify the approach towards an active management of the procurement portfolio. Economic savings are combined with a concrete choice for the environment, through the exclusive purchase of certified green electricity from renewable sources with Guarantee of Origin (GO) and, from the thermal year 2021/2022, the full CO₂ offset associated with natural gas as well. The Consortium makes it possible to seize the potential for energy efficiency, with a specialized contribution aimed at harnessing technological solutions, opportunities, and incentives: a complete supervision for energy management, thus reducing the impact on the environment and energy expenditure.

BCC Solutions. The effective management of direct impact is peculiar to BCC Solutions' business. In addition to cost reduction targets, a major architectural/plant engineering project was finalized at the Rome headquarters in 2021 with the Cost Excellence project obtaining LEED (Leadership in Energy and Environmental Design) certification and implementing a broad set of environmental policies in areas such as:



- reduction of water and energy consumption;
- management and control of waste production;
- purchase of products with low environmental impact;
- sustainable work site management.

LEED – Leadership in Energy and Environmental Design is the most important certification system for energy and environmental sustainability in the world. The LEED O+M v4.1 beta certification which BCC Solutions has chosen to achieve for its office located at Via Lucrezia Romana is an initial test of a system that, by measuring monthly consumption of energy and water resources, as well as the performance concerning the sustainable management of the building and the subsequent comparison with a benchmark building that is similar in terms of size, intended use and occupancy levels, gives the building a performance score comparable with local and international average. This periodic monitoring, together with an updated energy audit of the building, makes it possible to establish the initial performance level and to schedule and monitor improvements.

In full compliance with the requirements of LEED Certification, the energy efficiency project for the air conditioning and heating system serving bodies A and C of the Lucrezia Romana

property was followed up in 2021, and the boilers serving body B were also replaced with high-efficiency multipurpose heat pumps.

At present, the certification has been activated for the building of the Rome - Lucrezia Romana headquarters only, but some components, such as the use of Ecolabel products by Global Service companies, FSC-certified paper and waste sorting management, have been extended to all the offices operated by BCC Solutions throughout the country.

ISO14001 Certification – As evidence of its commitment to environmental issues, BCC Solutions has started the process of obtaining environmental certification according to the international standard UNI EN ISO 14001:2015. This standard, applied to BCC Solutions' offices (Via Lucrezia Romana, Via Esterle, Via Revere), will allow the organization's environmental performance to be monitored.

4.1.1. The materials used

In accordance with the provisions of the ABILab (Banking Research and Innovation Center) Guidelines for the banking sector, the raw materials to be reported are those related to the operations of the bank itself so mainly paper and toner (or cartridges) for printers, distinguishing materials from recycling. The table below shows the materials used by the Group.

GRI 301-1

MATERIALS USED				
MATERIALS USED BY TYPE	2021	2020	2019	% Change (21-19)
Recycled cartridges for Printers	345.43	-	-	-
Printer Cartridges	5,621.82	5,014.90	7,616.38	-26.19%
Printer Toner	22,814.40	23,694.24	26,181.96	-12.86%
Recycled toner for Printers	4,009.82	1,660.14	-	-
Total Toner	26,824.22	25,354.38	26,181.95	2.45%
A3 Non-recycled paper reams	15,693.44	24,957.33	37,903.21	-58.60%
A4 Non-recycled paper reams	934,040.35	1,439,605	2,044,371	-54.31%
A3 Recycled paper reams	1,339.90	2,676.30	442.5	>100%
A4 Recycled paper reams	202,512.19	204,696.55	192,076.25	5.43%
A3 FSC-certified paper reams	5,213.81	-	-	-
A4 FSC-certified paper reams	613,444.38	-	-	-
Total Paper	1,772,244.07	1,671,935	2,274,793	-22%
Total material used	1,805,035.54	1,702,304.3	2,308,591.3	-22%

In general, there was a slight increase in the consumption of materials for 2021 compared to the previous reporting year, but still 22% below pre-pandemic levels.

As a particular highlight for 2021, we note the first reporting of the use of certified paper (FSC) for which no comparisons are therefore available with respect to previous years.

There was also an increase of about 8% relating to the use of toners from recycling.

GRI 301-2

RECYCLED MATERIAL USED

Material used	2021	2020	% Change (21-20)
Recycled paper	11.50%	12.40%	-7.26%
Recycled toner	14.95%	6.55%	>100%

4.1.2. Energy consumption and GHG emissions

GRI 302-1 (a)

The Iccrea Co-operative Banking Group is mindful not only of the materials it uses but also of its own climate-altering gas emissions (Greenhouse Gases-GHG emissions, which are responsible for global warming).

An organization's GHG emissions constitute its carbon footprint, which generally groups emissive sources into three macro-classes:

- SCOPE 1 (direct emissions), arising from the Group's activities, with specific regard to direct consumption of energy produced by the use of natural gas for heating offices and branches;
- SCOPE 2 (indirect emissions from energy consumption), arising from the consumption of electricity purchased from third parties;
- SCOPE 3 (other indirect emissions), emissions arising from the Group's activities arising from sources not owned or directly controlled.

During the reporting year the Iccrea Co-operative Banking Group recorded direct energy consumption totaling approximately **231,386 GJ**. As shown in the table below, the Iccrea Group's energy consumption is mainly linked to the use of heating and air conditioning systems, office lighting systems and the use of the company vehicle fleet. Consumption related to **non-renewable and renewable sources totaled 181,756 GJ and 4,914 GJ, while slightly more than 44,716 GJ were consumed for the use of the company fleet**. There was a slight increase compared with the previous report as

a whole; in particular, the following trends were observed compared to 2019 (see the Table below):

- an increase in energy consumption from non-renewable sources (19%);
- an increase in energy consumption from renewable sources (23%);
- a decrease in consumption concerning the use of the company fleet (24%).

GRI 302-1(a)

DIRECT ENERGY CPNSUMPTION BY SOURCE (GJ)				
Type of source	2021	2020 ¹⁸	2019 ¹⁹	% Change (21-19)
From non-renewable sources	181,756.00	170,027.83	152,943.88	18.84%
From non-renewable source – Diesel	2,811.59	2,735.60	3,440.47	-18.28%
From non-renewable source – Natural Gas	178,944.41	167,292.23	149,503.42	19.69%
From renewable sources	4,913.97	4,431.48	4,003.76	22.73%
From renewable source– Solar energy	4,913.97	4,431.48	4,003.76	22.73%
For use of the company fleet	44,715.71	38,833.71	58,484.94	-23.55%
Company fleet – gasoline	4,657.80	3,496.76	6,853.04	-32.03%
Company fleet - diesel	39,891.63	34,882.28	51,046.15	-21.85%
Company fleet – LPG	33.26	145.48	423.08	-92.14%
Company fleet – Methane gas	133.02	309.19	162.67	-20.46%
Total direct consumption	231,385.68	213,293.02	215,432.58	7.41%

¹⁸ Figures for 2020 differ from those published in CNFS 2020 because a new calculation methodology was adopted as a result of anomalies found in data processing.

¹⁹ Figures for 2019 differ from those published in CNFS 2020 because a new calculation methodology was adopted as a result of anomalies found in data processing.

Furthermore, the Iccrea Group purchased and consumed **446,922.84 GJ** of electricity during the year, of which more than 76% (340,634.37 GJ) came from renewable sources, in addition to a total of **18,523.05 GJ** relating to thermal energy. **The amount of electrical energy from renewable sources rose from about 72% in 2020 to more than 76%**, whilst thermal energy from renewable sources fell from 22% in 2020 to the current percentage of 10%. (see the Table below - GRI 302-1 b).

In general, total direct and indirect energy consumption remained substantially in line over the three-year period with a deviation of -0.1 compared to the pre-pandemic period.

Below is the breakdown of indirect energy consumption by source:

GRI 302-1 (b)

INDIRECT ENERGY CONSUMPTION BY SOURCE (GJ)				
Type of source	2021	2020 ²⁰	2019 ²¹	% Change (21-19)
Electricity	446,922.84	441,823.55	463,783.88	-3.64%
Non-renewable electricity	106,288.47	123,377.70	165,794.08	-35.89%
Renewable electricity	340,634.37	318,445.85	297,989.80	14.31%
% incidence (non-renewable)	24%	28%	36%	
Incidence % (renewable)	76%	72%	64%	
Thermal energy	18,523.05	19,450.93	18,583.18	-0.32%
Non-renewable energy	16,589.12	15,170.90	12,844.78	29.15%
Renewable energy	1,933.93	4,280.03	5,738.40	-66.30%
% incidence (non-renewable)	90%	78%	69%	
Incidence % (renewable)	10%	22%	31%	
Total indirect consumption	465,445.89	461,274.48	482,367.02	-3.51%

Below is total energy consumption:

TOTAL ENERGY CONSUMPTION INSIDE THE ORGANIZATION (GJ)				
Type of consumption	2021	2020	2019	% Change (21-19)
Total direct consumption	231,385.68	213,293.02	215,432.58	7.41%
Total indirect consumption	465,445.89	461,274.48	482,367.06	-3.51%
Total	696,831.57	674,567.50	697,799.64	-0.14%

²⁰ Figures for 2020 differ from those published in CNFS 2020 because a new calculation methodology was adopted as a result of anomalies found in data processing.

²¹ Figures for 2019 differ from those published in CNFS 2020 because a new calculation methodology was adopted as a result of anomalies found in data processing.

We report below what has been mentioned above, namely energy consumption generated outside the organization.

This consists of consumption resulting from staff missions carried out by (own) car, train and plane. There were no significant deviations as a whole. With reference to "car" consumption there was an increase of 6%, while with regard to "train" and "flight" consumption there was a decrease of about 19% and 16%, respectively

GRI 302-2

As envisaged by the Global Reporting Initiative "energy intensity ratios define energy consumption in the context of an organization-specific metric"; in this regard, as stated

ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION (GJ) ²²			
Type of consumption	2021	2020	% Change (21-20)
Small car	7,345.64	6,897.78	6.49%
Medium car	8,853.11	8,318.81	6.42%
Large car	2,075.68	1,956.40	6.10%
Total consumption – cars	18,274.43	17,172.99	6.41%
National trains	646.24	796.73	-18.89%
International trains	-	0.17	-100%
Total consumption – trains	646.24	796.9	-18.91%
Total consumption – flights	1,705.13	2,018.94	-15.54%
Total consumption (cars, trains, flights)	20,625.80	19,988.83	3.19%

in the ABI Lab Guidelines, the "total number of Group employees as at 31 December 2021" was used as an objective parameter for the purpose of assessing "energy intensity". The table below reports the highlights showing a slight increase in energy intensity, with regard to consumption both inside and outside the organization.

²² The figures reported for 2021 do not include consumption of Indirect Perimeter Companies.

GRI 302-3 (Consumption inside the organization in GJ / Total Employees)

ENERGY INTENSITY – CONSUMPTION INSIDE THE ORGANIZATION			
Year	2021	2020 ²³	% Change (21-20) Intensity
Consumption (GJ)	696,831.57	674,567.50	3.10%
Total employees (no.)	22,084	22,037	
Energy intensity	31.55	30.60	

GRI 302-3 (Consumption outside the organization in GJ / Total Employees)

ENERGY INTENSITY – CONSUMPTION OUTSIDE THE ORGANIZATION ²⁴			
Year	2021	2020 ²⁵	% Change (21-20) Intensity
Consumption (GJ)	20,625.80	19,988.83	4.4%
Total employees (no.)	22,041	22,037	
Energy intensity	0.94	0.90	

GRI 305-1

As a result of the direct energy consumption reported above, the Iccrea Co-operative Banking Group recorded direct **greenhouse gas (Scope 1)** emissions of **approximately 14,000** tons of CO2 equivalent during the year.

²³ Figures for 2020 differ from those published in CNFS 2020 because a new calculation methodology was adopted as a result of anomalies found in data processing.

²⁴ The figures reported do not include the Group's indirect perimeter companies (Sigest and Coopersystem) for a total of 43 employees.

²⁵ Figures for 2020 differ from those published in CNFS 2020 because a new calculation methodology was adopted as a result of anomalies found in data processing.

GRI 305-1

DIRECT GHG SCOPE 1 EMISSIONS (tCO₂eq)				
Type of emissions	2021	2020 ²⁶	2019 ²⁷	% Change (21-19)
From non-renewable sources	10,581.63	9,880.76	8,921.03	18.61%
From non-renewable source – Diesel	208.91	203.26	255.64	-18.28%
From non-renewable source – Natural gas	10,372.72	9,677.49	8,665.39	19.70%
For use of the company vehicle fleet	3,321.44	28,881.23	4,341	-23.49%
Company vehicle fleet – Gasoline	344.02	258.99	507.71	-32.24%
Company vehicle fleet - Diesel	2,967.51	2,594.73	3,795.83	-21.82%
Company vehicle fleet – LPG	2.20	9.62	27.96	-92.13%
Company vehicle fleet – Methane gas	7.71	17.89	9.43	-18.24%
Total emissions Scope 1	13,903.07	12,761.98	13,262.03	4.83%

It should also be noted that 100% offsetting was carried out in relation to CO₂ emissions associated with the natural gas purchased by all BCCs and Banking Group Companies that are members of the BCC Energia Consortium. Offsetting is formalized as per contract with the natural gas supplier *Bluenergy*, and relates to the thermal year 2021-2022: therefore, offsetting concerned the period from October to December 2021, resulting in offset emissions of 2,536 tons of CO₂eq.

The details of the Gas consumption reported for the members, accrued in the last quarter only, and of the related offset emissions are provided below.

GRI 305-2

As required by the “Guidelines on the application of the GRI environmental indicators to Banks” by AbiLab, the greenhouse gas emissions (Scope 2) are reported below according to a methodology that is additional to the “Market Based” approach. This method, called “Location Based”, considers the contribution of the average emission factors of the distribution network used by the organization for its own electricity consumption. The Guidelines provide for the use of a conversion formula in which the

²⁶ Figures for 2020 differ from those published in CNFS 2020 because a new calculation methodology was adopted as a result of anomalies found in data processing.

²⁷ Figures for 2019 differ from those published in CNFS 2020 because a new calculation methodology was adopted as a result of anomalies found in data processing.

main variable refers to the total kWh of electricity purchased by the Group (both renewable and non-renewable).

INDIRECT GHG SCOPE 2 EMISSIONS – LOCATION BASED METHOD (tCO ₂ eq) ²⁸				
Type of emissions	2021	2020	2019	% Change (21-19)
Non-renewable electricity	8,245.52	10,211.01	14,620.89	-43.60%
Renewable electricity	26,425.34	26,355.29	26,278.83	0.56%
Non-renewable energy	975.99	879.91	765.69	27.47%
Renewable energy	113.78	248.24	342.07	-66.74%
Total emissions –Scope 2 Location-Based Method	35,760.63	37,694.45	42,007.48	-14.87%

INDIRECT GHG SCOPE 2 EMISSIONS – MARKET BASED METHOD (tCO ₂ eq) ²⁹				
Type of emissions	2021	2020	2019	% Change (21-19)
Non-renewable electricity	13,821.38	16,690.26	22,105.88	-37.48%
Total emissions Scope 2 – Market-Based method	13,821.38	16,690.26	22,105.88	-37.48%

Regardless of the methodology considered, the focus on managing direct impacts on the environment led to a decline in Scope 2 climate-altering gas emissions, with positive impacts on the environment.

GRI 305-3

As defined by the GHG Protocol, Scope 3 emissions are the result of an organization's activities deriving from sources that are not owned or controlled by the organization itself.

²⁸ The calculation of Location-Based emissions was based on the formula proposed by the Italian Banking Association (ABI) guidelines (updated at December 2021) on the application of GRI standards to banks: $((Y \cdot 278 + 28Y \cdot 0.0172 + 265Y \cdot 0.0030) / 1,000,000)$, where Y refers to the total kWh of electricity purchased by the Group (both renewable and non-renewable).

²⁹ Figures for 2020 and 2019 differ from those published in CNFS 2020 because a new calculation methodology was adopted as a result of anomalies found in data processing. For the calculation of Market-Based emissions: emissions from electricity purchased from non-renewable sources were calculated based on the Residual Mix for Italy issued by the Italian Banking Association (AIB) for 2019, equal to 466 gCO₂/kWh. Since the AIB did not provide the value of CO₂ equivalent, as suggested by the ABI Lab Guidelines (updated at December 2021), the value of gCO₂ eq was obtained from the following formula: $(466 + (0.028828) + (0.005265)) = 468.1314$ gCO₂eq.

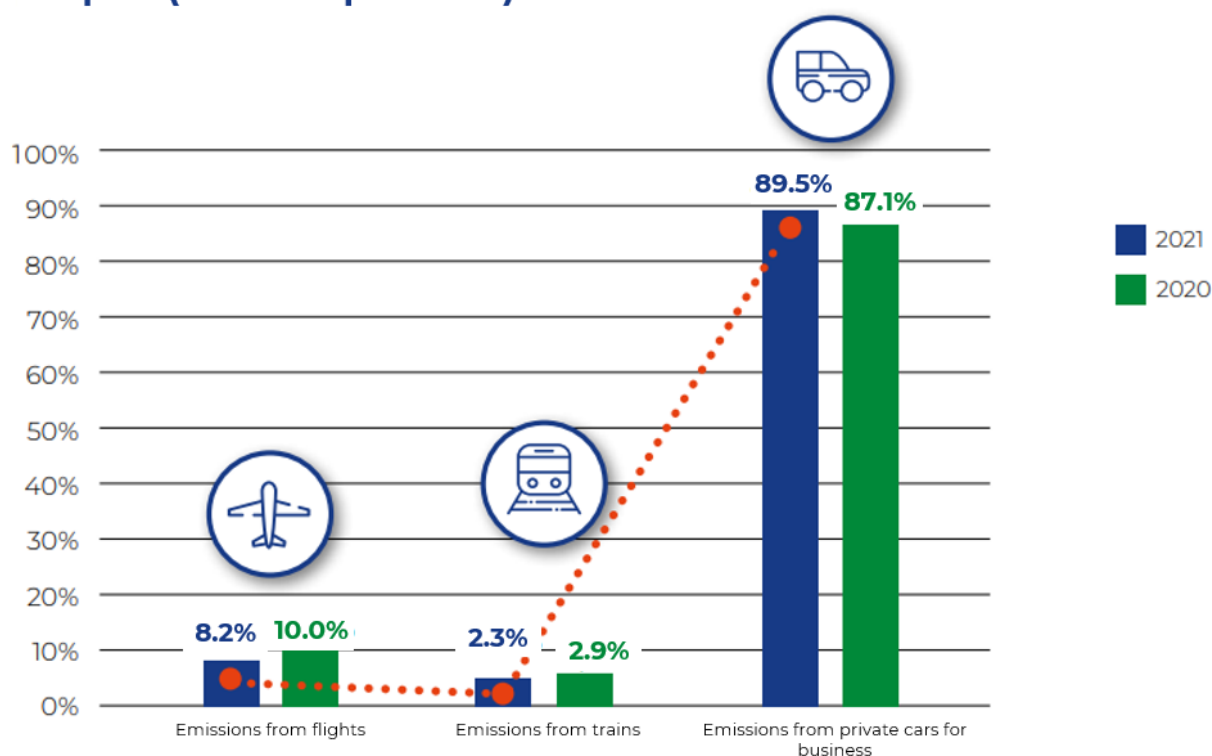
For the 2021 financial year and in continuity with previous years, the Group reports within this macro-class the emissions connected with business trips, made by its employees through cars, trains and planes.

In 2021, total emissions that can be classified as Scope 3 were equal to **1,496.82** tCo2eq, recording a decrease of about 14% compared to 2019 and substantially in line with 2020.

EMISSIONS FROM CONSUMPTION OUTSIDE THE ORGANIZATION – SCOPE 3 (tCO2eq) ³⁰				
Emissions by type of vehicle	2021	2020	2019	% Change (21-19)
Large car	152.21	143.46	139.61	9.03%
Medium car	649.2	610.02	699.42	-7.18%
Small car	538.66	505.82	603.74	-10.78%
Total emissions – cars	1,340.07	1,259.30	1,442.77	-7.12%
International trains	-	0.01	-	-
National trains	34.21	41.71	51.9	-34.08%
Total emissions – trains	34.21	41.72	51.9	-34.08%
Short haul flights – business class	1.28	1.54	2.66	-51.88%
Short haul flights – economy class	12.34	17.85	36	-65.72%
Long haul flights – business class	-	8.23	-	-
Long haul flights – economy class	16.4	19.58	1.42	>100%
Long haul flights – first class	-	-	-	-
Long haul flights – premium class	-	-	-	-
Medium haul flights – business class	10.08	6.46	3.03	<100%
Medium haul flights – economy class	82.44	90.03	208.34	-60.43%
Medium haul flights – first class	-	-	-	-
Medium haul flights – premium class	-	0.67	4.3	-100%
Total emissions – flights	122.54	144.36	255.75	-52%
Total emissions (cars, trains, flights)	1,496.81	1,445.38	1,750.42	-14.49%

³⁰ The values reported do not include the indirect perimeter companies of the Group.

Scope 3 (% tCO₂eq on total)



With effect from 2020, the Group enriched its reporting with the calculation of emission intensity - the data for which are shown below - in order to have increasingly comprehensive financial reporting in line with market best practices.

GRI 305-4 (Total emissions inside the organization / Employees)

ENERGY INTENSITY – Scope 1

Year	2021	2020 ³¹	% Change (21-20)Intensity
Emissions- Scope 1 (tCO ₂ eq)	13,903.07	12,761.99	8.6%
Total employees (no.)	22,084	22,037	
Emission intensity	0.63	0.58	

³¹ Figures for 2020 differ from those published in CNFS 2020 because a new calculation methodology was adopted as a result of anomalies found in data processing.

ENERGY INTENSITY – SCOPE 2 MARKET- BASED

Year	2021	2020 ³²	% Change (21- 20)Intensity
Emissions Scope 2 – Market-based method (tCO ₂ eq)	13,821.38	16,690.26	-18.4%
Total employees (no.)	22,084	22,037	
Emission intensity	0.62	0.76	

ENERGY INTENSITY – SCOPE 2 LOCATION- BASED

Year	2021	2020 ³³	% Change (21- 20)Intensity
Emissions Scope 2 – Location-based method (tCO ₂ eq)	35,760.63	37,694.45	-5.3%
Total employees (no.)	22,084	22,037	
Emission intensity	1.62	1.71	

ENERGY INTENSITY – SCOPE 3 ³²

Year	2021	2020	% Change (21- 20)Intensity
Emissions Scope 3 (tCO ₂ eq)	1,496.82	1,445.38	4.6%
Total employees (no.)	22,041	22,037	
Emission intensity	0.068	0.065	

³² The values reported do not include the indirect perimeter companies of the Group.

³³ See footnote above.

4.2. Offering of eco-friendly products and services

4.2.1. Indirect environmental impact: business and environment

G4 FS8

"Indirect environmental impact" is generated by the behavior of third parties, such as customers and suppliers, which can also be attributed to our work as a credit provider and counterparty in the process of procuring goods and services from suppliers and business partners.

This impact is a key issue because, through its management, the Group has the possibility of contributing to the adoption of environmentally virtuous processes and behaviors. In this regard, the Group – being aware of the growing importance attached to emissions attributable to its business activities ("financed emissions") - has developed specific project plans aimed at increasing the set of data and information required for the reporting of the Scope 3 emission categories in order to ensure an ever-increasing and adequate measurement, management and disclosure of ESG risks. In the strategic guidelines 22-24, which are currently in the process of being approved, as well as in the ESG Programme mentioned in Chapter 3, these issues are specifically handled from an evolutionary perspective.

The commitment to providing support to the sustainable development of local areas and communities is an issue that is particularly peculiar to the Iccrea Co-operative Banking Group organization, both at a central and local level. This support is rooted in the BCC's Standard Articles of Association and merges with the long-term objectives that the Group has set for itself. The consideration of the impact that products have on the environment and therefore on local areas and communities is inherent in the concept of sustainable development. In fact, the environmental impact activities put in place by the Group are described below, with a focus on some specific entities.

Iccrea Banca



In 2021, Iccrea Banca obtained the approval of the Euro Medium Term Note - EMTN Programme, under which it may issue bonds with a social and/or environmental purpose (Green and Social Bonds) in line with market best practices. The bonds may be admitted to listing on the Luxembourg Stock Exchange and are reserved for institutional customers. In October 2021, Iccrea Banca S.p.A. formalized its Green, Social and Sustainability Bond Framework required for the issuance of "ESG" bonds to be placed on domestic and international markets under the EMTN Programme, in line with the Green Bond Principles and the Social Bond Principles issued by ICMA (International Capital Market Association) in 2021.

The transfer to the Parent Company of Iccrea BancaImpresa's business entailed the insourcing of, among others, the operations relating to:

1. Renewable Energies: mainly through the technical form of project financing in favor

of companies and SPV- Special Purpose Vehicles, which develop plants for the production of energy from renewable sources (wind farms, and PV and hydroelectric plants);

2. Infrastructure investments in favor of the integrated water system and Waste Treatment and Disposal: through corporate finance

3. Investments in low-consumption public transport (LPG vehicles): through corporate finance

Although in line with the objectives and areas of intervention under the latest directives, including the NRRP, work in these areas of investment has been commenced by the Function for years as they are considered to be strategic and at the same time in line with the Banking Group's objectives of sustainable development across the territory.

The main operations are summarized below.

Project Finance

The operations of the Project Finance OU mainly consist of structuring and granting financing in sectors with positive environmental impact:

1. Financing the construction of Plants for the production of energy from renewable sources (Green Field Projects);
2. Refinancing of Plants for the production of energy from renewable sources (Brown Field Projects), which is also traded on the secondary market.

All the projects financed involve a reduction in CO2 emissions connected to the production of electricity. The power plants under development will in fact replace the more polluting plants (coal, fuel oil, gas) which are operating in the country and are in the process of being decommissioned.

Corporate Finance

The operations of the Corporate Finance is able to closely follow the needs of companies operating in the sectors of local public services and more generally of the infrastructural requirements of the local areas where the Group operates by means of the tools of Corporate Finance both in "Waste Collection, Treatment and Disposal" and in local public transport, where the current European regulations impose obligations on operators, regarding the reduction in the average age of vehicles and consequently of CO2 emissions into the atmosphere.

Iccrea Bancaimpresa



As regards indirect impacts, as early as from 2017 Iccrea BancaImpresa (IBI) issued a company standard aimed at mitigating risks associated with potential environmental crimes in the provision

of banking services to current or potential customers. In connection with the change in Iccrea Bancaimpresa's operations, described above, the business has been exclusively oriented to the leasing product from 2021. Lease disbursements that have ESG characteristics only concern assets (both capital goods and vehicles) financed to entities operating in the Collection, Treatment and Disposal sectors, with the aim of increasing their efficiency in the urban waste management cycle.

BCC Credito Consumo:



In the reporting year, BCC Credito Consumo continued its commitment to the environment (it had already carried out a campaign in collaboration with the National Trust for Italy, FAI, in 2020) through the Affiliated Banks. In 2021, it developed the Crediper campaign in support of WWF, through which the Company allocated a share to WWF in support of the Marsican Brown Bear for each personal loan disbursed.

BCC Risparmio & Previdenza:



In 2021, the Group set specific responsible investment objectives for itself through its asset management company. In 2021, BCC Risparmio & Previdenza had the objective of increasing the volume of sustainable investments, which was actually achieved and was further strengthened under the soon to be approved strategic guidelines 2022-2024.

BCC Risparmio & Previdenza's sustainable investments increased by 54% during the reporting year.

BCC Risparmio & Previdenza placed sustainable products and services for an amount of Euro 1 billion in 2021: Assets under Management in sustainable investments amounted to more than Euro 4 billion as at 31 December. In this context, BCC Risparmio & Previdenza considers products that fall within the scope of application of Articles 8 and 9 of Regulation (EU) 2019/2088 - Sustainable Finance Disclosure Regulation (SFDR) - as sustainable.

As already mentioned with regard to Sustainability Governance in Chapter 3, the Group has in place a specific policy to integrate ESG factors into its investment activities. On the basis of what has been outlined, BCC Risparmio & Previdenza's responsible investment strategy includes a methodology that incorporates exclusions for certain investment sectors such as alcohol, gambling, nuclear energy, tobacco, and weapons, as well as specific screening criteria in order to classify investments according to three

levels of exposure to ESG risks, namely "high," "medium," and "low", thus aiming at minimizing or limiting the presence of high-risk instruments.

Affiliated BCCs' activity:

The environmental activities of the Affiliated BCCs are fundamental in order to complete the report on the indirect impact of the Iccrea Group's business. There are countless projects carried out by the 128 BCCs in this area.

G4-FS8

ENVIRONMENTAL IMPACT LOANS	Customer and beneficiaries			
	2021	2020	2019	% Change (21-19)
Biogas/Biomethane financing for businesses	18	2	-	-
Financing for Natural Disasters	493	647	-	-
Energy Efficiency Financing for Public Bodies	1	2	-	-
Energy Efficiency Financing for Businesses	104	26	-	-
Wind Energy Financing for Businesses	22	4	-	-
Solar PV Energy Financing for Businesses	252	91	154	63%
Solar PV Energy Financing for Private Individuals	240	233	688	3%
Hydroelectric energy financing for businesses	10	12	-	-16.67%
Environmental recovery financing	52	61	146	-14.75%
Housing redevelopment financing	1,729	447	-	>100%
Smart mobility financing for to businesses	3	2	-	-
Other Loans	5,036	2,519	629	>100%
Total members	7,960	4,046	1,617	>100%
Environmental impact investment products	Underwriters			
	2021	2020	2019	% Change (21-19)
Green Funds	-	23,023	11,965	-

Total members	-	23,023	11,965	-
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ENVIRONMENTAL IMPACT LOANS (AMOUNT DISBURSED)

Types	2021	2020	2019	% Change (21-19)
Biogas/biomethane financing for businesses	4,275,913	1,078,878	-	-
Financing for natural disasters	60,470,454	25,170,192	-	-
Energy efficiency financing for public bodies	180,000	149,589	-	-
Energy efficiency financing for businesses	8,457,561	2,592,614	-	-
Wind energy financing for businesses	54,905,803	19,605,826	-	-
Solar pv energy financing for businesses	23,378,245	37,172,641	15,020,645	56%
Solar pv energy financing for private individuals	210,860	423,000	17,398,218	-99%
Hydroelectric energy financing for businesses	3,265,317	9,978,596	-	-
Environmental recovery financing	30,039,316	1,894,000	5,149,002	>100%
Housing redevelopment financing	185,194,151	31,091,640	24,465,917	>100%
Smart Mobility Financing for Businesses	7,625,000	805,578	-	-
Other Loans	89,622,636	7,648,313	9,015,872	>100%
Overall total (€)	467,625,256	137,610,867	71,049,654	>100%

With regard to eco-friendly financing products, there was a significant increase during 2021, which was due to tax credits relating to the "110% Superbonus", as well as to more accurate cataloging of products on the part of BCCs.

ENVIRONMENTAL IMPACT LOANS (DEPOSITS)

Types	2021	2020	2019	% Change (21-19)
Green funds	-	320,706,076	248,067,332	-
Overall total (€)	-	320,706,076	248,067,332	-

For the 2021 financial year, the table does not provide any information on the deposits relating to financial products attributable to "Green Funds," which was reported in previous years. In this regard, it should be noted that with the entry into force of Regulation (EU) 2019/2088 (SFDR), the following classification of ESG products is now available:

- Products under Art. 8 - financial products that promote ESG characteristics;
- Products under Art. 9 - financial products that have sustainable investment objectives.

With specific regard to the possibility of identifying which of these products can be regarded as "green," **the related deposits amounted to more than Euro 4 billion** as at 31 December 2021, while pending further regulatory developments.

4.3. EU taxonomy

4.3.1. The regulatory framework

The European Taxonomy (hereinafter also referred to as "Taxonomy"), which was introduced by Regulation (EU) 2020/852³⁴ and became applicable from 1 January 2022, is a classification system aimed at identifying environmentally sustainable economic activities, established with the aim of fostering the development of financial markets for sustainable investments, as well as helping to steer the use of economic resources allocated through the European Green Deal in the direction of eco-sustainability.

Specifically, the purpose of Taxonomy is to ensure the reliability, consistency and comparability of economic activities that are considered to be environmentally sustainable, protect private investors from greenwashing risks, help businesses on their paths to ecological and climate transition, mitigate market fragmentation and close the current gap in sustainable investments.

Regulation (EU) 2020/852 sets out six environmental objectives to which economic activities can contribute:

1. Climate change mitigation
2. Climate change adaptation
3. Water and marine protection
4. Transition to circular economy
5. Pollution: prevention and reduction
6. Protection of biodiversity and ecosystems

During 2021, there was the publication of the Delegated Act concerning **climate change mitigation and adaptation** objectives³⁵, and of the two underlying technical Annexes summarizing criteria and parameters required to define whether an economic activity is eligible (i.e., eligible with respect to the scope of the Taxonomy regulation) and aligned (i.e., environmentally sustainable) under the European Taxonomy regulation.

An economic activity is considered to be eligible if it is included among the activities covered by the Regulation with respect to the objectives described above, and, therefore, subject to assessment, while an economic activity is considered to be aligned when it contributes substantially to the achievement of one or more of the environmental objectives, does not cause any significant harm to any of the environmental objectives, is carried out in accordance with minimum safeguards, and meets the technical screening requirements set out by the European Commission.

³⁴ <https://eur-lex.europa.eu/legal-content/IT/TXT/PDF/?uri=CELEX:32020R0852>

³⁵ https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800_en.pdf

Specifically, according to Article 8 of Regulation (EU) 2020/852, any companies subject to the obligation to publish non-financial information pursuant to Article 19-*bis* or Article 29-*bis* of Directive 2013/34/EU (and thus, of Directive 2014/95/EU (NFRD), and its adoption in Italy under Legislative Decree no. 254 of 2016) are required to include, in their non-financial statement, as from 1 January 2022, how and to what extent their activities are environmentally sustainable. The methodology and indicators to be reported are stated in the underlying Delegated Regulation C2021/4987, which, according to Article 10, requires a banking institution to provide the following information:

- a) the percentage incidence on total assets of eligible (eligible assets) and non-eligible (non-eligible assets) exposures;
- b) the percentage incidence on total assets of exposures to central governments, central banks, supranational issuers and derivatives;
- c) the percentage incidence on total assets of exposures to companies that are not required to publish non-financial information pursuant to Article 19-*bis* or 29-*bis* of Directive 2013/34/EU;
- d) the qualitative disclosures required in Annex XI (see the paragraph on "Reporting standards of the Taxonomy Regulation (EU) 2020/852" in Chapter 12. Appendix);
- e) the percentage incidence of total assets accounted for by the trading book and on-demand interbank loans.

The disclosure of eligibility (taxonomy eligibility) is a first step towards reporting on levels of eco-sustainability.

For this reason, this reporting should not be understood as the description of the Group's environmental performance, but rather as the perimeter of exposures that will be subject to eco-sustainability screening as from the 2023 financial year.

With effect from 1 January 2024, any information on economic exposures in assets that are aligned and not aligned with the EU Taxonomy (Taxonomy alignment) shall have in fact to be reported with reference to the 2023 financial year through the reporting of specific KPIs:

- Green Asset Ratio (GAR)
 - a. Loan & Advances Green Asset Ratio (L&A GAR);
 - b. Equity Holding Green Asset Ratio (EH GAR);
- Financial guarantees (FinGuar) KPI;
- Asset under management (AuM) KPI;
- Fees & Commissions (F&C) KPI (as from the 2025 financial year);
- Trading Book KPI (as from the 2025 financial year).

4.3.2. The Iccrea Co-operative Banking Group's approach to Taxonomy disclosure

For the purpose of preparing this statement, the Group has carried out a precise mapping of its financial exposures.

In application of the provisions laid down in Annex V of Delegated Regulation C2021/2178, this statement presents the outcomes of the eligibility analysis performed on the Group's prudential consolidation perimeter, as determined in accordance with Title II, Chapter 2, Section 2 of Regulation (EU) No 575/2013.

In compliance with the aforementioned regulatory requirements for the financial year ended 31 December 2021, the Group has therefore opted for a voluntary publication on the degree of eligibility of its consolidated assets as it is only partially based on precise data and completed by resorting to estimates, as further stated below.

Precise data were used with respect to the following balance sheet asset items:

- Exposures to central governments, central banks, supranational issuers;
- Exposures to derivatives;
- On-demand interbank loans;
- Trading books;
- Equity holdings;
- Real estate financing;
- Loans granted for the purchase of motor vehicles;
- Loans granted for the renovation of buildings;
- Exposures to undertakings not subject to NFRD.

The analysis of general purpose exposures (loans, debt securities, and equity instruments) to corporate counterparties/issuers was carried out through estimation and approximations as further explained in the Methodological Note.

With the aim of providing a more accurate description of eligible economic activities and preparing to effectively respond to the comprehensive requirements of Taxonomy, the Group is committed to take any necessary steps in time to put in place specific data collection and processing processes.

	Gross book value (€)	% of total assets
Total assets (gross book value)	155,340,113,187.00	100.00%
Total covered assets	89,083,132,809.93	57.35%
Exposures to central governments, central banks, supranational issuers	66,088,330,967.07	42.54%
Exposures in derivatives	123,317,801.00	0.08%
- of which trading	80,357,978.00	0.05%
- of which hedging	42,959,823.00	0.03%
Trading Book (excluding derivatives)	88,291,432.00	0.06%
On-demand interbanking loans	507,264,954.00	0.33%
Other assets	15,262,424,723.37	9.83%
Exposures to undertakings not subject to NFRD	53,773,470,953.87	34.62%
- of which non-EU	92,266,615.95	0.06%
Exposures to undertakings subject to NFRD	1,808,076,012.66	1.16%

It should be noted that "undertakings not subject to the NFRD" include financial exposures to European and non-European corporate counterparties that are not required to prepare the "non-financial statement" under Directive 2013/34.

ELIGIBILITY - RATIO

	Gross book value (€)	% of total assets	% of covered assets
<i>Eligible assets</i>	55,092,948,988.53	35.47%	61.84%
- of which real estate financing	34,070,155,738.45	21.93%	38.25%
- of which loans for the purchase of motor vehicles	6,430,413.60	0.00%	0.01%
- of which loans and advances to corporate counterparties	20,618,648,830.82	13.27%	23.15%
- of which debt securities	250,282,661.47	0.16%	0.28%
- of which equity instruments (including equity holdings)	66,796,183.19	0.04%	0.07%
- of which reimposed properties (for residential and commercial use)	80,635,161.00	0.05%	0.09%
<i>Non-Eligible assets (on total assets)</i>	100,247,164,198.47	64.53%	-
<i>Non-Eligible assets (on total covered)</i>	33,990,183,821.40	-	38.16%

As shown in the table, the Iccrea Cooperative Banking Group's eligible assets according to the first two Taxonomy objectives amount to 35.47% of total assets at 31 December 2021, of which 13.48% relate to exposures to undertakings operating in Nace/Ateco (Classification of Economic Activities) sectors included in the Climate Change Delegated Act (Annexes I and II).

A portion of eligible assets (21.93%) is attributable to real estate financing (both collateralized by residential or commercial properties and aimed at the purchase/construction of properties and buildings and including tax credits related to Decree Law no. 18 of 2020 and Decree Law no. 34 of 2020 - "EcoBonus" and "SuperBonus110%").

Exposures to undertakings subject to NFRD are in the minority because the portfolios are more exposed to SME and retail counterparties given the peculiarities of the Group's business activities.

4.3.3. Methodological note – EU Taxonomy

This methodological note describes the process of identifying the Iccrea Co-operative Banking Group's eligible economic activities according to the Taxonomy and the methodologies on which the calculation of any related indicators is based.

It is specified that the data and information reported in section "4.3 EU Taxonomy" have not been subject to limited review and are not part of the information certified by the audit firm, in line with the requirements prescribed by the legislator³⁶.

Reporting boundary and data source

The disclosure about the eligibility of assets against the Taxonomy requirements is prepared on the basis of the Iccrea Co-operative Banking Group's prudential consolidation perimeter, while considering the gross book value of assets on the balance sheet as at 31 December 2021. The consolidation complies with the supervisory reporting of entities in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council and Commission Implementing Regulation (EU) 2021/451 (FINREP). In addition, the preparation is based on Delegated Act C2021/4987 on disclosure ("Delegated Act"), as well as on the guidance and clarifications provided in the relevant Q&A published by the European Commission in December 2021 and February 2022.

Data limitation

The assessment of eligible economic activities according to the Taxonomy requirements required the use of some estimates concerning exposures to undertakings (both financial and non-financial). Since these undertakings will make precise eligibility data publicly available only from 2022 and limited to companies subject to NFRD (Non-Financial Reporting Directive), eligibility was verified on a voluntary basis through reconciliation of sector codes with the NACE codes set out in the Taxonomy regulation.

In addition, due to the inability to retrieve data and information regarding proprietary investments in funds and/or funds of funds, these exposures (approximately Euro 747 million) were prudentially considered to be "non-eligible" according to the Taxonomy regulation.

Method of defining total assets and total covered assets

The calculation regarding the eligibility ratio for on-balance sheet exposures is based on the gross book value of:

- Total Assets, which encompass all financial assets, including loans and advances, debt securities, equity holdings, and recovered collateral;
- Total covered Assets, which encompass Total Assets excluding "Exposures to central governments, central banks and supranational issuers" and the "Trading

³⁶ Research Document DdR 243 issued by Assirevi (Italian Association of Auditors) and Circular Letter 1 2022 issued by Assonime (Italian Association of Joint-Stock Companies).

book." This item will constitute the denominator of the Green Asset Ratio (GAR), a key performance indicator to be reported for the 2023 financial year.

Method of identifying undertakings not subject to NFRD

The mapping of the Iccrea Co-operative Banking Group's exposures to undertakings not subject to NFRD was carried out for each counterparty in the identified scope of analysis by verifying the publication of the non-financial statement pursuant to Directive 2013/34, even on a voluntary basis.

As regards the Italian companies, the list prepared by CONSOB³⁷ was used for entities that had published the Non-Financial Statement as at 31 December 2021. On the other hand, exposures to undertakings not subject to NFRD were determined by difference from those related to undertakings subject to NFRD.

³⁷ Undertakings that have published the Non-Financial Statement, CONSOB <https://www.consob.it/web/area-pubblica/soggetti-che-hanno-pubblicato-la-dnf>

Chapter 5 – Social: support for territorial development

<div>MATERIAL TOPICS</div> <div>Support for territorial development Financial Inclusion</div>	
SDGS	TARGETS
	<p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including micro finance</p>
	<p>2.a Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries.</p>
	<p>5.1 End all forms of discrimination against all women and girls everywhere.</p> <p>5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.</p> <p>5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.</p>
	<p>7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.</p> <p>7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support.</p>



8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.






9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

9.a Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States.

	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic or other status.
	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
	16.1 Significantly reduce all forms of violence and related death rates everywhere.
GRI	
[GRI 102-9, GRI 102-10, GRI 203-1, GRI 204-1, GRI 413-1, GRI 414-1, GRI G4 – FS14, GRI G4 – FS16]	

For the third consecutive year, the material topic of "Support for Territorial Development" was found to be of high relevance based on the priority level indicated by the more than 1,100 stakeholders involved in the materiality analysis process. During 2021 the Banking Group continued its numerous activities in local areas in confirmation of its commitment to supporting this topic, as well as in line with the principles laid down in Article 2 of the Standard Articles of Association of Affiliated Banks.

“In conducting its business, the company’s action is inspired by the cooperative principles of mutual benefit without any purpose of private speculation. Its purpose is to favor members and local communities in banking operations and services.”

Taken from article 2 of the Standard Articles of Association of Affiliated Banks

5.1. Local Committees

GRI 413-1

The Group is strongly rooted in local communities through the presence of BCCs all around the country. This multi-stakeholder approach is expressed through the Committees, which the Affiliated Banks have set up over the years since they are able to meet the needs of the communities. The Committees play a key role in local areas because they act as the significant representatives of the corporate structure of the Affiliated Banks. For this reason, the Committees, together with all the members, constitute a “direct link” between banks and local communities.

Despite the difficulties caused by the Covid-19 pandemic, the Committees continued their work during 2021 with the same passion and commitment as in previous years. In terms of numbers, the 2021 figure shows a slight increase in the total of Committees compared to last year's figure (+1.43%), with 71 Committees as at 31 December 2021, the majority of which are accounted for by Young Members Committees (52.2%) and Members Committees (26.9%). Among the most numerous Committees is the **Young Members** Committee, which has confirmed a significant presence throughout Italy.

TOTAL NUMBER OF COMMITTEES

Type of Committe	2021	% of total	2020	2019	% Change (2021-2019)
Young Members	36	50.7%	38	35	2.86%
Members	21	29.6%	19	21	-
Local Committes	11	15.5%	11	10	10.00%
Others	3	4.2%	2	4	-25.00%
Total	71	100%	70	70	1.43%

BREAKDOWN OF COMMITTEES BY GEOGRAPHICAL AREA

Geographical area	Young Members Committes	Members Committes	Local Committes	Other Committes
Centre	14	6	3	1
Islands	-	2	-	-
North-East	6	4	3	-
North-West	5	6	3	2
South	11	3	2	-
Total	36	21	11	3

COMPOSITION OF COMMITTEES BY GENDER

Type of Committee	2021	2020	2019	% Change (2021-2019)
Young Members	2,282	1,621	1,985	14.96%
Young Women	1,010	749	905	11.60%
Young Men	1,272	872	1,080	17.78%
Members	36,767	33,318	34,489	6.61%
Members Women	11,023	9,780	10,248	7.56%
Members Men	25,744	23,538	24,241	6.20%
Local Committees	375	381	354	5.93%
Local Committees Women	63	64	54	16.67%
Local Committees Men	312	317	300	4.00%
Others	18	12	151	-88.08%
Others Women	2	-	93	-97.85%
Others Men	16	12	58	-72.41%
Total	39,442	35,332	36,979	6.66%

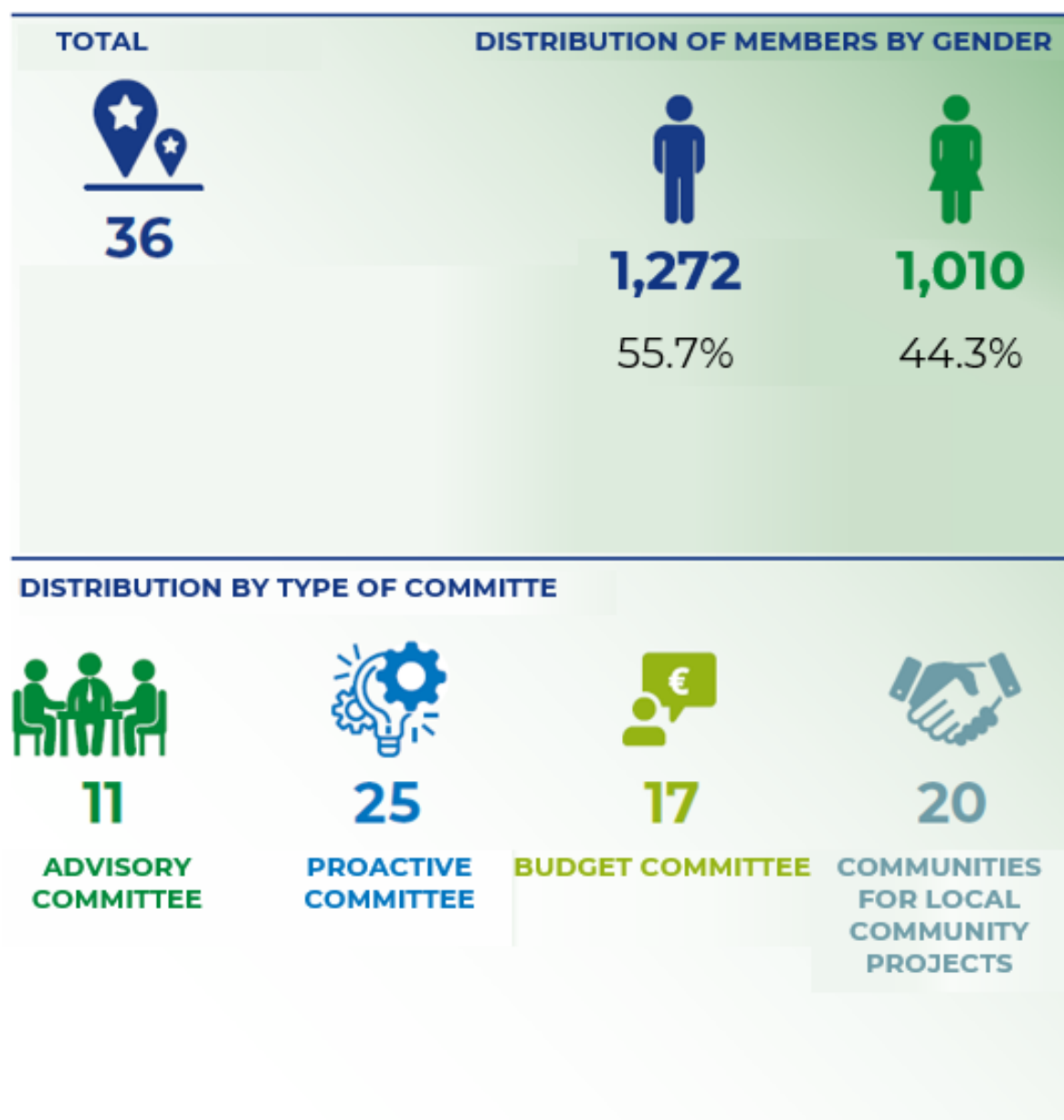
THE HIGHLIGHTS OF THE BANKS' COMMITTEES INTENDED TO INVOLVE LOCAL COMMUNITIES



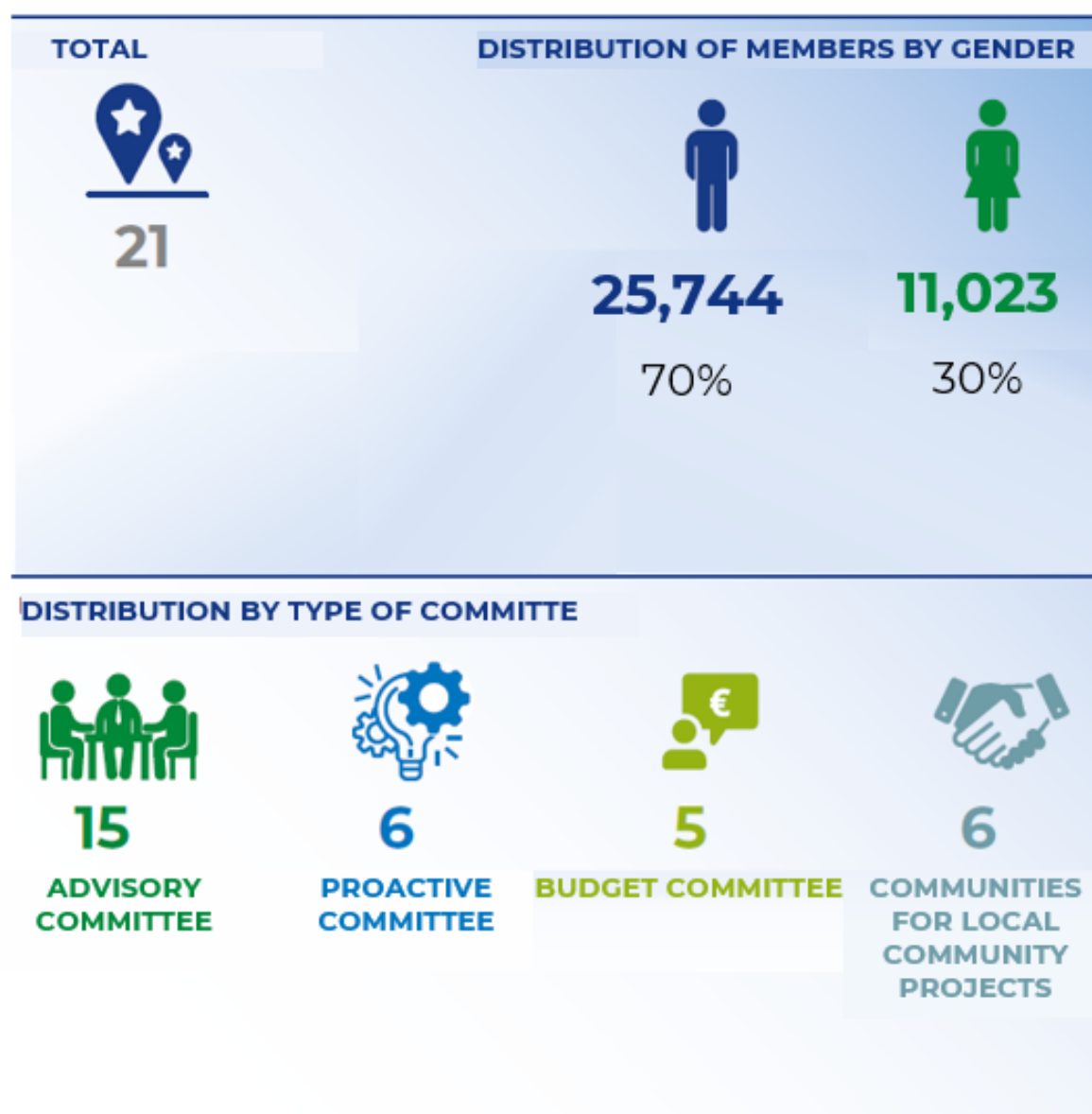
BREAKDOWN OF MEMBERS BELONGING TO ALL COMMUNITIES BY GENDER



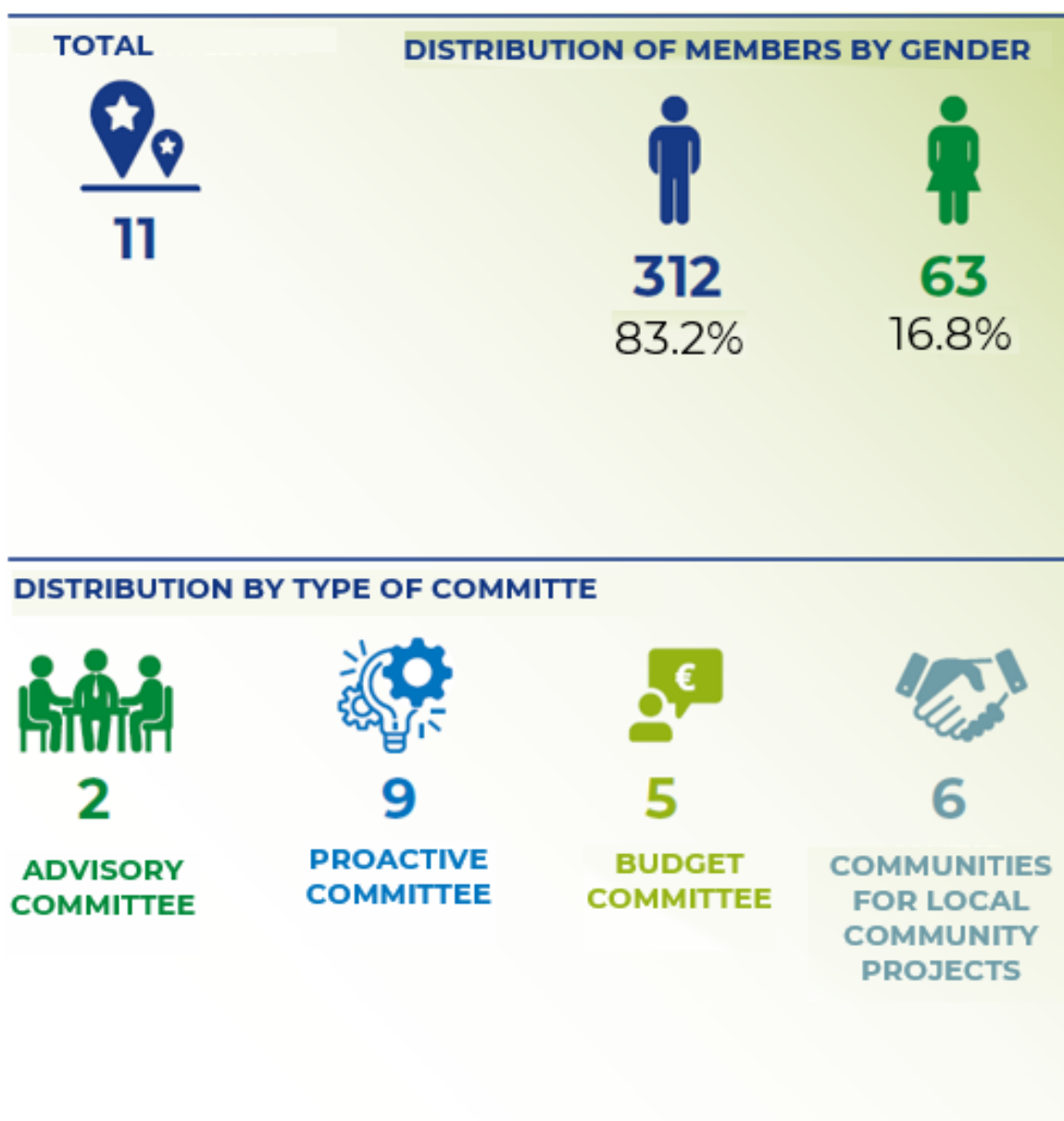
YOUNG MEMEBER COMMITTEES



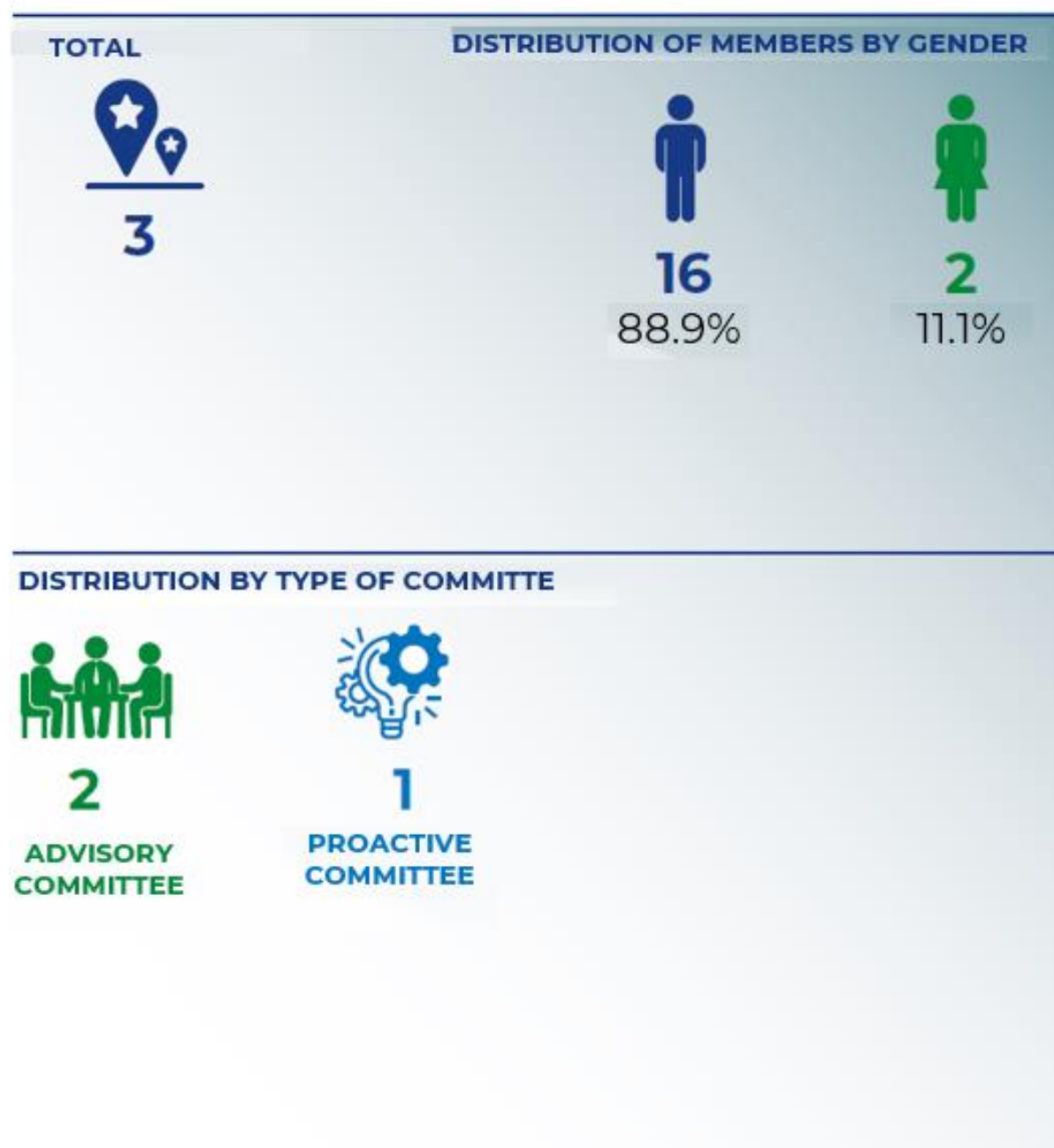
MEMEBERS COMMITTEES



LOCAL COMMITTEES



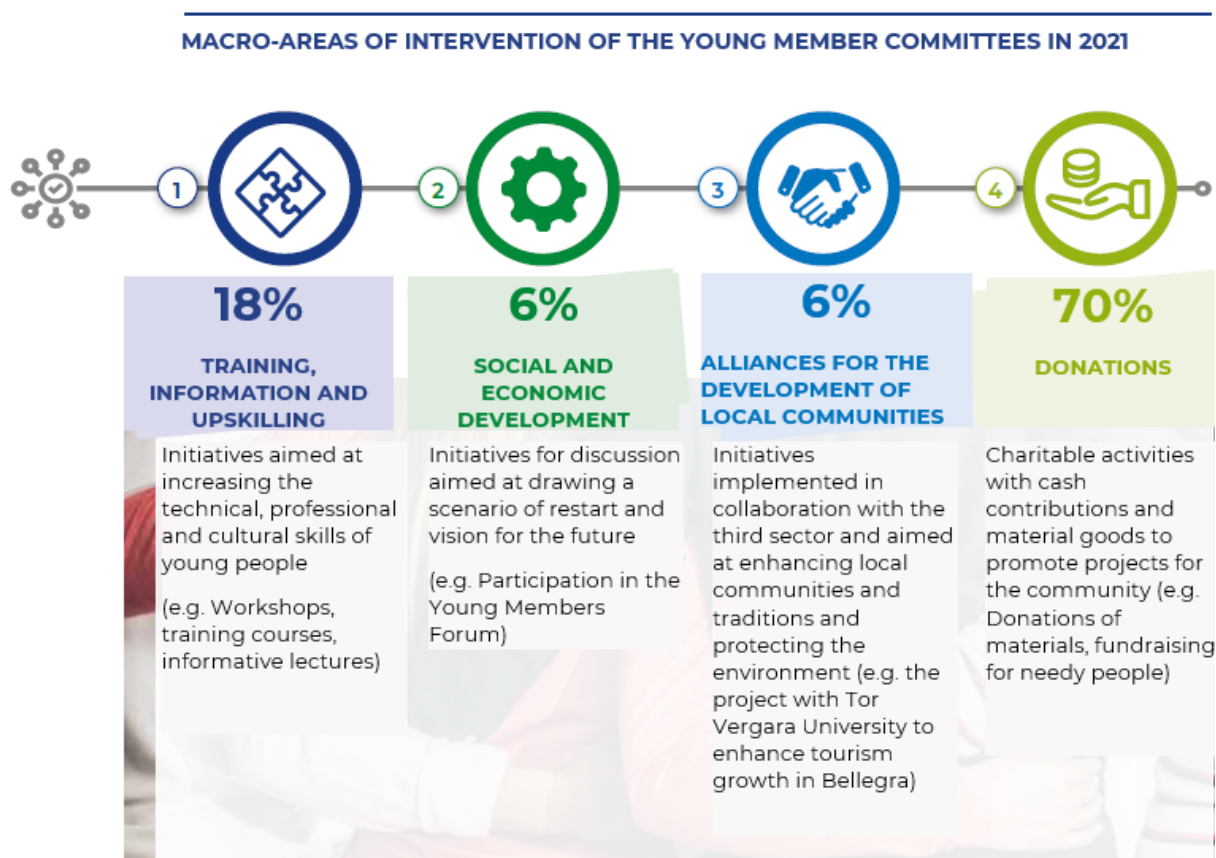
OTHER COMMITTEES



As noted above, the Group has different types of Committees, made up of **39,442 members**, which represent the local areas in which the Affiliated Banks operate and constitute the tool for confrontation and direct dialogue with local communities.

In fact, local committees play a permanent role in confronting the needs and instances of members, customers and any other stakeholders with the activities of the banks, with specific regard to the products and services they offer. In 2021 the Young Members Committees (hereinafter also "YMCs") carried out a number of activities that generated a

positive impact in local areas, which can be traced to four areas of action, as described below.



Unlike the previous year when the most frequent projects concerned the category of "Training, information and upskilling", the majority of YMCs' initiatives - accounting for 70% - involved charitable activities (sponsorships, donations) in 2021.

These initiatives consisted of contributions, both monetary and in the form of material goods granted in order to promote various community projects, particularly for social inclusion and education. Almost one-fifth of the initiatives organized by Young Members were aimed at the enhancement of technical, professional and cultural skills of young people (Training, information and upskilling area) through the organization of webinars and training courses of any nature whatsoever.

The "Social and Economic Development" action area includes initiatives organized with the objective of designing a scenario of restart and vision for the future (e.g. Participation in the Young Members Forum), while the work for "Alliances for the development of local communities", with the aim of enhancing local assets and traditions and protecting the environment, was performed through collaborations with other players in local areas, and in

particular with representatives in the Third Sector (e.g. projects with Universities for tourism development in local areas).

FOCUS



The need to identify, assess and enhance the impact and role that the network of Affiliated Banks has across the country (thus also meeting GRI Indicator 413) has led to the development of a system for measuring the impact of projects involving local communities. This plan, which was launched last year and still in the consolidation phase, has made it possible to present a first "snapshot" of the impact that can potentially be generated by the Group and, at least for the moment, is focused on projects implemented by YMCs as preferential partners with local areas and communities. By leveraging the main impact assessment methodologies, the analysis used a "Bricolage" approach, which has its basis in **Social Return on Investment (SROI)**³⁸ and the **Theory of Change**³⁹, put into practice through the structure of the Impact Value Chain. These methodologies, which are now widely used and recognized, make it possible to identify the cause-effect link between the actions of the Committees and the benefit or positive change that can potentially be generated through a rigorous approach and where possible by returning a quantitative measure thereof.

The pilot study was carried out with respect to **three projects of the Young Member Committees** relating to the 2020 financial year, which were selected across the country so as to represent the needs and activities of very different territories (northern, central and southern Italy). In addition, these initiatives were selected for their contribution to the identified areas of impact, such as "Alliances for the development of local communities," "Social and economic development," and "Training, information and upskilling." Following this first experimental phase, the commitment is to extend the analysis methodology to more initiatives in the coming years.

The process for the identification and subsequent impact measurement has seen the active participation of the Affiliated Banks and contact persons of the selected YMCs on an ongoing basis, since from the definition of the methodological approaches and indicators so that the construction of the Impact Value Chain (inputs, activities, outputs, outcomes and value generated) for each initiative can be arrived at in a shared and informed way. In line with the Theory of Change referred to above and developed for

³⁸ Approach for measuring and reporting the concept of value, measuring the change created, measuring social, environmental and economic outcomes, and using monetary values to represent them.

³⁹ This is a rigorous, participatory methodology for identifying the causal link between action and potentially generated social impact. This is the causal chain linking resources (inputs) to activities, activities to implementations (outputs), implementations to results (outcomes), and results to changes (impacts).

the initiatives of the Young Members Committees (ref. Chart *THEORY OF CHANGE OF THE 2021 PROJECTS OF YOUNG MEMBERS COMMITTEES*), the impact was also assessed in terms of contribution to the Sustainable Development Goals (SDG) targets, an internationally recognized metric for measuring the contribution of an activity with respect to a given sustainable development issue that is regarded as a priority by the community.

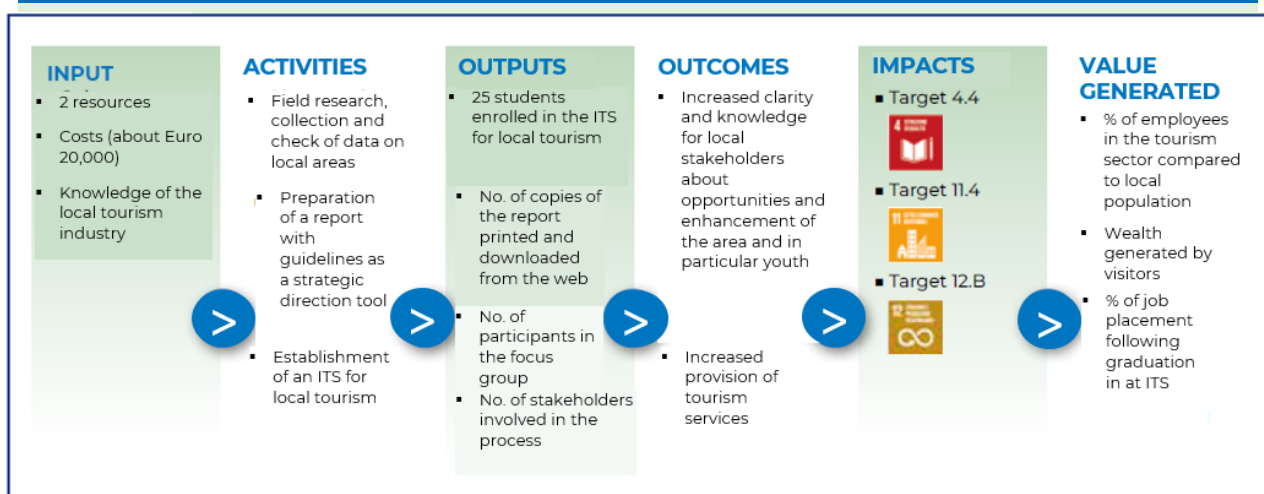
During the first year, this structured and complex plan allowed an initial qualitative-quantitative mapping to be described and obtained for the impact that can potentially be generated by the Affiliated Banks and the three selected YMCs, as well as of the value transferred to local communities. This is despite the fact that the operations on each project were evidently affected by the pandemic emergency that marked the reporting year and the complexity of the accountability and information monitoring process.

The three projects tell the story of the Group's commitment and focus on sustainable development of both territories and communities, which is made possible by the know-how, network and passion of ICCREA's members in their intention to build shared value. Training and information constitute the key elements of the projects analyzed in which knowledge is in parallel a factor of growth and generation of opportunities, but also, evidently, a cultural background with which to make more informed decisions.

BCC di Bellegra (RM) – Local development



The project, which is classified within the scope of the action area of "*Alliances for the Development of Local Communities*," aims to support the sustainable development and responsible growth of the territory, through the structuring of a multi-year plan in which different players in local areas cooperate in synergy with each other with a single objective. Cooperation and sharing, which are the key elements of this initiative, are the prerequisites for the drafting of a **common strategic plan that sets out** the lines of action for the **social and economic development of the local areas included in the current Cesanese appellation wine routes**. Pivotal to the BCC's plan and initiative is the establishment of a two-year Technical High School (ITS) with the aim of fueling change and growth in the ecosystem by training professionals in the field and more generally making the youth in the area more attractive to an increasingly dynamic and specialist job market.



consumption (SDG 12), but especially to target 12.b "Develop and implement tools to monitor sustainable development impacts for sustainable tourism which creates jobs, promotes local culture and products."

The evaluation of this project differs from the subsequent ones in its predictive approach (ex-ante evaluation - carried out at the preliminary stage of the project). After considering that the preparation of the strategic guidance document is still in progress, the only quantifiable preliminary activity turns out to be the establishment of an ITS for local tourism and, most importantly, the enrollment of the first **25 students** at that school.

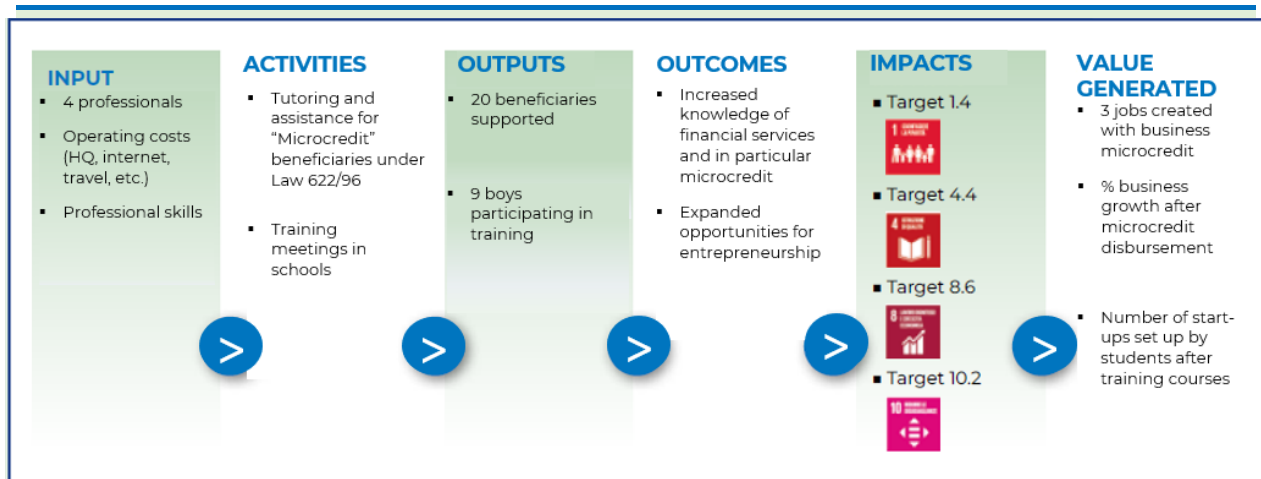
In the continuation of the project, the possibility of further extending the scope of assessment of the impact associated therewith will be evaluated, even in terms of employment growth and consolidation of the tourism sector in the target local areas.

BCC Campania Centro (SA) - ARCA Società Cooperativa



ARCA Società Cooperativa (in the action area of "Social and economic development"), which was set up by the initiative of the young members of BCC Campania Centro in 2015, is a well-established entity in the area in supporting members and customers of the BCC, particularly in what concerns the access to **microcredit** (as a tutor for access to the entrepreneurial microcredit section of the Guarantee Fund for SMEs). In addition to supporting its customers in the access and the subsequent management of funds, the cooperative regularly holds meetings in schools in the area to inform, train and orient young people with respect to the issues of entrepreneurship and business management.

The object of this first measurement activity were both projects which were considered to be important by both the BCC and the Group as they were aligned with its own guidelines on ESG issues.

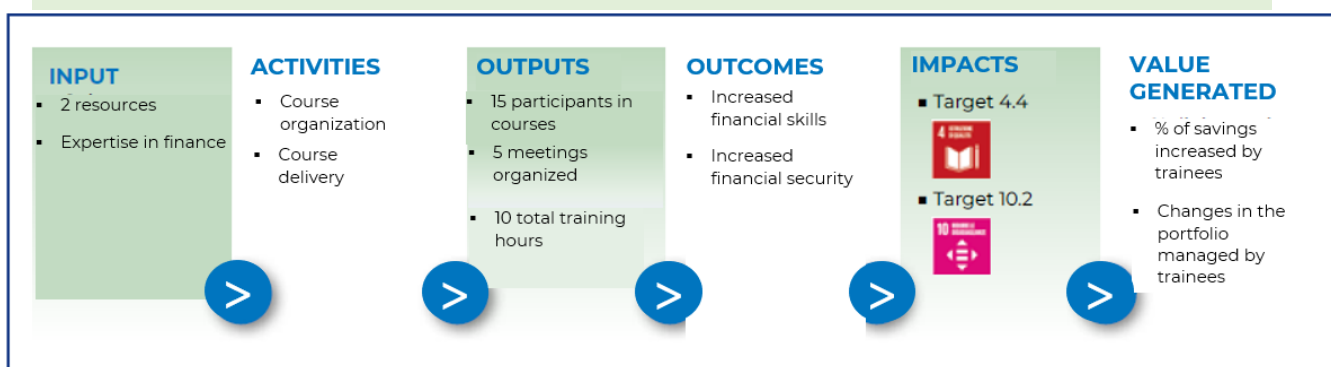


he project is based on SDGs 1, 4, 8 and 6, and particularly on targets 1.4 “*ensure that all men and women ... have equal rights to economic resources, as well as access to basic services, [...], appropriate new technology, and financial services including micro finance*” and 4.4 “*...substantially increase the number of youth and adults who have relevant skills, [...], for employment, decent jobs and entrepreneurship.*” Although the cooperative's activities had been significantly reduced due to the national Covid-19 emergency, **9 children were trained** within the school programme and the **support provided to 20 microcredit beneficiaries** enabled the hiring of 3 additional staff in these microenterprises in 2020. ARCA Società Cooperativa took advantage of the lockdown period to complete the process necessary for registration on the mandatory national list of operators in auxiliary non-financial services for microcredit servicing and monitoring.

BCC Veronese (VN) – ABCs of finance



The third and last initiative of this first pilot project is promoted by the Young Members of BCC Veronese and involved a course on financial education for local young people, focusing on topics such as saving culture, financial instruments, investments, the role of the ECB, protection and planning for savings and the future, structured into **5 meetings** of two hours each.



The project saw the **participation of 15 girls and boys** in the area, who were interested in increasing their financial skills and consequently their financial security. The activity was profoundly affected by the restrictions imposed by the Covid-19 pandemic and therefore an assessment of impact generated by the initiative on participants' financial performance is not feasible at present. The impact potentially generated by the initiative relates to SDGs 4 and 10, and in particular to target 4.4 “*substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship*” and target 10.2 “*empower and promote the social, economic and political inclusion of all [...]*”.

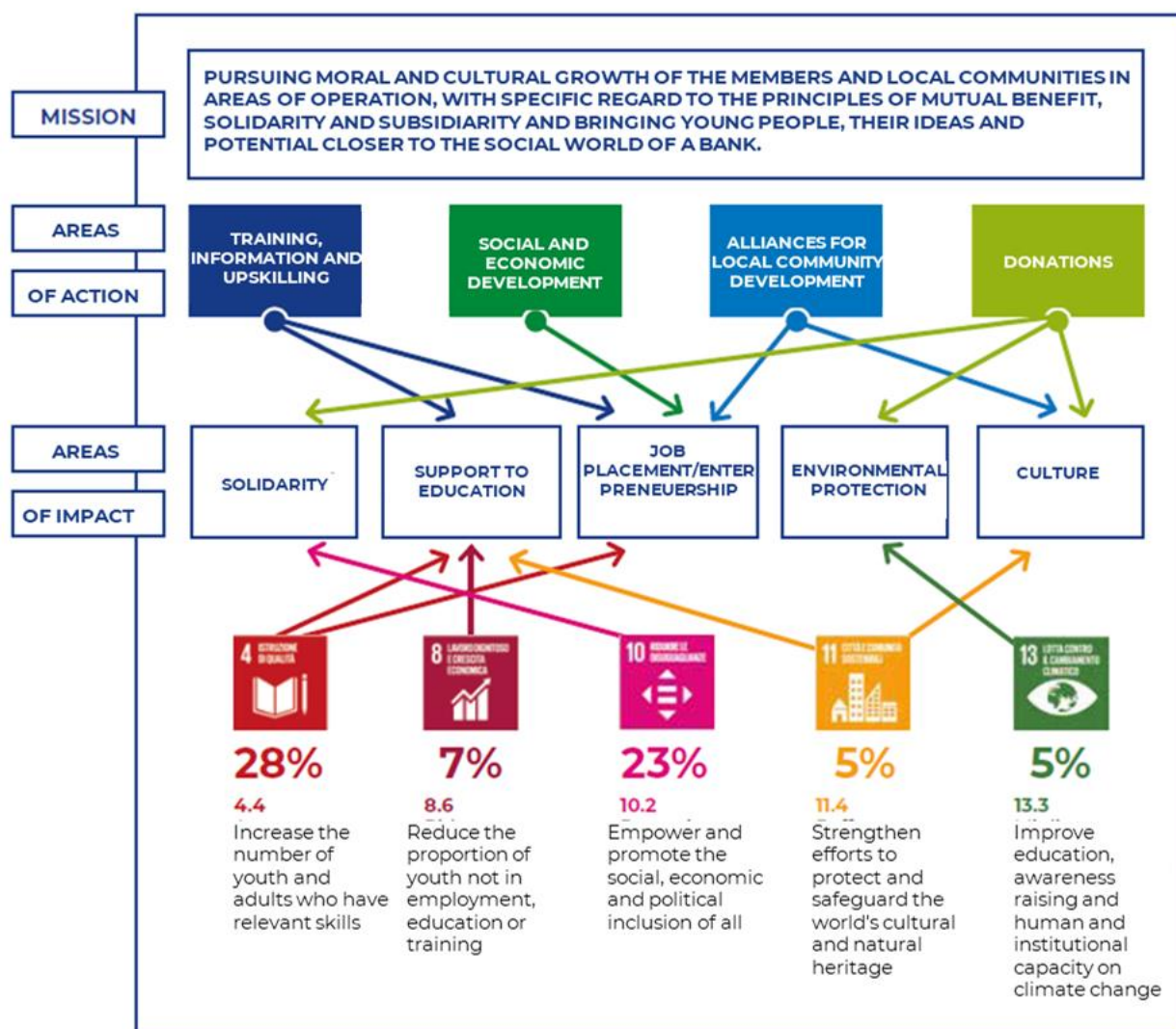
“Promoting the development of cooperation and education on savings and welfare issues, as well as social cohesion and responsible and sustainable growth of the local areas in which it operates.”

Taken from article 2 of the *Standard Articles of Association of Affiliated Banks*

On the basis of the projects carried out by the Young Members Committees in 2021, **there was an update of the Theory of Change tool** prepared in the previous year, i.e. a methodology that enables the identification of the causal link between action and potentially generated social impact by systematizing impact areas and SDGs to which the Young Members Committees pay attention.

In applying this methodology to the 2021 projects, it has been noted that in the reporting year the social impact that was mainly generated concerned the "Solidarity" and "Education Support" areas. Therefore, the previous mapping was updated and supplemented by summarizing the impact areas into five categories.

THEORY OF CHANGE⁴⁰ OF THE YOUNG MEMBERS COMMITTEES' PROJECTS IN 2021



⁴⁰ For the purposes of a summary description, the impact (outcome) of each initiative has been then aggregated into macro-areas called Areas of Impact

The analysis and correlation between the projects and the goals set out by the UN in the 2030 Agenda has enabled the confirmation of 5 Sustainable Development Goals toward which the activities of the Young Members Committees are committed to contribute. In order to make the analysis more robust and in-depth, a more specific target has been identified for each SDG, which substantiates the Young Members Committees' commitment, consistent with the local areas' development goals. The five SDG targets identified for YMCs' actions are:

- **4.4** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship;
- **8.6** By 2030 substantially reduce the proportion of youth not in employment, education or training;
- **10.2** By 2030 empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status;
- **11.4** Strengthen efforts to protect and safeguard the world's cultural and natural heritage;
- **13.3** Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

Despite the difficulties due to the continuation of the health emergency and the consequent restrictions on the scope of operation of the Committees and, more generally, of the activities in favor of the local areas in which the Group is active, solidarity, responsibility and the generation of shared value remain at the heart of the actions of our AFFILIATED BANKS and our members. This commitment, which is embedded in the Group's DNA, sees in particular the Committees and our members as the true enablers and facilitators of sustainable and equitable growth in local areas, codified and formalized through this analysis, which aims to bring out clearly the importance and social potential of the Group according to recognized keys to interpretation and solid methodologies of analysis.

5.1.1. Financial education

G4 FS16

In the reporting year, as happened in 2020, the pandemic partially affected the organization of in-person events in local areas, including those related to financial education, an issue that is traditionally of great importance to Affiliated Banks, in line with the above-mentioned principle laid down in the Articles of Association.

Nonetheless, financial education events organized by the Group increased by 116% in 2021 compared to 2020, with a total of 240 courses delivered. A significant role is played by the action taken on this front by the SGR, which delivered a total of 108 courses on sustainable finance⁴¹.

Furthermore, work continued during the year on technical and educational research associated with the “*Pillole di Terzo Settore*” (Tips on the Third Sector) format, which is the result of collaboration between Kairòs Young Members of Banca Campania Centro and the Parent Company, through the Coopera brand dedicated to the Third Sector.

On 22 March 2021, the Global Money Week, which is an international event promoted by the OECD, now in its ninth edition, saw the organization of the seminar on "Learning about finance in the Third Sector" targeted at students at the Carlo Bo University of Urbino, in collaboration with the Yunus Social Business Center. Again with regard to the Third Sector, there were numerous events promoted by the Group during the year, both online in the form of webinars and through events held in person. Among many events, of notable importance is the seminar on "Third Sector, sustainability and finance," which was held in October 2021 in collaboration with the Department of Economics and Finance of the "A. Moro" University of Bari, and part of the official calendar of Financial Education Month.

The analysis of the Group's overall figures shows that, with regard to the courses organized, a total of about **25,000** persons were involved, of whom about 60% were young people.

Among the various projects, in October 2021, the Group participated with specific initiatives in the fourth edition of **Financial Education Month** promoted by the Committee for the planning and coordination of financial education activities. In detail, info-training courses were delivered to members and customers of Affiliated Banks and other users on the main topics of financial education such as savings, protection, welfare and investment. The communication effort yielded significant results, reaching **more than 18 million views on various social media**.

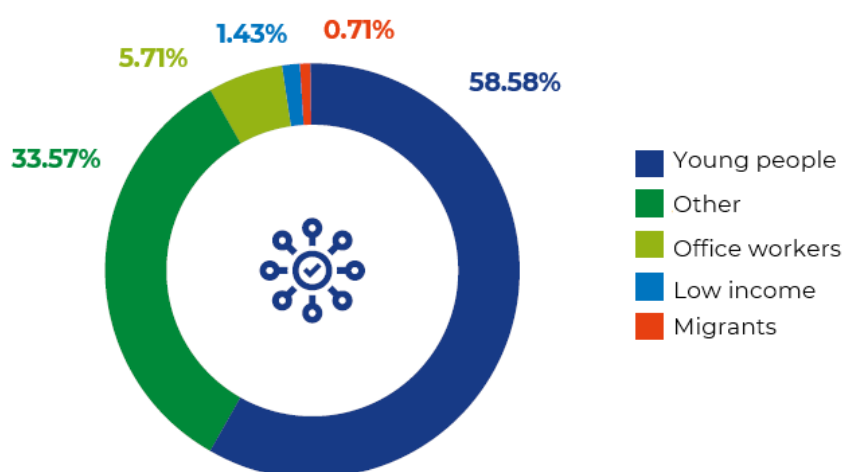
⁴¹ The Foundation is a non-profit organization established in 2000 by a group of founding members operating in the world of cooperative entrepreneurship and Catholic associations.

NUMBER OF BENEFICIARIES

Type of initiative	2021	2020	2019	% Change (2021-2019)
Initiatives targeted at young people	15,456	5,879	14,412	7.2%
Initiatives targeted at office workers	313	70	609	-48.6%
Initiatives targeted at migrants	-	1	1,006	-
Low-income initiatives	-	1,644	566	-
Other initiatives	9,613	5,907	11,034	-12.9%
Total	25,382	13,501	27,627	-8.1%

During 2021, the initiatives organized by the Group were targeted at different beneficiaries as shown in the chart below:

PERCENTAGE OF INITIATIVES BY TYPE IN THE CURRENT YEAR



Finally, various initiatives were organized by the Affiliated Banks in local areas, which included, but were not limited to, the following events.

As part of the #ottobreeduFin initiative organized by the Committee for the planning and coordination of financial activities, **BCC Capaccio Paestum e Serino** held two meetings on "Take care of your future" with students from the Liceo Piranesi High School in Capaccio Paestum, in order to understand the relationship between sustainability and individual financial choices. The meetings, which were addressed to fifth-year students, aimed to provide them with specific knowledge on the conscious use of money, and to enable them to plan and invest effectively in their future. The concepts of civil economy and the common

good were also explored, and the history of banks and how they work was briefly explained, focusing on the main characteristics of Cooperative Banks.

On the occasion of Financial Education Month, **BCC Metauro** also organized a workshop targeted at students in two fifth-year classes at the Istituto Tecnico Enrico Mattei High School in Urbino and a class at the Della Rovere institute in Urbania. The lesson addressed issues concerning financial management, financial ethics of investments and payment systems, highlighting the risks associated with financial fraud committed by unlicensed, unregulated operators that conduct abusive practices and are not supervised by any Authority. In addition, the BCC, as part of the regional project on "Growing in BCC Cooperation," promoted a financial education workshop for second-year students of the Istituto Comprensivo Statale School in Sant'Angelo in Vado. The workshop addressed the evolution of money and the role played by Banks in the economic system both as regards deposits and lending and in the area of payments.

In 2021 **BCC di Staranzano-Villesse** proposed once again a similar initiative on "Economics ABC" with the aim of providing young people with useful knowledge relating to the world of economy.

In 2021 too, **BCC Ravennate Forlivese e Imolese** made a video on financial education tips in order to empower young members and customers in making choices for their future, which were provided by young employees and members of the BCC's Young Members Committee. The video material and the in-depth articles were disseminated through the Bank's social channels and website. The initiative took place at the same time as the project called "*100_100 Diamo valore ai giovani*" aimed at rewarding the young people who obtained the highest marks in high school final examinations in 2021. Moreover, the BCC continued the dissemination of financial education issues, including through specific articles, which were dedicated to insurance and pension education and were included in the monthly BCC Informa magazine addressed to all Members.

BCC Centromarca launched the webinar on the topic of corporate liquidity governance in times of crisis, with the aim of providing as a tool a conceptual map summarizing the different options provided by liquidity support measures. A specific focus was devoted to the Liquidity Decree in order to provide strategic guidelines for understanding the measures introduced.

In 2021, **BCC Pisa e Fornacette** proposed once again the master's program on the impact of artificial intelligence on our society, now in its 18th year. The master's degree, which is divided into four thematic modules, was targeted at undergraduates and recent graduates, both Italian and foreign, and young entrepreneurs and aspiring entrepreneurs, as well as professionals in the communications, insurance and banking sectors.

BCC Campania Centro, in collaboration with the Carisal Foundation, involved 200 students from schools in Salerno and its provincial district through specific meetings aimed at expanding students' financial knowledge. In addition, two Marketing managers from BCC

spoke at the second-level Master's degree in "Economics Finance & Risk Management" - MEFRIM.

BCC di Caravaggio promoted the Winter School with the aim of strengthening the knowledge of cooperative credit, analyzing its history, distinctive features, the specific regulatory framework and delving into the elements of the change in the scenario, new structures and internal and external challenges between sustainability and competitiveness. The proposal, suggested by the National Young Members Network of Affiliated Banks-CR in the "Decalogue for the Restart" as a result of the Tenth National Forum, stems from the collaboration between Federcasse (Italian Confederation of Cooperatives) and SEC (School of Civil Economy). The Winter School included talks by internal and external (academic) lecturers aimed at illustrating the credit cooperation model and the role assumed by BCCs in local areas, offering reflections, interviews and best practices.

Finally, **BCC di Milano** organized a series of webinars in order to understand the behaviors to take in economic decisions and those necessary to protect oneself from online scams by safely taking advantage of any and all opportunities offered by digital tools.

“Standing out for social orientation and the choice to build the common good”.

Taken from article 2 of the Standard Articles of Association of Affiliated Banks

5.1.2. Improving access to financial services for disadvantaged people

G4 FS14

The Group, through the well-established footprint of its Affiliated Banks in local areas, is able to contribute to also satisfying the needs of people with special needs. Below are the data concerning the commitment during the three-year period:

NUMBER OF INITIATIVES				
YEAR	2021	2020	2019	% Change (2021-2019)
Disability	10	12	8	25.00%
Physical barriers	19	21	31	-38.71%
Total	29	33	39	-25.64%

The specific projects carried out by some Group Companies and Banks are reported below.

Banca Tema has taken steps to improve access to the Capalbion branch in order to reduce physical barriers and improve access to banking services for people with disabilities.

BCC Ravennate Forlivese e Imolese has installed ATMs equipped with software and devices for visually impaired and blind users. These machines are added to the normal reading systems with voice commands that guide users in the use of the service. In addition, the Bank made access to the branch more functional for customers with mobility impairment during the renovation and energy upgrading of a branch.

Among Indirect Perimeter Companies, **Coopersystem**, which manages services and products such as POS devices, IT services and other sale services - has adopted terminals equipped with a keyboard that complies with the requirements prescribed by the ADA (Americans with Disabilities Act - www.ADA.gov), which require the use of raised keys to help visually impaired users to perform the desired operations independently.

5.1.3. Charitable donations and sponsorships

GRI 203-1

During the reporting year the Group made donations of more than Euro 38.3 million. A portion of the total, equal to over **Euro 26.6 million**, consists of charitable donations and sponsorships, while the remaining amount consists of the share of net profit allocated to mutual funds for the promotion and development of cooperation (paid to Fondosviluppo, the mutual fund of reference of the Affiliated Banks), in the amount and in the manners prescribed by law, i.e. 3% of profit, equal to almost Euro 11.7 million.

The activities and projects in local areas are aimed at protecting and enhancing the historical, cultural and natural heritage, education and training of young people, scientific and university research, social welfare and healthcare, art, sports and recreation. The Group has promoted, through its Affiliated Banks, projects aimed at developing and supporting initiatives that benefit the community.

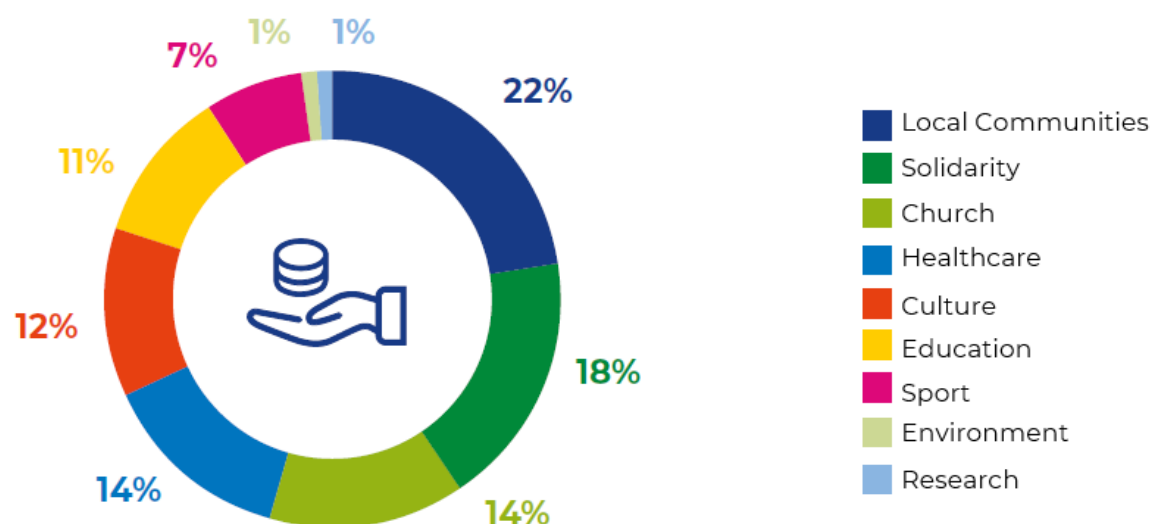
For more information on the total charitable and sponsorship contributions disbursed by the Group, reference should be made to the detailed data reported in the table below.

CHARITABLE INITIATIVES BY TYPE (€)				
YEAR	2021	2020	2019	% Change (2021-2019)
Environment	96,586.74	79,327.58	153,382.60	-37.03%
Church	2,179,023.25	1,909,622.71	1,893,332.46	15.09%
Culture	1,781,759.20	1,647,841.78	2,225,840.40	-19.95%
Education	1,648,122.57	1,463,669.82	1,316,319.31	25.21%
Research	133,824.00	56,378.00	58,438.00	129.00%
Healthcare	2,190,825.58	6,392,879.37	1,390,466.29	57.56%
Solidarity	2,837,518.94	3,940,282.68	2,474,745.46	14.66%
Sports	1,006,399.60	682,050.98	1,718,934.31	-41.45%
Local communities	3,476,919.90	2,512,966.19	3,728,843.62	-6.76%
Total	15,350,979.78	18,685,019.11	14,960,302.45	2.61%

With reference to charitable giving, there was a substantial alignment of the overall figures for 2021 with pre-pandemic levels, with some more significant highlights, including the contribution to healthcare, which, albeit showing a substantial decrease compared to 2020, showed an increase of about 57% compared to 2019.

The chart below shows charitable contributions expressed as a percentage:

CHARITABLE DONATIONS 2021



NUMBER OF CHARITABLE INITIATIVES BY TYPE

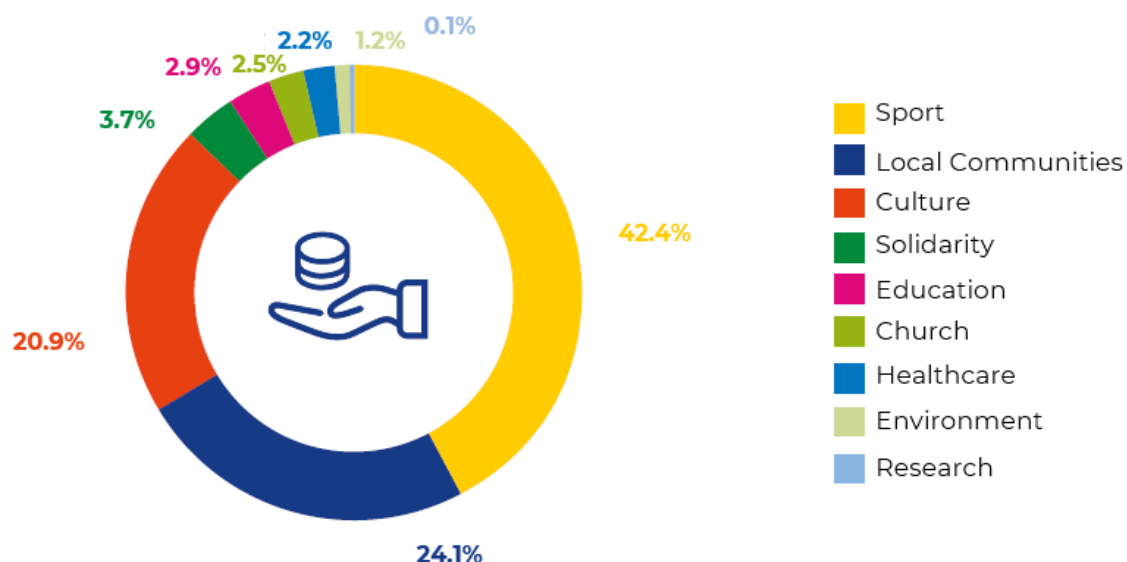
YEAR	2021
Environment	55
Church	1,331
Culture	1,740
Education	747
Research	51
Healthcare	394
Solidarity	1,655
Sports	978
Local communities	1,266
Total	8,217

SPONSORSHIPS BY TYPE (€)

Year	2021	2020	2019	%Change (2021-2019)
Environment	137,714.52	180,123.36	208,993.30	-34.11%
Church	281,211.60	179,387.00	297,340.42	-5.42%
Culture	2,357,443.47	2,020,723.54	3,178,395.85	-25.83%
Education	329,350.08	285,274.50	467,271.10	-29.52%
Research	15,520.00	6,306.00	73,096.00	-78.77%
Healthcare	244,658.69	655,509.20	214,986.98	13.80%
Solidarity	415,387.43	511,593.05	715,548.51	-41.95%
Sports	4,799,883.52	4,556,004.68	5,707,224.41	-15.90%
Local communities	2,717,299.44	2,231,414.82	3,698,044.72	-26.52%
Total	11,298,468.75	10,626,336.15	14,560,900.99	-22.41%

The chart below shows sponsorship contributions expressed as a percentage:

SPONSORSHIP CONTRIBUTIONS 2021



NUMBER OF SPONSORSHIPS BY TYPE

YEAR	2021
Environment	44
Church	119
Culture	1,092
Education	159
Research	18
Healthcare	79
Solidarity	234
Sports	2,175
Local communities	1,317
Total	5,237

With regard to donations in terms of sponsorships, there was a decrease in contributions to healthcare and solidarity compared to the previous reporting year, while recording an increase in any other type, except for environment.

The remaining types of intervention reported a widespread increase in terms of contributions made in both charity and donations during the year, with substantial increases relating to local communities and sports.

Among the most significant initiatives was the event called “Running for Good”, a sports and solidarity programme dedicated to the employees of the Group, by which it has been supporting minors at risk of marginalization for the past six years through the non-profit Sport Senza Frontiere Association. The event was held in a different way than in 2020 when all major races in local areas had been canceled due to the pandemic emergency. Both on-site races and a virtual race were in fact planned to allow participation in full safety during the reporting year.

Furthermore, the “Scrittori in azienda” (Writers in your company) project was promoted during the reporting year, which was aimed at hosting writers, booksellers and professionals from the world of literature. The purpose is to tell stories to employees with the aim of bringing them closer to reading, strengthening an individual and Group identity, promoting discussion and inclusiveness, and contributing to the creation of the economic, social and cultural value of local communities. The initiative, which since 2021 has also concerned for the first time the employees of Affiliated Banks, in addition to those of the Direct Perimeter Companies, involved three independent bookshops in local areas at which books were purchased and then donated to participants in the initiative, thus supporting the local economy.

Finally, the relationship with associations that have a particularly strong connection with local communities was strengthened and expanded during 2021. In fact, three online fundraising initiatives were supported (AISM, Erbe Aromatiche, Uovo di AIL, il panettone di CIAI), as were six events held in person (AISM Gardenia, Mela di AISM, Stella di AIL, Migrants and Banks, Scalabrini House, Don Bosco Boys' Town).

5.1.4. Supply chain management

GRI 102-9

GRI 102-10

GRI 204-1

The Group has prepared specific internal rules to govern the process of managing suppliers and procuring capital goods and services, in compliance with the applicable legislation in this area.

In general terms, the Iccrea Group avails itself of suppliers to provide services, products and instruments necessary to pursue and enhance the efficiency of banking activities, property management, ICT activities and services, logistics, marketing and personnel.

The process for evaluating and selecting suppliers for the Parent Company and Direct Perimeter Companies is based on a careful technical and economic analysis of a variety of parameters, such as the analysis of the product, the offer, pricing, the technical and professional appropriateness, competence and reliability, and service quality.

The Parent Company and the Direct Perimeter Companies have adopted a Code of Ethics⁴² and Conduct, which emphasizes the importance of ensuring that relations with suppliers are conducted in compliance with the law and current internal rules. To this end, the Iccrea Group makes all suppliers aware of the contents of the Code and requires compliance with the principles expressed in it. Any violation of the general principles of the Code by the suppliers is grounds for the bank exercising the termination clauses included in the individual supply contracts.

In order to extend its commitment on the Communities and respect for workers, even in view of the number of local suppliers used (see the figures in the tables below), the Group's Occupational Health and Safety Management System is marked by full compliance with the UNI (Italian Standardization Body)-INAIL (Italian Institute for Insurance against Accidents at Work) guidelines, setting itself the goal of minimizing the risks to which not only employees, but also third parties (customers, suppliers, visitors, etc.) may be exposed, and consequently determining a special attention that does not end with the awarding of contracts but also with any possible subcontracts.

GRI 102-10

In addition to regulatory obligations, the Iccrea Group has also set itself objectives for better supply chain management. Specifically, according to the Cost Excellence project, which is targeted primarily at BCCs, the aim was to identify a model focused on improving costs by

⁴² The Code of Ethics is adopted by the parent company Iccrea Banca and the Direct Perimeter Companies. At present the Parent Company is managing a specific project aimed at drafting a single Group Code of Ethics, as well as standard Guidelines for laying down principles for the definition of the OMM 231/01.

leveraging the Group's bargaining power and enhancing the value of local suppliers where possible and on certain product categories.

In view of the growing attention on environmental, social and governance issues, the Bank has embarked on a path to improving its environmental impact profile, in which suppliers constitute a substantial component. The plan was put into practice in 2021 with the achievement of LEED Certification for the Group's main office located at Lucrezia Romana in Rome. This Certification is an important first step, which required the formalization of, among others, Policies concerning "green purchasing" and "green" cleaning, in line with a holistic approach that aims to consider environmental issues in the main processes associated with building management. This constitutes a starting point for a more extensive commitment, which will also involve the evaluation of additional certifications on environmental and social issues, as well as any possible extension of the aforementioned Policies to additional suppliers of the Group in order to strengthen the safeguards on sustainable supply chain management.

During the reporting year the number of suppliers was **170,718**, of which **99.93%** (no. **170,601**) comes from Italy.

NUMBER OF SUPPLIERS OF THE ICCREA GROUP

Year	2021	2020	2019	%Change (2021-2019)
Total suppliers	170,718	164,613	119,102	43.34 %
Total suppliers – Italy	170,601	164,498	118,970	43.40 %
% of local suppliers	99.93%	99.93%	99.89%	0.04 %

SPENDING ON LOCAL SUPPLIERS⁴³

Year	2021	2020	2019	%Change (2021-2019)
Purchase from local suppliers	594,106,316.41	583,103,889.83	633,271,989.20	-6.18%
Total purchases (€)	996,392,542.06	1,032,472,632.88	1,300,942,945.08	-23.41%
% from local suppliers inserir nota	59.63 %	56.48 %	48.68%	22.49%

⁴³ For local supply, the proportion of spending attributable to the BCC's Area of Operation is considered with regard to the Group's BCCs (Article 35, paragraph 2, of the Consolidated Banking Act), while the proportion of spending attributable to the Italian territory is considered with regard to the supply managed by the Group's Central Purchasing Office.

With regard to local supply, **42% of the supply managed by BCCs is attributable to suppliers in the Area of Operation** (+ 2.7% compared to 2020), **while 93% of the supply managed by the Group's Central Purchasing Office is attributable to Italian suppliers** (-1.1% compared to 2020).

Finally, 6.54% of new suppliers was selected through the evaluation of specific social criteria.

GRI 414-1

NUMBER AND PERCENTAGE OF NEW SUPPLIERS ASSESSED ACCORDING TO SOCIAL CRITERIA			
Year	2021	2020	2019
New suppliers assessed according to social criteria ⁴⁴	468	608	311
New total suppliers	7,156	8,545	9,453
% New suppliers assessed according to social criteria	6.54%	7.12%	3.29%

⁴⁴ Total suppliers of BCCs + local suppliers of BCC Solutions (excluding Mediocredito FVG, Sinergia and Indirect Perimeter Companies).

5.2. Customers and products

MATERIAL TOPICS	
Support for territorial development Financial Inclusion Innovation, digital transformation and constant attention to customer needs	
SDGS	TARGET
	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including micro finance
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
	9.3 Increase the access of small-scale industrial and other enterprises, particularly in developing countries, to financial services including affordable credit and their integration into value chains and markets.
	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status..
	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.



16.3 Promote the rule of law at the national and international levels, and ensure equal access to justice for all.

16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.

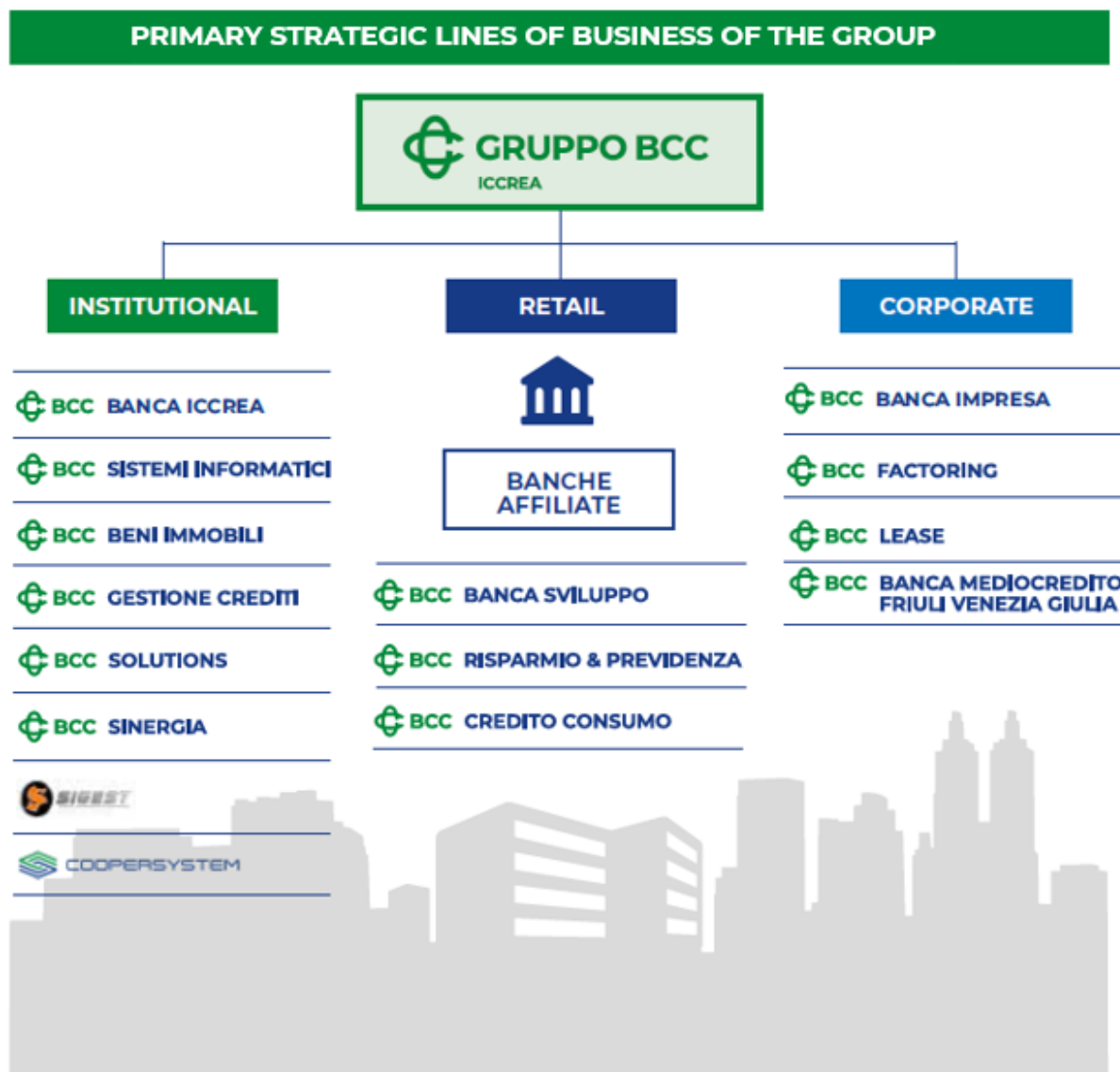
16.a Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime.

GRI

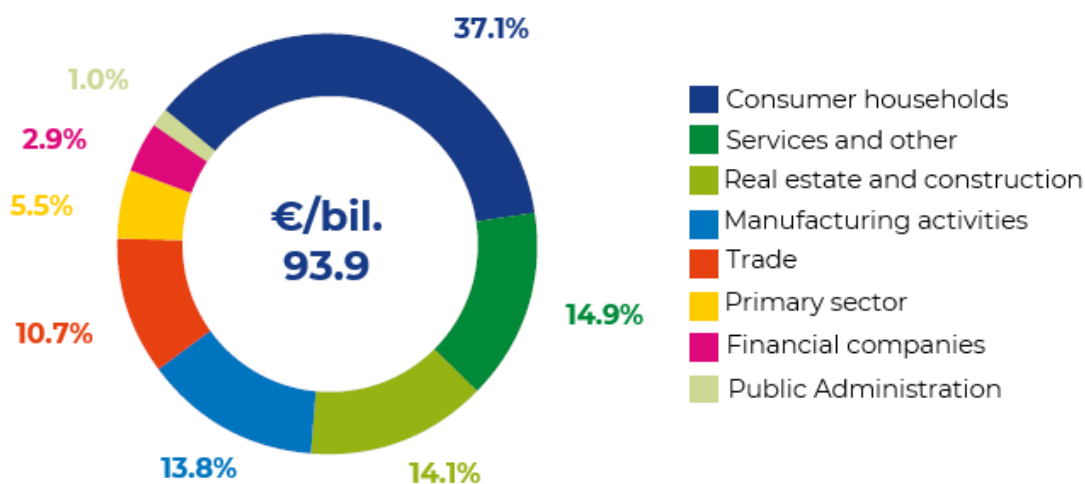
[GRI 417-1, GRI 417-2, GRI 417-3, GRI G4 FS6, GRI G4 FS7, GRI 102-6, GBI 000-2, GBI 000-4, GBI 000-6, GBI 000-7]

5.2.1. The Group's customers

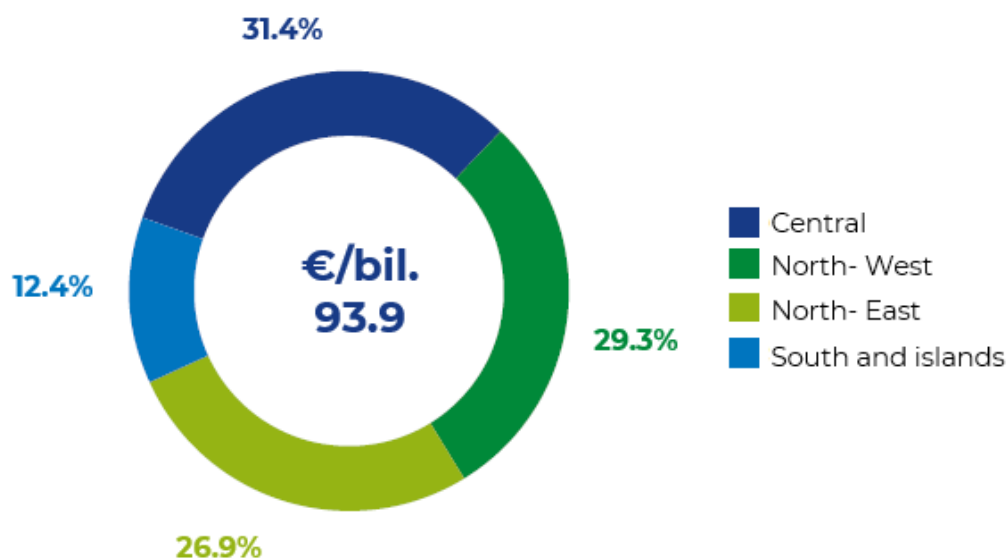
The Group's offer and service model operates through an operational structure that is divided into the following strategic areas of business



TYPE OF COUNTERPARTY'S ECONOMIC ACTIVITY



TYPE OF COUNTERPARTY – GEOGRAPHICAL AREA



Institutional: the Area includes the companies that provide products and services directly to the Affiliated Banks. The wide range of solutions available includes financial services, payment systems, securities administration, credit collection services, Web services, facility management, real estate services, and IT and back-office services, as well as logistical, administrative and infrastructure support. The main target audience of the Institutional Area is predominantly characterized by Affiliated Banks.

Retail: this segment mainly includes Co-operative Banks that traditionally work to promote the development of local communities and the local economy. The principle of mutualism, which is a distinctive characteristic of mutual banking, enables the banks to play a key role in the panorama of the national banking industry and makes them an important partner for households and small and medium-sized enterprises (SMEs). In addition to Affiliated Banks, this area also includes activities carried out by BCC Risparmio & Previdenza, BCC Credito Consumo and the traditional business conducted by Banca Sviluppo. The retail sector's main target audience is composed of individuals and households. As at 31 December 2021, the proportion of consumer households was 37% of all the Group's loans.

Corporate: the corporate Area is composed of the Companies that offer solutions to small and medium-sized enterprises and to local government entities that are customers of the Affiliated Banks. It provides a wide range for meeting all needs, even the most advanced ordinary lending and special corporate finance products, medium/long-term lending and international services, leasing, factoring, rental and consulting services. The main target of the corporate area is mainly **micro-Small and Medium-sized Enterprises (mSMEs)**, which are the main corporate customers of Cooperative Banks.

Customer proximity is ensured by the operation in local areas that characterizes the mutual banking activities of the Affiliated Banks and the product Companies that support them, as it can be inferred from the distribution of loans by geographical area.

DISTRIBUTION OF LOANS BY GEOGRAPHICAL AREA

Geographical area	Gross value (€/000)	Incidence on total loans and advances	Performing loans and advances		Non-performing loans and advances	
			Incidence on total loans and advances	Incidence on total loans and advances	Incidence on total loans and advances	Incidence on total loans and advances
North East	27,490,587	29.3%	94.1%	29.6%	5.9%	25.1%
North West	25,250,843	26.9%	93.6%	27.0%	6.4%	24.9%
Centre	29,531,195	31.4%	92.2%	31.1%	7.8%	35.7%
South and Islands	11,661,477	12.4%	92.0%	12.3%	8.0%	14.4%
Total loans to customers at a.c.	93,934,103	100.0%	93.1%	100.0%	6.9%	100.0%

The table below reports the distribution of loans by economic sector according to the breakdown by economic activity of the counterparty.

DISTRIBUTION OF LOANS BY ECONOMIC SECTOR (ECONOMIC ACTIVITY OF THE COUNTERPARTY)

Counterparty's economic activity	Gross value (€/000)	Incidence on total loans and advances	Performing loans and advances		Non-performing loans and advances	
			Incidence on total	Incidence on total performing	NPL Ratio	Incidence on total NPLs
Consumer households	34,859,291	37.1%	95.5%	38.1%	4.5%	24.0%
Primary sector	5,209,643	5.5%	93.6%	5.6%	6.4%	5.1%
Manufacturing activities	12,915,889	13.8%	94.0%	13.9%	6.0%	11.9%
Trade	10,071,673	10.7%	92.4%	10.6%	7.6%	11.8%
Real estate and construction	13,259,083	14.1%	84.1%	12.7%	15.9%	32.6%
Services and other	13,999,120	14.9%	93.5%	15.0%	6.5%	14.1%
Public administration	906,636	1.0%	99.2%	1.0%	0.8%	0.1%
Financial companies	2,712,769	2.9%	98.7%	3.1%	1.3%	0.5%
Total loans to customers	93,934,103	100.0%	93.1%	100.0%	6.9%	100.0%

In 2021 **more than 86% of financing, as shown by the breakdown of loans** of the Iccrea Group was granted to **households and micro-Small and Medium-sized Enterprises (mSMEs)**. The figure consists of an increase of about 2% compared to the previous year. This confirms and strengthens the proximity to local communities and to the network of businesses of which the Group is an expression. As already mentioned in the chapter on materiality analysis, Financial Support to Households and mSMEs is the first material topic of the Group.

SUPPORT TO HOUSEHOLDS AND MSMES

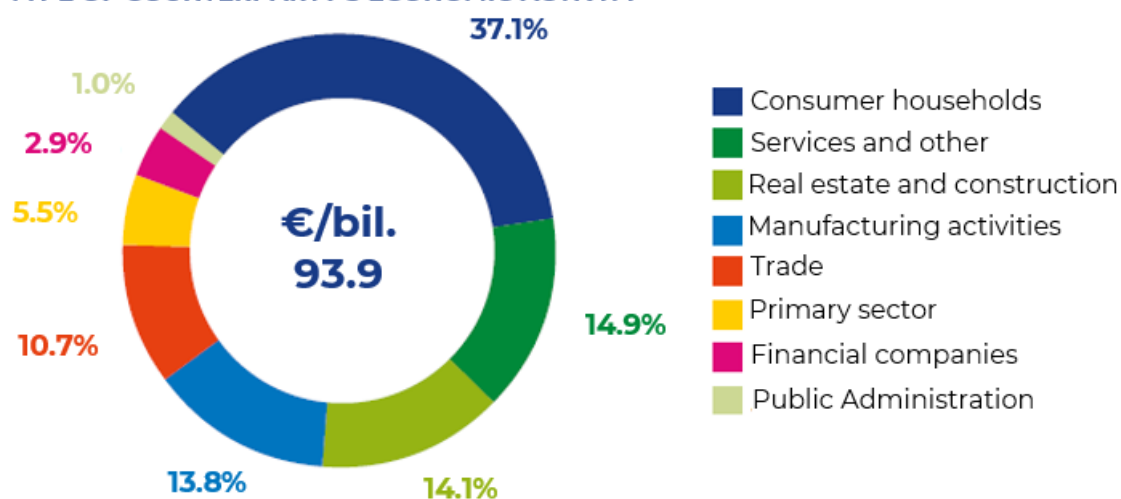
Type of counterparty (2021)	Gross value (€/000)	Incidence on total loans and advances	Performing loans and advances		Non-performing loans and advances	
			Incidence on total	Incidence on total performing	NPL Ratio	Incidence on total NPLs
Ordinary customers	93,027,468	99.0%	93.0%	99.0%	7.0%	99.9%
Consumer households	34,859,291	37.1%	95.5%	38.1%	4.5%	24.0%
Small and medium-sized enterprises	46,415,150	49.4%	93.2%	49.5%	6.8%	48.6%
Producer households	8,197,369	8.7%	91.8%	8.6%	8.2%	10.3%
Micro-enterprises, entities and associations	8,460,077	9.0%	90.7%	8.8%	9.3%	12.2%
Other SMEs	29,757,705	31.7%	94.3%	32.1%	5.7%	26.1%
Other non-financial companies	9,040,257	9.6%	80.8%	8.4%	19.2%	26.8%
Other financial companies	2,712,769	2.9%	98.7%	3.1%	1.3%	0.5%
Public administration	906,636	1.0%	99.2%	1.0%	0.8%	0.1%
Total loans to customers at a.c.	93,934,103	100.0%	93.1%	100.0%	6.9%	100.0%

Source: Consolidated Financial Statements at 31/12/2021

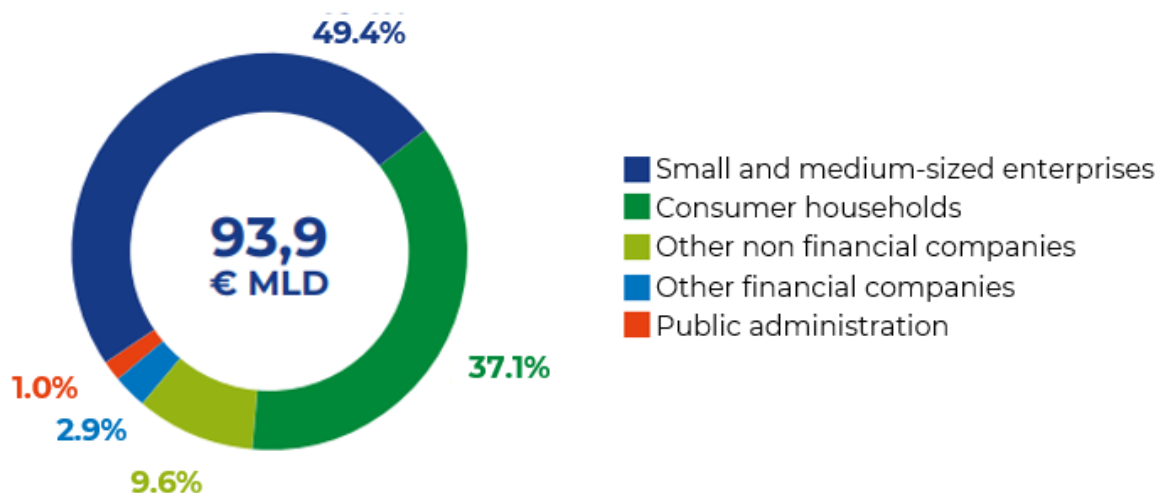
GRI 102-6

BREAKDOWN OF CUSTOMERS BY TYPE

TYPE OF COUNTERPARTY'S ECONOMIC ACTIVITY



TYPE OF COUNTERPARTY



Internal indicator IBG 000-2

Internal indicator IBG 000-6

Internal indicator IBG 000-7

5.2.2. Constant attention to customer needs

Customer Experience surveys are a basic issue of the Group's business strategy. The pursuit of the welfare of members and the sustainable development of the local areas in which the Affiliated Banks operate, make them the fundamental hub for the satisfaction of the corporate structure and customers' needs.

Structured listening to Affiliated Banks, as the primary stakeholders and players in maintaining relations with their customers, is a key source for the Parent Company in identifying competitive factors for success on the market.

The incorporation of the Group, together with the cohesion pact, have strengthened the primary role played by the Affiliated Banks in designing the business model.

In 2021, the work of the Customer Experience, Brand Identity and Events Function, within the Marketing department of the Parent Company, focused on listening to Affiliated Banks on a two-way communication basis: structured listening through satisfaction surveys on the one hand, and, on the other, online meetings to be held to inform and involve the Banks on market/product/developments issues.

In 2021 work continued on satisfaction surveys, which are carried out by the Parent Company, with the primary objective of making the commercial offering to customers more effective and concerned:

- Customer Satisfaction reports on the General Managers of the Affiliated Banks;

- Vertical Customer Satisfaction surveys of sales representatives by customer segment and type of offer;
- Positioning analysis for the development of new products;
- Concept tests to verify approval of the naming and visual identity of new offerings;
- The Voice of Customer project on customers aimed at investigating the level of service at certain touch points such as the customer service on CartaBCC.

At the same time, a plan of digital meetings has been put in place since the beginning of the year to replace in-person events (not feasible due to the health emergency), thus enhancing information opportunities and increasing the number of persons involved. The use of online meetings made it possible to generate a constant flow of information to the Affiliated Banks on various topics: from the launch of new initiatives and services, to the in-depth discussion of products and initiatives, through considerable customization of meetings by type of professional families.

The by now historic satisfaction survey of the Banks' directors was carried out with the aim of investigating the key elements of satisfaction with the Group and the perceived quality of the offering submitted by the Product Companies.

In particular, product offerings (with an increasing impact compared to 2020), the effectiveness and quality of responses provided, and the role of the Parent Company in providing guidance and coordination (with an increasing performance compared to 2020) emerged as strengths.

The Net Promoter Score – i.e. an indicator that measures the level of recommendability of a brand - is clearly higher than satisfaction KPIs.

In addition, customer satisfaction surveys of BCCs' managers divided by professional families were conducted in 2021 on products and services delivered by product companies.

The reference questionnaire investigated the following issues:

- the level of offerings, with focus on utilization and satisfaction of each product delivered, structured into multiple items of detail;
- the quality of the relationship with sales representatives;
- the effectiveness of communication and promotion of offers and services;
- the level of satisfaction with digital channels and training courses;
- the service quality of call centers dedicated to customers.

5.2.3. Innovation and digitization of banking services

Internal indicator IBG 000-4

The main projects in this area of the Digital Innovation and Multichannel Division are reported below.

"Mobile First" pertains to the medium- to long-term digital transformation strategy and is focused on enhancing the Group's Internet Banking (RelaxBanking).

The "Group Customer Service - (GCS)" and "Telephone Banking" projects aim to rationalize and centralize the Group's customer data. The intervention makes it possible to exploit the business potential of the outbound/reactive inbound telephone channel and enables the introduction of innovative support services, making them more responsive to the needs of Banks and Customers. In particular, the Telephone Banking service proposed by Iccrea enables the Banks to offer a dedicated Support Service to their customers and members, including through the use of a dedicated ICT structure with advanced multichannel capabilities and handling of requests received, work team management, and optimizing activities.

In addition, the Group has also developed the "Omnichannel Campaign" project, which enables it to increase, by leveraging "digital channels," the knowledge of its Customers through the collection of data and information. In addition, the project provides Banks and the Group with the possibility of creating campaigns on digital channels (RelaxBanking Web and APP, ATM, Customer Care, etc.).

With regard to reorganization activities and the upgrading of procedures, which have been started since 2018 for compliance with the Payment services Directive (PSD2), a number of project activities were conducted during 2020 and continued in 2021, which were aimed at developing the various requirements prescribed by various provisions and, in the future, developing services based on open banking. In addition, as part of the PSD2 initiative, safeguards were established, which were aimed at minimizing cyber fraud, increasing the effectiveness of the overall fraud governance and management model on PSD2 payment services delivered by the Group. For this purpose, the Banking Group participates in operational sessions promoted by CertFin and in initiatives promoted by the banking system and institutional authorities (mainly the Bank of Italy and ABI).

With regard to the "Instant Payments" project, the aim is to ensure the evolution of payment service offerings for the Banks' customers in line with the EU Retail Payment Strategy, thus gradually enabling BCCs to send transactions and supporting customer adoption.

With the Phygital Evolution project, the ATM (Automated Teller Machine) channel was enhanced, making it a value contact channel for BCCs through improved customer experience, accessibility, introduction of innovations and quick withdrawal functionality. The intervention, which consists of a graphical/functional overhaul of the ATM interface, was completed in July 2021 with the issue of the new release on 2,892 ATMs and 578 SCOs (self-checkouts) of the ATM equipment of all BCCs in the Banking Group.

Again on the topic of digitization it should be noted that there also was the activation of the crowdfunding platform, which is aimed at collecting contributions from small and medium-sized donors and lenders.

Additional initiatives in the field of innovation included "Innovation Lab," which aims to support economic development and stimulate technological innovation through the involvement of Affiliated Banks, thus promoting customer engagement in order to support innovative business ideas with a view to partnership and service to local communities, and Blockchain. The Iccrea Co-operative Banking Group has been part of the 18 Italian pilot banks in the innovative "Spunta Project" developed by Abi Lab since its inception (2019).

5.2.4. Social impact products

G4-FS7

The attention to the customer needs, and the support to households and businesses, which mainly consist of micro-small and medium-sized enterprises, constitute cornerstones for the Iccrea Group for building a sustainable development model, as well as a key principle for operating in an effective manner today to the benefit of its future performance. The project is in line with the Group's main material topic ("Financial support to households and SMEs"), which turns into a business model that combines trust with a different way of banking.

This section considers products and services with a social impact that the Group offers on the market, while a detailed description of those with an environmental impact is provided in the relevant chapter.

In 2021 too, the Group operated in the implementation of the support measures set out in the Cure Italy and Liquidity Decrees, in favor of businesses and households. Likewise, the Group put in place additional "private" measures, on the initiative of the Affiliated Banks, in order to enable the suspension of the repayment of loans within the economic and social structure and get through the pandemic crisis, which is still ongoing.

With regard to **moratorium**, the Group **approved 190,853 applications, for a total amount granted to the Group's customers, exceeding Euro 20 billion** at 31 December 2021 (overall data). As at the same date, **moratorium still outstanding amounted to about Euro 5 billion**, mainly referring to legislative and ABI moratorium, payments from debtors of which resumed at the beginning of 2022.

As at the same date, the 128 **Affiliated Banks** had also disbursed a total of 150,635 **loans** under Article 13 of Decree Law 23, guaranteed by the SME **Guarantee Fund**, for an overall amount **exceeding Euro 8.8 billion (Liquidity Decree)**.

	No. of Transactions	Amount disbursed (€/MIL.)	No. of Transactions	Amount disbursed (€/MIL.)	2021-2020 Change (Amount disbursed €/MIL.)
	2021		2020		
Advance payments from the Redundancy Fund for employees under Art. 19-22	4,021	5	4,011	5	-

LIQUIDITY DECREE (DECREE LAW NO. 23 OF 8 APRIL 2020)

	No. of Transactions	Amount disbursed (€/MIL.)	No. of Transactions	Amount disbursed (€/MIL.)	2021-2020 Change (Amount disbursed €/MIL.)
	2021		2020		
New loans - 90% guarantee (Art.1, c.2 lett.d.1 SACE)	142	430	19	93	>100%
New loans (tot ex art. 13) Art.13 SME Fund	150,635	8,886	125,582	6,044	47%

The significant amounts mentioned above, both in terms of suspension of payments and new finance disbursed by virtue of the legislative measures issued by the Government to cope with the pandemic crisis, **have demonstrated the Iccrea Co-operative Banking Group's close proximity to the local areas in which it operates, as well as to households and small enterprises, which make up the economic environment of the country.**

The table below shows the figures relating to moratorium for 2021 compared to 2020:

	Members	Amount disbursed (€/MIL.)	Members	Amount disbursed (€/MIL.)	2021- 2020 Change (Amount disbursed €/MIL.)
	2021		2020		
Wage-support schemes	4,021	5	4,011	5	-
MCC Guarantee-backed loans	150,635	8,86	125,582	6,04	47%
SACE Guarantee-backed loans	142	430	19	93	>100%
Mortgage Moratorium *	190,853	20,294*	215,444	23,260**	-12,75%
Total	345,651	21,615	345,056	29,402	-

*Residual debt of suspended payment positions.

**Residual debt of suspended payment positions.

Internal indicator IBG 000-3

Some of the major social impact initiatives are described below, which were put in place at the Group level.

First Social Bond issued by Iccrea Banca

As already specified in chapter 2, Iccrea Banca S.p.A. formalized its own Green, Social and Sustainability Bond Framework in October 2021, while subsequently it placed **its first Social Bond of Euro 500 million intended for the institutional market and underwritten by about 90 investors**. The transaction aimed to target the funds raised to small, medium-sized businesses and households impacted by the Covid-19 emergency, as well as to small businesses with fewer than 50 employees operating in regions with per capita income below the national average, and youth and female entrepreneurs. 80% of the proceeds will be used to refinance loans already disbursed, while the remaining 20% will be allocated to the disbursement of new loans over a period of two years after the issue. The bond issue (Senior Preferred under Italian law) took place under the EMTN Programme worth Euro 3 billion and the Green, Social and Sustainability Bond Framework. Following the issuance and in line with the relevant time schedule, Iccrea Banca will prepare a specific report (Impact analysis) with the aim of highlighting the main impact it has generated.

IDEA taste of Italy 2

During 2021, payments were made to the Taste of Italy 2 Fund for capital calls on the part of DeA Capital Alternative Funds S.G.R. S.p.A. ("SGR") for an amount equal to Euro 356,920. The Fund was set up in 2020 and the subscription commitment of Iccrea Banca S.p.A. is equal to Euro 4 million. In accordance with the Fund's Rules (Article 4.6.3), the Asset Management Company is required to invest in the agro-industrial chain (production and distribution of food products, in the form of primary goods, as

well as deriving from their processing, or of services related thereto) in Italy and, outside of Italy, mainly in Spain, with a residual minimum possibility of investment by the Fund in third countries.

ECB Targeted Longer-Term Refinancing Operations T-LTRO III Group programme

In 2019 Iccrea Banca joined the third ECB Program called “Targeted Longer-Term Refinancing Operations – (T-LTRO III)”, through the establishment of the TLTRO III – Group within which Iccrea assumes the role of Lead Institution, recognized with a memo from the Bank of Italy on 14 November 2019, and which carried out its operations throughout 2020 and 2021.

The T-LTRO III Group allows the Affiliated Banks and the Direct Perimeter Companies to participate in the T-LTRO III program, which was initially structured into seven medium/long-term refinancing transactions on a quarterly basis, each with a term of three years, repayable according to the terms and conditions provided for by the ECB itself. With the decision taken by the ECB in December 2020, the term of the TLTRO-III Program was extended by providing for 3 additional auctions, which were held in June, September and December 2021. Under this Program the ECB may disburse loans to Banks so that the latter in turn provide financing to support the real economy, specifically targeted at non-financial companies and households.

In December 2021 the TLTRO-III Group had been joined by 104 Affiliated Banks, 2 Direct Perimeter Companies and Iccrea Banca. Total transactions equal to more than Euro 13.4 billion were negotiated during 2021.

During 2021 Iccrea Banca subscribed to the bonds and government securities falling within the category of Global Category ESG for an amount of Euro 34.9 million, having the characteristics and purposes stated in the relevant offering documents.

Among the additional activities carried out by the Group and having importance in terms of social impact, details of the work **performed by the Affiliated Banks with regard to the SME Guarantee Fund** are provided below. The work is supervised at Group level by the Institutional Affairs Organizational Unit, which operates within the CBO Area; data on the operations of the 128 Affiliated Banks, with the SME Guarantee Fund with regard to entrepreneurial microcredit operations and small-amount operations, are reported below.

Entrepreneurial microcredit

In 2021 BCCs generated 315 new transactions backed by an 80% guarantee of the Central Fund for a financed amount of Euro 8.7 million, showing a change of 29.7% compared to 2020.

Small-amount operations in 2021

In 2021 BCCs generated 1,024 transactions with a Central Fund guarantee, for a financed amount of **almost Euro 18 million**, against Euro 36.5 million in the previous year, thus showing a percentage change of - 50.76% compared to 2020 (it should be noted that the

2020 figure had been heavily affected by the measures put in place for the emergency). The number of new transactions was 1,024 against 1,833 in 2020 (-56%) and 75 BCCs generated at least one transaction of small amount during the year.

ISMEA

In 2021 the Affiliated BCCs completed 1,223 transactions backed by an ISMEA guarantee compared to 1,662 in 2020, for a financed amount that decreased from Euro 250 million in 2020 to Euro 172.6 million in 2021, with a percentage change of -31% compared to 2020. In terms of operations carried out on the direct Guarantee only, the Affiliated BCCs completed 56 new operations in 2021 against 11 in 2020.

Resto al Sud (Invitalia)

Resto al Sud is a program that supports the start-up and development of new business and professional activities in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily and in the 116 municipal districts of the earthquake area in Central Italy (Lazio, Marche, Umbria) and in the smaller marine, lagoon, and lake islands of the Central-Northern regions. **The incentive is intended for those aged between 18 and 55 years of age. The available funds, which are managed by Invitalia (the Italian Agency for Inward Investment and Economic Development) amount to Euro 1.250 billion.**

The businesses eligible for funding include production activities in industry, crafts, processing of agricultural products, fishery and aquaculture, provision of services to businesses and individuals, tourism, professional activities (both individual and corporate). Operations were also extended to the trade sector from the end of 2021. On the other hand, agricultural activities were excluded.

The Resto al Sud program covers up to 100% of expenses, with a maximum funding of Euro 50,000 for each applicant, which can be increased up to Euro 200,000 in the case of companies with four partners. The maximum financing for individual enterprises, with only one applicant, is Euro 60,000. The concessions cover 100% of eligible expenses and are composed as follows:

- 50% non-refundable grants;
- 50% bank loan backed by the SME Guarantee Fund. Accrued interest is entirely borne by Invitalia.

There is also provision for additional non-refundable grants.

As at 31 December 2021, 36 BCCs had concluded **at least one transaction for a total of 733 transactions at the end of 2021, of which 289 during 2021 with an increase of more than 38% compared to the number of transactions in 2020.**

Finally, the table below summarizes the social impact operations put in place by the **service of Iccrea Banca, which acts as a "service" to BCCs on their loans backed by the SME Guarantee Fund.**

As the sole party that operates with the Guarantee Fund, the Service is responsible for managing, in the name and on behalf of BCCs, the activities provided for by Law no. 662 of 1996 – SME Guarantee Fund with their customers. In this area, and in particular for the activities carried out in favor of BCCs, the Service oversees the preliminary examination, the completion of the guarantee transaction, the inspection operations on the part of the Fund, the changes that occur on the guaranteed loan and the enforcement of the guarantee by performing the following main activities:

G4 FS7 (3)

SUBSIDIZED LOANS SERVICE OF ICCREA BANCA

Initiatives	Members	Amount disbursed (€/MIL.)	Members	Amount disbursed (€/MIL.)	2021-2020 Change (Amount disbursed €/MIL.)
	2021		2020		
EIF InnovFin Guarantee (European Investment Fund)	6	5,585,889	2	1,716,000	> 100%
Grants on interest Sabatini Law	1,376	260,023,720	553	99,093,939	> 100%
Central Fund guarantee	15,699	2,199,091,675	86,554	5,211,691,748	> 100%
Production microcredit	164	4,357,053	684	14,288,838	- 70%
Small amount loans	304	5,987,650	152	3,731,500	> 100%
Direct operations – Central Guarantee Fund	775	271,089,669	262	201,151,285	35%

The **EIF InnovFin Guarantee** showed a clear recovery for 2021 after a decline in it uses due to the Covid-19 emergency. Decisive signs of recovery were also reported for the **Sabatini Law**; in fact, the number of applications granted came to 1,376 for the reporting year (against 553 in the previous year), with an increase of 162% corresponding to more than Euro 260 million in disbursements.

With regard to the service activity on the **Central Guarantee Fund**, the 2020 figures were affected by the effects caused by the Covid-19 pandemic; the 2021 figures stood at consistently high guarantee recourse values compared to the pre-pandemic emergency period (March 2020); the fall in numbers is attributed to the lower use of the Lettera m Fund guarantee (amounts of financing of up to Euro 30,000, which are admitted to guarantee with simplified criteria that are different from ordinary operations).

With reference to the **SME Guarantee Fund**, there was an increase in operations equal to about 35% (from about Euro 200 million in 2020 to about Euro 270 million in 2021).

With regard to Direct Perimeter Companies, we must note the operations performed by **BCC Credito Consumo** (as a company specializing in personal loan solutions) to support

Affiliated Banks and the operational management of Fondo StudioSì loans. The Fund offers zero-interest loans to students residing in a region in Southern Italy (those residing in other Regions can still benefit by studying at Universities in Southern Italy) and the maximum amount granted can be up to Euro 50,000, of which an amount of up to Euro 10,000 for each year of attendance. The Group, in partnership with con Sistema Iniziative Locali S.p.A. (Sinloc), has been chosen by the European Investment Bank (EIB) as the financial intermediary for the management of the “StudioSì” fund, which is financed with resources allocated to the Ministry of Universities and Research to provide support to young students and graduates who mainly reside in Southern Italy. The management of the Fund, with total funds of **Euro 46.5 million**, is entrusted to Iccrea Banca by virtue of its solid experience in European financing. **The volumes committed out of ceiling amount as at 31 December 2021 amounted to Euro 27.2 million, of which an amount of Euro 11.9 million related to 2020 and an amount of Euro 15.3 million to 2021.**

Finally, with regard to Affiliated Banks, the main social impact products are listed below:

1. student loans;
2. social microcredit;
3. CONSAP guarantee-backed loans;
4. anti-usury products and services;
5. financing for Adoptions;
6. loans to the third sector;
7. financing for advances on redundancy fund payments;
8. other subsidized loans with social purposes (including with the use of public/EU funds);
9. foreigners' account.

The total number of beneficiaries of these schemes with a social impact was equal to almost 19,755 during the reporting year, for a countervalue of loans / grants equal to more than Euro 1.6 billion and deposits of more than Euro 6.5 million.

The table below shows the details of the social impact projects (referred to above), broken down by the number of members and the amount disbursed and collected.

G4 – FS7 (2)

SOCIAL IMPACT PRODUCT (LOANS)

	Members (no.)	Sum disbursed (€)	Facility balance at 31/12/2021 (€)	Members (no.)	Sum disbursed (€)	2021-2020 Change (Sum disbursed €)
	2021			2020		
Student loan (excluding the StudioSi Fund)	1,219	10,894,889.68	16,495,202.00	2,513	21,165,021.00	-48.52%
Social microcredit (loans for a maximum amount of €/TH. 10)	319	1,489,542.40	3,276,959.74	576	2,607,383.00	-42.87%
CONSAP guarantee-backed loans (first home soft loans)	12,359	1,446,007,386.04	8,762,050,902.30	9,391	1,030,061,840.88	40.38%
Anti-usury products and services	233	9,800,177.00	19,777,841.15	269	7,289,967	34.43%
Financing for adoptions (any form, leases, loans, etc.)	15	122,000.00	2,372,217.33	39	348,337.00	-64.98%
Loans to the third sector (excluding Coopera products)	711	57,527,458.39	1,045,740,499.35	796	62,548,236.00	-8.03%
Financing for advances on redundancy fund payments	330	933,227.00	103,296.88	2,721	4,220,373	-77.89%
Subsidized loans with social purposes (including with the use of public/EU funds)	286	8,362,577.60	37,157,092.50	130	10,827,786.11	-22.77%
Other products / services with social purposes (loans/disbursements)	1,916	101,693,961.67	266,719,002.38	2,124	39,873,227	> 100.00%
Total	17,388	1,636,831,219.78	10,153,693,013.63	18,559	1,178,942,171.00	30.20%

SOCIAL IMPACT PRODUCT (DEPOSITS)

	Members (no.)	Sum disbursed (€)	Facility balance at 31/12/2021 (€)	Members (no.)	Sum disbursed (€)	2021-2020 Change (Sum disbursed €)
	2021			2020		
Foreigners' account	2,367	6,550,969	34,834,894	1,197	15,220,963	- 56.96%
Total	2,367	6,550,969	34,834,894	1,197	15,220,963	- 56.96%

5.2.5. Transparency of information and the quality of products and services

GRI 417-1

The Group pursues the satisfaction and satisfaction of its customers, responding to their financial needs through the ongoing development of innovative, high quality services and products. The Group is committed to establishing a relationship of mutual trust with the Affiliated Banks' customers, abiding by the principles of collaboration, availability, professionalism and transparency in full compliance with current regulations.

The table below shows the case histories pertaining to the total number of incidents of non-compliance with regulations and/or self-regulatory codes on information and labeling of products and services. In detail, with reference to 2021, there were sporadic events – a total of 8 - involving incidents of non-compliance on self-regulatory issues with regard to 2021.

GRI 417-2

INCIDENTS OF NON-COMPLIANCE CONCERNING PRODUCT AND SERVICE INFORMATION (NO.)			
Type	2021	2020	2019
Non-conformities with regulations that entail a fine or penalty	-	1	2
Non-conformities with regulations that entail a warning	-	3	1
Non-conformities with self-regulatory codes	8	5	32
Total	8	9	35



GRI 417-3


The table below reports incidents of non-compliance with regulations and/or self-regulatory codes regarding marketing communications, including advertising, promotion, and sponsorships.

No cases of this type were reported with regard to 2021.

INCIDENTS OF NON-COMPLIANCE CONCERNING MARKETING COMMUNICATIONS (NO.)

Type	2021	2020	2019
Non-conformities with regulations that entail a fine or penalty	-	-	-
Non-conformities with regulations that entail a warning	-	-	-
Non-conformities with self-regulatory codes	-	3	1
Total	-	3	1

	<div data-bbox="432 398 762 450" data-label="Section-Header"> MATERIAL TOPICS </div> <div data-bbox="427 461 861 539" data-label="Text"> <p>Protection of human rights People care and staff enhancement</p> </div>
<div data-bbox="256 584 371 636" data-label="Section-Header"> SDGS </div> <div data-bbox="252 658 368 775" data-label="Image">  </div>	<div data-bbox="432 584 611 636" data-label="Section-Header"> TARGET </div> <div data-bbox="427 658 1348 1122" data-label="Text"> <p>3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births.</p> <p>3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.</p> <p>3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.</p> <p>3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p> </div>
<div data-bbox="252 1205 368 1323" data-label="Image">  </div>	<div data-bbox="427 1205 1348 1529" data-label="Text"> <p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.</p> <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</p> </div>

	<p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>
<p>GRI</p>	<p>[GRI 102-8, GRI 401-1, GRI 401-2, GRI 402-1, GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8, GRI 403-9, GRI 403-10, GRI 404-1, GRI 404-2, GRI 404-3, GRI 412-2]</p>

5.3. Personnel management

GRI 102-8

5.3.1. The personnel of the Group

People are the value through which the Group can achieve its objectives. For this reason, the Group offers all employees the same opportunities with no discrimination in the selection, recruitment, management, development and remuneration of personnel. In this regard, reference is made to what has already been detailed with reference to the Governance area and policies pertaining to diversity and inclusion.

In particular, people management within the Group is inspired by the following principles:

- recognizing and enhancing the skills of its employees;
- ensuring the protection of the psychological and physical integrity of workers and respect for their moral personality;
- guaranteeing the dignity of each person and preventing any form of discrimination.

The Group opposes any kind of discriminatory behavior, harassment and mobbing carried out against its personnel. Furthermore, the Group ensures that personnel can operate in a working environment that nurtures and improves the capabilities and potential of each individual, promotes diversity and protects the work-life balance.

The Group pays particular attention to the selection of resources, in accordance with the values of equality and personal growth.

In this phase, the objective that guides the Group's action in allocating resources is not only the full satisfaction of company needs, but above all the enhancement of the growth and development of the people concerned and involved. This is why the process of selecting and formalizing the recruitment of resources is also oriented towards optimizing the professional skills available within the Group under appropriate internal mobility programmes. Precisely for this reason, the Mobility Center, which had been established in 2020, operated during the year within the Human Resources department with the aim of fostering the professional growth of resources belonging to Group companies and Affiliated Banks through a mutual exchange of value, while managing the process of selection within the Group and coordinating, among others, the process of "Job Posting".

The Group has put in place a specific Whistleblowing Policy that makes it possible to contact the competent functions in any case of reporting.

At the end of the 2021 financial year, the Group consisted of 22,084 employees, of whom 42% were women and **98% of the Iccrea Group's personnel had open-ended contracts**, while 92% worked under full-time employment contracts, with men accounting for 61%.

As at 31 December 2021, the Group had about **0.3% fewer employees** compared to 2020 and at the end of the reporting year there had been **1,340 new hires** (up by 22% compared to 2020) and **1,398 exits** (up by 25% compared to 2020).

For more details, see the tables and charts reported below:

GRI 102-8

TYPE OF CONTRACT (FULL-TIME AND PART- TIME)									
Year	2021			2020			2019		
Type of employment (no.)	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	12,599	7,726	20,325	12,719	7,649	20,368	12,823	7,618	20,435
Part-time	142	1,617	1,759	146	1,628	1,774	140	1,583	1,723
Total	12,741	9,343	22,084	12,865	9,277	22,142	12,963	9,201	22,158

TYPE OF CONTRACT (FULL-TIME AND PART- TIME)

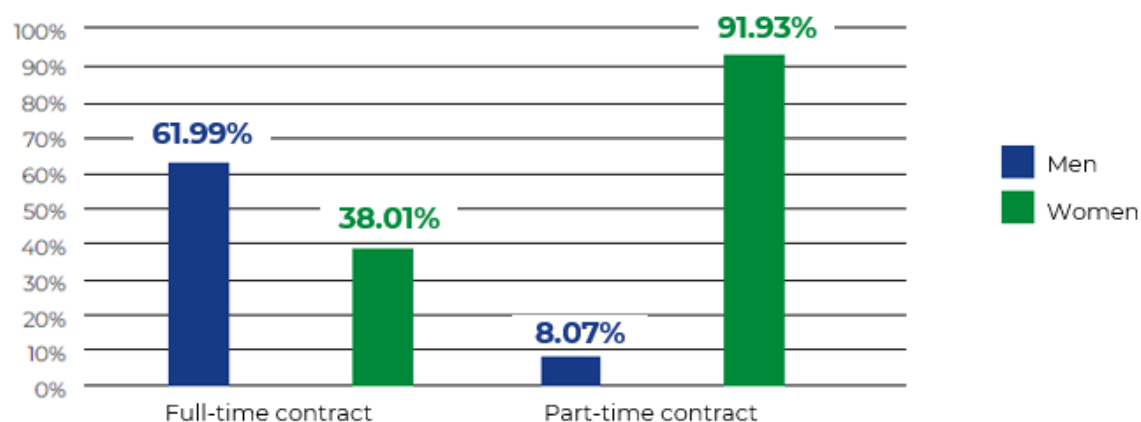
Year	2021			2020			2019		
Type of employment (%)	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	61.99%	38.01%	100%	62%	38%	100%	63%	37%	100%
Part-time	8.07%	91.93%	100%	8%	92%	100%	8%	92%	100%
Total	57.69%	42.31%	100%	58%	42%	100%	58.5%	41.5%	100%

TYPE OF CONTRACT (FIXED-TERM AND OPEN-ENDED)

Year	2021			2020			2019		
Type of contract (Number)	Men	Women	Total	Men	Women	Total	Men	Women	Total
Fixed-term contract	267	226	493	194	158	352	174	154	328
Open-ended contract	12,474	9,117	21,591	12,671	9,119	21,790	12,783	9,047	21,830
Total	12,471	9,343	22,084	12,865	9,277	22,142	12,957	9,201	22,158

TYPE OF CONTRACT (FIXED-TERM AND OPEN-ENDED) –% INCIDENCE

Year	2021			2020			2019		
Type of contract (%)	Men	Women	Total	Men	Women	Total	Men	Women	Total
Fixed-term contract	54.16%	45.84%	100%	55%	45%	100%	53%	47%	100%
Open-ended contract	57.77%	42.23%	100%	58%	42%	100%	59%	41%	100%
Total	57.69%	42.31%	100%	58%	42%	100%	59%	41%	100%

FULL-TIME/PART-TIME 2021


GRI 401-1

INBOUND TURNOVER

Age group	2021			2020			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30	247	199	446	148	152	300	194	169	363
Between 30 and 50	388	258	646	336	234	570	429	323	752
Over 50	183	81	264	185	47	232	222	79	301
Total	818	538	1,356	669	433	1,102	845	571	1,416

INBOUND TURNOVER - % INCIDENCE

Age group	2021			2020			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30	48.6%	40.9%	44.9%	38.1%	36.4%	37.2%	49.2%	40.5%	44.8%
Between 30 and 50	6.2%	4.4%	5.4%	5.1%	3.9%	4.5%	6.0 %	5.1%	5.6%
Over 50	4.1%	2.7%	2.9%	3.1%	1.7%	2.7%	4.1 %	3.2%	3.8%
Total	6.4%	5.8%	6.1%	5.2%	4.7%	5.0%	6.5%	6.2%	6.4%

OUTBOUND TURNOVER

	2021			2020			2019		
Age group	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30	41	42	83	25	28	53	39	36	75
Between 30 and 50	302	206	508	250	167	417	298	173	471
Over 50	597	226	823	482	166	648	465	154	619
Total	940	474	1,414	757	361	1,118	802	363	1,165

OUTBOUND TURNOVER - % INCIDENCE

	2021			2020			2019		
Age group	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30	8.1%	8.6%	8.4%	6.4%	6.7%	6.6%	9.9%	8.6%	9.2%
Between 30 and 50	4.8%	3.5%	4.2%	3.8%	2.8%	3.3%	4.2%	2.7%	3.5%
Over 50	10%	7.4%	9.1%	8.2%	5.9%	7.5%	8.6%	6.3%	7.9%
Total	7.4%	5.1%	6.4%	5.9%	3.9%	5.0%	6.2%	3.9%	5.3%

5.3.2. People care and staff enhancement

Since 2019, the Group has established a specific structure with the purpose of developing a system of assistance and care targeted at Group employees. The purpose of the OU is to promote people's well-being and improve work-life balance. The People Care action is guided by the concept of "personal care": the psychological and physical wellbeing of the employee is achieved through the company's offer of services and projects to reconcile **private life and work**, without these being confused with each other but providing support in the management of the two spheres, which are sometimes experienced as irreconcilable. The employee, as a member of the community, is placed at the center of all People Care projects and activities, with the aim of generating positive effects on the social and environmental areas in which the company and the employee operate.

Furthermore, the Iccrea Group provides for the payment of a portion of employees' salaries to two institutions. The first one is the National Pension Fund (*Fondo Pensione Nazionale*) oriented towards sustainable investments, while the second one is the National Health Insurance Fund (*Cassa Mutua Nazionale*), which has been set up under union agreements as part of the national collective bargaining agreement, signed by Federcasse.

GRI 404-2

The Iccrea Group considers the development of skills and professional growth as fundamental for its employees beyond the ongoing technological evolution of banking services and the transformation of industry regulations.

The competent Organizational Units design their personnel training and growth policies in accordance with the key strategic objectives of the Group and ensure their consistent adoption. The Human Resources function is responsible for ensuring the development and growth of human capital, in line with the Group's strategic development plans. The work is performed under programmes aimed at developing the necessary expertise, knowledge, and skills of all staff members of the Parent Company and of the Direct and Indirect Perimeter Companies.

The function ensures the satisfaction of the Group personnel's needs in terms of refresher and training course and is also responsible for the management of technical and specialist, mandatory and behavioral training activities. The work in this area that is targeted at employees in the Group's direct perimeter fall under two main categories, depending on the promoter of the project, the related methods of management and the purposes:

- in-house training in which training and development programmes are designed, planned and delivered internally by the Parent Company in collaboration with the various suppliers and providers. This work is aimed at creating a common culture on the various topics across the organization;
- outsourced training, including courses, conventions, seminars, workshops, webinars, etc., which are promoted and delivered independently by the various third-party training bodies through their own channels.

This training is aimed at creating vertical skills and ensuring the adoption of innovative visions and themes within the company.

With respect to the first issue, the training plan takes account of guidelines from area managers and specialists and is mainly defined on the basis of the results of the analysis of training requirements. As part of this process, managers are asked to specify the training areas and/or courses for their staff members. The function responsible for Training analyzes the data that are collected and, on their basis, proceeds with structuring a training plan that is consistent with training requirements.

The dates are then scheduled on which the selected courses are to be held, and the competent function then proceeds with their design, planning and organization, collaborating with suppliers and providers and managing the logistical and organizational issues for each edition.

For skill development, the annual training plan takes account of guidelines from area managers and specialists and is mainly defined on the basis of the results of the analysis of training requirements.

In 2021 work was completed on the mapping of professional families and profiles, which has as its output role profiles, accompanied by technical knowledge, skills and the related expected levels, and involved both the direct perimeter and the commercial staff operating at banks in local areas and communities.

The tables below provide the data on training initiatives.

GRI 404-1

HOURS OF TRAINING PROVIDED BY CATEGORY OF EMPLOYEES									
Year	2021			2020			2019		
Employment category	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	8,450	1,212	9,662	7,221	790	8,011	11,893	2,045	13,938
Managers	259,912	82,930	342,842	219,404	72,216	291,620	251,168	77,090	328,258
Office staff	420,165	395,185	815,350	374,424	355,133	729,557	399,172	360,726	759,898
Total	688,527	479,327	1,167,854	601,049	428,139	1,029,188	662,233	439,861	1,102,094

AVERAGE NUMBER OF HOURS OF TRAINING PROVIDED BY CATEGORY OF EMPLOYEES									
Year	2021			2020			2019		
Employment category	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	23	43	25	19	29	20	31	82	34
Managers	55	50	54	46	45	46	54	50	53
Office staff	55	52	53	48	46	47	51	47	49
Total	54	51	53	47	46	46	51	48	50

In addition, data are reported below on feedback provided to employees in relation to career development processes:

GRI 404-3

NUMBER OF EMPLOYEES THAT RECEIVED REPORTS ON THE RESULTS AND ON CAREER DEVELOPMENT									
Year	2021			2020			2019		
Employment category	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	56	5	61	47	3	50	50	3	53
Managers	2,056	735	2,791	1,850	617	2,467	1,571	510	2,081
Office staff	2,463	2,567	5,030	2,321	2,577	4,898	2,461	2,597	5,058
Total	4,575	3,307	7,882	4,218	3,197	7,415	4,082	3,110	7,192

PERCENTAGE OF EMPLOYEES THAT RECEIVED REPORTS ON THE RESULTS AND ON CAREER DEVELOPMENT									
Year	2021			2020			2019		
Employment category	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	15%	18%	15%	12%	11%	12%	13%	12%	13%
Managers	43%	45%	44%	39%	39%	39%	34%	33%	34%
Office staff	32%	33%	33%	30%	34%	32%	32%	35%	33%
Total	36%	35%	36%	33%	34%	33%	32%	34%	33%

GRI 403-6

The Group provides for **registration applications to join a National Health Insurance Fund, which has been set up under union agreements as part of the national collective bargaining agreement, signed by Federcasse**. The registration with the Fund scheme is carried out by payments on the part of the company; the employee contributes an additional payment, which is calculated with a percentage share.

Specifically, the National Health Insurance Fund has as its institutional aim the delivery of health services to its members, generally in the form of reimbursement of expenses incurred for this purpose. Benefits are guaranteed to the employees and to the members of their families. There is also the possibility of inclusion of non-dependent family members against the payment of a specific contribution. The employees can remain enrolled, together with their family members, even after the beginning of the period of their retirement. During 2021, there were **4,823 beneficiaries of the benefits provided by the National Health Insurance Fund, amounting to Euro 3,158,609.81**.

Occupational Health Promotion is a preventive strategy that aims to improve people's health and well-being in the work environment, which is considered to be a privileged setting for the adoption of healthy lifestyles. Specifically, occupational health promotion is a strategy of prevention, aimed at improving the health and quality of the professional life of each individual.

During 2021, the **Flu Vaccination Campaign on a voluntary basis** was activated in accordance with the purposes of national health planning and the pursuit of the specific objectives of the flu immunization program; vaccination was actively offered free of charge to all employees of the Iccrea Co-operative Banking Group who had joined the scheme.

ID	ACTIVITY	DESCRIPTION	BENEFICIARIES
1	Performance Bonus conversion	Employees who can convert their PB in compliance with the Current Regulations have the option to allocate the converted portion into a dedicated Welfare platform (PerBene Account), thus consequently taking advantage of the tax benefits provided for in the Regulations in force from time to time. 756 employees converted their PB to Welfare in 2021.	All employees who are entitled to convert their PB into the Iccrea Group's Welfare in compliance with the Current Regulations
AGREEMENTS			
2	Corporate Benefits – Portal of the Iccrea Group People Care Agreements	The Iccrea Group People Care programme offers its employees and their families a wide range of Agreements, which as from 2018 are available on a dedicated portal: https://iccreabanca.convenzioniaziendali.it/login	Access to the platform provided for all the Iccrea Group employees
3	Smart Working	As of today, there is a "Structural Smart Working" Agreement in place that provides for the possibility of granting Smart Working to up to 400 employees (Group Smart Working Policy, GBI-POL-HR-06-R02). In 2021, 340 employees submitted an application, thus taking advantage of the "Agile Working" scheme. In addition, all employees took advantage of the "Emergency Smart Working" scheme in 2021 too, based on the Guidelines set out by the Bank due to the pandemic emergency.	All Group employees are entitled to submit an application in accordance with and within the limits of the current Agreement

ID	ACTIVITY	DESCRIPTION	BENEFICIARIES
FAMILY			
4	Company nursery	Company nursery service – operational near the Rome office at Lucrezia Romana since 2017 - reserved exclusively for the children of the Iccrea Group Companies employees aged 0 to 3 years, with subsidized monthly contribution fees. 23 registration applications were granted in 2021.	All employees working at the Rome offices and with children aged 0 to 3 years old are entitled to submit a registration application, subject to the ceilings set out in the Regulations
5	Active Listening Service	The Active Listening Service makes available a room where it is possible to talk to a professional psychologist about the difficulties that may arise in a specific moment of life, in the family or at work, or to develop insights into issues concerning international adoption with the possibility to receive guidance and support. It is a free service of listening, guidance, help relationship for the Group employees. In 2021 the service was also extended to the Florence office, in addition to the other office at which the service was already operational.	All the Iccrea Group employees at the Rome offices at Lucrezia Romana and Via Carucci, and the offices in Milan at Revere and Esterle, as well as in Peschiera Borromeo and Florence
6	Meeting for orientation to University in collaboration with TALENTS VENTURE	The orientation project aims to provide children of employees with the tools and information required to make an informed college or career decision in line with their skills, future aspirations and demands from the labor market.	All children of the Iccrea Group employees who attend high schools
HEALTH AND WEALTH			
7	CRI (Croce Rossa Italiana) ITALIAN RED CROSS –	Days organized at the Lucrezia Romana office for the collection of blood in collaboration with the Italian Red Cross.	All the Iccrea Group employees of

ID	ACTIVITY	DESCRIPTION	BENEFICIARIES
	Blood Donation		the Rome offices
8	Vaccination campaign	Iccrea Banca confirms its great interest in the state of health of its employees through the flu vaccination campaign organized for all employees at a time when attention to the Covid-19 state of emergency is still high.	All the Iccrea Group employees
9	LILT (Lega Italiana per la Lotta contro i Tumori) ITALIAN LEAGUE FOR THE FIGHT AGAINST CANCER campaign	More concrete form was given to an awareness-raising and prevention project through the execution of agreements with facilities for screening and early diagnosis examinations, while also generating social impact through the support of oncology research. Agreements were entered into at 7 LILT offices in 2021.	All the Iccrea Group employees
SUSTAINABLE MOBILITY			
10	Local Public Transport subscriptions subject to agreements	The Group employees can apply for annual concessionary tickets for public transport managed by major carriers operating in Lombardy and Latium regions through the Mobility Portal (https://iccrea.mmanager.net/app/website/index.html). Employee benefits also provide for 12 monthly installments that are debited directly from their pay slip.	Agreements are accessible for all the Iccrea Group employees
11	Electric Bikes	In addition to raising awareness of the use of alternative and sustainable means of transport, the Group has made available, under a gratuitous loan for use, a fleet of 20 pedal-assisted bicycles (at the Lucrezia Romana and Milan Esterle offices) that employees can use for the home-work commute and leisure.	All the Iccrea Group employees at the offices of Lucrezia Romana and Milan Esterle
INFOPROGRESSO			
12	Partnership with the Carabinieri Corps	A partnership agreement was signed between the Carabinieri Corps and ICCREA with the possibility of participating in webinars aimed at creating greater awareness about primary	All the Iccrea Group employees

ID	ACTIVITY	DESCRIPTION	BENEFICIARIES
		social issues, such as gender-based violence, financial education, etc.	
1 3	Plastic Free Project	Work continued on the elimination of plastic from company premises in 2021 in line with the objectives of the Sustainability Plan and with the intention to encourage a more conscious lifestyle, aimed at reducing environmental impacts in the workplace and growing a culture of sustainability, including through active engagement in daily life and the adoption of good consumption practices. The project included the installation of water refilling stations at the Rome and Milan offices and the distribution of water bottles to all the Group employees.	All the Iccrea Group employees

5.3.3. Occupational health and safety

The occupational health and safety management model, based on the national UNI (Italian Standardization Body)-INAIL (Italian Institute for Insurance against Accidents at Work) guidelines (similar to the OHSAS 18001 standard), is subjected to certification by an accredited third party on an ongoing basis. The ongoing maintenance of quality standards makes it possible to ensure regulatory compliance as required by the various regulatory sources on Occupational Health and Safety. This makes it possible to safeguard the health of workers and third parties who frequent the places under our responsibility, as well as the employer in all legal requirements.

The Group is aware of the importance of ensuring the best health and safety conditions in the workplace and, for this reason, is constantly committed to promoting responsible behavior among its employees and to preserving the health, safety and security of all staff members, as well as of third parties who frequent the bank's premises.

All employees are obliged to cooperate, within the sphere of their competence, in maintaining a healthy, safe and efficient working environment, and abiding by the company rules on occupational safety, as provided for by Legislative Decree 81 of 2008. The Group actively involves worker representatives when dealing with the health and safety issues addressed by Legislative Decree no. 81 of 2008. Under these agreements, it has not been necessary to enter into other arrangements with trade unions on occupational health and

safety. In particular, the persons concerned must not engage in any conduct that could result in risks to the safety of their fellow workers, third parties or risks of damage to property or systems.

They are required to use company assets, premises, furnishings, infrastructure and work tools with diligence and care. Mandatory training is also provided to all categories of workers.

GRI 403-1

The Iccrea Banking Group has put in place an Occupational Health and Safety Management System in accordance with the UNI-INAIL guidelines, thus demonstrating particular sensitivity to the issue of workers' health and safety in the workplace. Each year, a document is prepared which constitutes the Annual Report on the Occupational Health and Safety Management System (OHSMS), as drafted by the OSMS Manager (hereinafter also referred to as "OSMSM"). Annually, the Group Management System undergoes audits, which are conducted with the cooperation of a third party, to check compliance with the UNI-INAIL guidelines. The main external regulatory references are:

- Legislative Decree no. 81 of 2008, as amended and supplemented - Implementation of Article 1 of Law no. 123 of 3 August 2007 governing the protection of occupational health and safety (Consolidated Act);
- "Guidelines for an occupational health and safety management system (OHSMS)" in accordance with the UNI-INAIL Guidelines of September 2001;
- Legislative Decree no. 231 of 2001 - Regulations on the administrative liability of legal persons, companies and associations, including unincorporated entities, pursuant to Article 11 of Law of 29 September 2000;
- Risk assessment document pursuant to Articles 28 and 29 of Legislative Decree no. 81 of 9 April 2008;
- Main company rules;
- Organizational, management and control model pursuant to Legislative Decree no. 231 of 2001 of each company in force from time to time;
- Disciplinary Rules in force from time to time.

The Management System procedures apply to all personnel of the Group companies, as well as to non-employee staff when the workplace is controlled by one of the Group companies. Each company has appointed a Management System Manager (hereinafter the MSM) who is responsible for coordinating and implementing any and all activities that are set out at the meetings of the "Intercompany Occupational Health and Safety Committee."

The OSMSM is the liaison between the in-house functions of the relevant company and the HSE OU of BCC Solutions assisted by the Prevention and Protection Service.

Within the relevant company, the OSMSM is the guarantor of compliance with the manual of the management system and all management system procedures and involves the necessary company functions in the application of the provisions laid down for the requirements prescribed in Legislative Decree no. 81 of 2008.

GRI 403-7

The related indicator is not considered applicable given the type of business and in relation to the prevention and mitigation of any impact in the field of occupational health and safety within business relationships.

GRI 403-8

The certification of compliance with the UNI-INAIL guidelines covers any and all employees of Legal Entities that have entrusted the management of Occupational Health and Safety issues to BCC Solutions.

On-site inspections are carried out each year to verify compliance with Management System requirements and procedures, as are also random inspections at 12 BCCs where Iccrea staff members are present. The number of workers covered by the system is 100% of the employees of Legal Entities that have entrusted the management of Occupational Health and Safety to BCC Solutions.

GRI 403-2

GRI 403-4

The Intercompany Occupational Health and Safety Committee is composed of all Worker's Health and Safety Representatives (HSRs) from any and all companies. For each company HSRs are appointed to attend the most significant meetings regarding company issues in the field of occupational safety. These officers participate in the periodic meeting referred to in Article 35 of Legislative Decree no. 81 of 2008. According to Article 50 of the abovementioned Legislative Decree no. 81 of 2008, each HSR:

- is consulted in advance and in a timely fashion on risk assessment, as well as on the identification, planning, implementation and audit of prevention measures at each company or production unit;
- is consulted on the appointment of the manager and the staff members in charge of the prevention service, fire prevention, first aid, evacuation of workplace and the company doctor;
- is consulted on the organization of training activities referred to in Article 37;
- receives company information and documentation concerning risk assessment and related prevention measures, as well as those concerning hazardous substances and preparations, machinery, systems, work organization and environments, accidents and occupational diseases;

- receives appropriate training and, in any case, not less than that provided for in Article 37;
- promotes the preparation, identification and implementation of suitable prevention measures to protect the health and physical integrity of workers;
- attends the periodic meeting referred to in Article 35;
- puts forward proposals regarding prevention activities;
- informs the company manager of the risks identified during the related work.

In order to minimize risk exposure, the Risk Assessment Document (RAD) was prepared and inspections were carried out. Updating the RAD is necessary whenever changes are introduced in the work environment of employees. The RAD is updated within 30 days upon the occurrence of any of the following events:

- changes in the production process;
- changes to the organization of work, which are significant for occupational health and safety purposes;
- serious accidents;
- when the need therefor is demonstrated by the results of health surveillance;
- new appointments within the safety organizational chart;
- regulatory updates requiring revision;
- change in location or opening of a new branch office.

The RAD is a dynamic document that follows structural, organizational and technical developments and changes, with the aim of periodically and promptly monitoring the occurrence of any risks to workers, as well as any related protection and prevention measure. This document is made available to the Workers' Safety Representatives (HSRs). There is a special section dedicated to information on Safety on the company intranet where the main news can be found. In this section, employees may report to the HSE OU any instance of "near misses", i.e. any events that do not cause injury or illness but could potentially produce it, through a special e-mail list.

Employees can also rely on a ticketing system to report any hazardous situations so that timely resolution action can be taken.

A special procedure is in place within the Management System for investigating any possible occupational accidents. This procedure applies to all Group companies and third-party workers who access workplaces pertaining to Group companies. Specifically, the Procedure refers to any and all events that are defined as "Accidents", "Incidents," or "Near Misses" i.e. any events that could have resulted in injuries and damage to the health of workers. These company rules govern the management of dangerous occurrences (accidents, dangerous situations, Near Misses) in the workplace through:

- the design of intervention procedures in the event of dangerous occurrences at work in order to standardize and improve technical and organizational measures aimed at reducing the harmful effects of such events;

- the definition of information flows (both internal and external) in order to comply with the legal obligations provided for in case of registration and reporting of accidents to the delegated bodies (INAIL, Police Authorities) with an indication of the functions assigned to the various organizational officers involved;
- the development and maintenance of a system of controls and assessments aimed at the prompt and statistical identification of dangerous occurrences.

GRI 403-3

The occupational health service is responsible for implementing all secondary prevention measures in relation to the residual occupational risks to which all employees are exposed in the workplace. Health surveillance is the set of health checks carried out by the Company Doctor (CD) aimed at protecting the health and safety of workers, in relation to their health conditions, the work environment, risk factors and the way in which the work is performed (Article 2 Legislative Decree no. 81 of 2008).

In an indoor environment, the greatest risk is that attributable to the use of video terminals, which, if not ergonomically used, can cause the onset of disorders, either transient or permanent, of the asthenopic and musculoskeletal type caused by bad posture or suboptimal microclimatic and lighting conditions. The current regulations stipulate that all employees who use video terminals for more than twenty hours per week, minus statutory breaks, are subject to health surveillance. If more than one company doctors need to be appointed to carry out health surveillance, the current provisions of law require for one of them to be also appointed as coordinating physician. The duties of the CD include adopting standardization criteria with regard to health surveillance issues and in particular in the definition and application of health protocols, as well as of operational procedures and tools. Following the Covid-19 pandemic health emergency, the CD collaborates with the Employer in setting out the criteria for managing and searching for "close contacts," in the workplace only, involving a worker who has tested positive for Covid-19 and in making provision for any necessary quarantine. The CD also collaborates with the Protection and Prevention Service Manager (PPSM), with input also from the HSRs, in designing and implementing measures aimed at limiting the risk of infection.

Surveillance work includes:

- 1) preventive medical examination designed to ascertain the absence of contraindications to the work for which the worker is employed;
- 2) medical examination to check the state of health of workers and give an opinion on fitness for specific tasks;
- 3) medical examination before resuming work, following an absence for health reasons lasting more than 60 continuous days;
- 4) medical examination at the request of the worker, if the company doctor considers that it is correlated to occupational risks or the health conditions of the worker, which are likely to worsen as a result of the work performed.

Health surveillance is aimed at the issue of opinions on fitness for specific tasks, which may concern:

- (a) fitness;
- (b) partial, temporary or permanent fitness, with requirements or limitations;
- (c) temporary unfitness;
- (d) permanent unfitness.

The frequency of medical examinations, unless otherwise specified by the CD, is every 2 years for workers who have received an opinion on fitness for work with requirements or limitations and for workers over 50 years of age; in any other case, the frequency of examinations is every 5 years or at the discretion of the CD.

Work continued on health surveillance, during the health emergency, in compliance with the hygiene measures recommended by the Ministry of Health; a total of 845 medical examinations were carried out in 2021, with a specific focus on the recognition and "protection of frail workers." In particular, all workers who are in possession of suitable medical certifications issued by the "Competent medical-legal bodies" were recognized as frail persons."

Readmission to work following SARS-CoV-2 infection has taken place in compliance with current regulations. For workers who tested positive and then hospitalized, the CD must conduct the medical examination prior to the worker being reinstated and back to work. All readmissions to work following quarantine and/or isolation, ordered by the Health Authorities (from non-hospitalized SARS-CoV-2 infection) are authorized by the company doctors only after acquiring the appropriate certifications issued by family doctors or Local Health Units (ASL).

GRI 403-5

Raising awareness among workers - through appropriate training and information - is undoubtedly the most effective tool adopted by the Iccrea Group, to which must be added an adequate organization aimed at ensuring the management of emergencies and work procedures on the one hand, and, on the other, the appropriate maintenance of tools, machinery and systems installed at the workplace to serve the personnel.

All in-person training and/or refresher courses targeted at Fire Protection Officers and First Aid Officers were suspended due to the pandemic. Preference was given to e-learning (EL) both in the mode of synchronous videoconferencing and E-learning methodology. Occupational health and safety training was delivered to:

- Workers: - General and specific training: all Workers must receive sufficient and adequate health and safety training from their employer (Article 37 Legislative Decree no. 81 of 2008). Mandatory training courses for workers are structured into two distinct stages:
 - a) General Training: has a duration of no less than 4 hours, and is dedicated to the presentation of general concepts on prevention and safety at work. It must be completed with Specific Training courses;

b) Specific Training deals with the specific risks associated with the tasks (DSE [Display Scree Equipment] workers) and any possible damage and the consequent prevention and protection measures and procedures that are peculiar to office work and comparable activities with regard to health and safety risks;

- Workers: (Five-yearly refresher courses): all Workers, in accordance with Article 37 of Legislative Decree no. 81 of 9 April 2008, must receive sufficient and adequate health and safety training from their employer, which must be repeated on a periodical basis. The course lasts 6 hours and allows the worker to receive refresher training in the specific risks associated with the work activity;
- HSRs – Basic course: the basic training course for HSRs allows those who are appointed as Workers' Health and Safety Representative (HSR) for the first time to be provided with the training required for the specific role under Legislative Decree no. 81 of 2008, as well as to acquire the knowledge and skills necessary to perform the function with specific insights into regulations on occupational health and safety, risk assessment and the requirements and procedures associated with the specific role (ref. Article 37, paragraph 11, of Legislative Decree no. 81 of 2008). The course has a total duration of 32 hours;
- HSRs – Refresher course: on an annual basis, HSRs who have already received basic training upon their first appointment must attend a refresher course on their knowledge. The course has a total duration of 8 hours;
- Safety Manager: the course is targeted at Managers, as identified and defined in Article 2 of Legislative Decree no. 81 of 2008. It is a basic training course for Managers on occupational health and safety at work and has a total duration of 16 hours.

The data on accidents at works are reported below with regard to employees and non-employees, which were recorded during 2021 and compared with data from previous years.

A total of 144 accidents were recorded in 2021.

GRI 403-9
INJURY RATE

Employees		2021			2020			2019		
Type of rate	Men	Women	Total	Men	Women	Total	Men	Women	Total	
Death rate due to accidents at work	-	-	-	-	-	-	-	-	-	
Rate of serious accidents at work (excluding deaths)	-	0.09	0.03	0.04	0.12	0.07	-	-	-	
Rate of recordable accidents at work	2.87	6.00	4.11	2.10	3.70	2.75	0.84	1.04	0.93	
Hours worked	17,744.5 35.48	11,666,3 16.29	29,410,8 51.76	24,326,0 57	16,759,5 09	41,085,5 66.00	34,404,4 94.00	23,965,8 64.00	58,370,3 58.00	
Non-employees		2021			2020			2019		
Type of rate	Men	Women	Total	Men	Women	Total	Men	Women	Total	
Death rate due to accidents at work	-	-	-	-	-	-	-	-	-	
Rate of serious accidents at work (excluding deaths)	-	-	-	-	-	-	-	-	-	
Rate of recordable accidents at work	49.81	28.87	37.46	4.32	6.06	4.95	-	2.01	0.82	
Hours worked	240,907.7	346,332. 31	587,240. 01	1,158,40 1.00	660,382. 00	1,818,78 3.00	1,431,66 0.00	993,599. 00	2,425,25 9.00	

Percentage of employees that received reports on the results and on career development									
Employees	2021			2020			2019		
Number of accidents	Men	Women	Total	Men	Women	Total	Men	Women	Total
Death	-	-	-	-	-	-	-	-	-
Serious accidents	-	1	1	1	2	3	-	-	-
Recordable accidents	51	70	121	51	62	113	29	25	54
Total	51	71	122	52	64	116	29	25	54
Non - employees	2021			2020			2019		
Number of accidents	Men	Women	Total	Men	Women	Total	Men	Women	Total
Death	-	-	-	-	-	-	-	-	-
Serious accidents	-	-	-	-	-	-	-	-	-
Recordable accidents	10	12	22	5	4	9	-	2	2
Total	10	12	22	5	4	9	-	2	2
Overall Total	61	83	144	57	68	125	29	27	56

GRI 403-10

Given the Group's business, the prevalent potential occupational disease consists of "work-related stress."

In order to eliminate as well as mitigate the risk, a specialist listening desk run by third-party professional psychologists has therefore been established to hold, free of charge, 5 meetings aimed at providing assistance on various psychological needs, including work-related ones.

In addition, oculo-visual, musculoskeletal disorders concerning the upper limbs have been identified, which, if protracted over time might generate real occupational diseases.

At the company level, occupational hazards are determined through a specific risk assessment document. None of these hazards caused or contributed to cases of occupational disease during the reporting period. The main prevention measure adopted is health surveillance, as per Article 41 Legislative Decree no. 81 of 2008 for all employees with health protocol defined by the Company Doctor. Furthermore, prevention measures include the delivery of training to all employees on the specific hazards and risks of the activity carried out and a training programme is followed for this reason, which was established following annual meetings held between PPS staff and company PPSM and Doctor.

With regard to PPE, no special protective measures are provided for video terminal operators, while as far as warehouse workers are concerned, safety footwear has been delivered, which is designed to prevent foot crushing and accidental impacts, and proper training has been provided for the use of the pallet trucks used at the company. Given the recent Coronavirus pandemic, a Covid-19 Anti-Contagion Company Safety Protocol has been established as well.

OCCUPATIONAL DISEASES (EMPLOYEES)	2021		
	Men	Women	Total
Deaths due to occupational diseases	-	-	-
Recordable cases of professional diseases	4	3	7

5.3.4. Protection of workers' rights

GRI 412-2

The Group operates in compliance with Law no. 68 of 1999 (the purpose of which is to encourage the insertion and integration of persons with disabilities in the workplace by providing support services and through targeted placement), guaranteeing that it meets the required percentage, namely 7%, of the staff being comprised of persons with disabilities. In addition, the Group complies with Article 46 of Legislative Decree no. 198 of 2006 by preparing the "Biennial Report on the status of male and female staff for companies with more than 100 employees". The Report contains detailed information on each of the professional categories, state of affairs regarding recruitments, training and any other factor that makes up the process of the professional development of the human capital on which the Group is based. The Group offers interpretation services with the aim of enabling deaf-mute employees to also participate in events. Specifically, Iccrea Banca makes use of qualified persons to offer this service, translating all the speeches given during these events into sign language. In this regard, it is appropriate to specify that:

- the Charter of Commitments on Human Rights has been issued with reference to the 2021 EGS strategies and as already mentioned in the previous sections (see Chapter 2 and Chapter 3);
- in reliance on the soon to be approved ESG strategies, it is also planned to provide specific training courses on the matter.

5.3.5. Trade Union relations

Trade union relations are inspired by principles of fairness, respect for roles and compliance with rules, with the aim of achieving ever new convergence for growth, competitiveness and sustainable employment.

With regard to industrial relations, in 2021 work continued on talks with trade unions both in the procedures relating to the Parent Company and the Direct Perimeter Companies and in relation to the reorganization and aggregation of the Affiliated BCCs.

Since the early months of the year, industrial relations were obviously affected by the consequences arising from the Covid-19 epidemiological emergency; within the sphere of trade unions, this has led to the need for a permanent round table, both at system and Group level, aimed at finding the best shared solutions to ensure the effective protection of workers' health, in addition to ensuring business continuity. In compliance with the Protocols shared at government level with the social partners, concerning the regulation of measures to combat and contain the spread of the virus in the workplace and the subsequent understandings, prepared by the trade association and the national trade union secretariats, **Company Committees** were also set up within the Group in order to apply and check the rules laid down at government and trade association level.

The union agreement on the **Performance Bonus** for this year again provided for the possibility of paying the bonus using a flexible benefits approach, in a percentage selected by the employee, with the further disbursement by the company, where the welfare mode is adopted, of an additional contribution of 3% at its own expense, in order to increase the spending power of employees by raising the bonus to 23% on the amount of the reward.

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In the Group's banks, union procedures continued concerning the reorganization resulting from the revision of the "Hub & Spoke" distribution model, while at the Parent Company level, the Framework Agreement was signed for the centralization of the Back Office functions of the BCCs and Group Companies towards the Single Back Office Hub in Sinergia. During the year, **union procedures related to three major merger processes** took place: the merger of Banca di Verona Credito Cooperativo Cadidavid by incorporation into Banca San Giorgio Quinto Valle Agno, the incorporation of Banca Valdichiana Credito Cooperativo di Chiusi e Montepulciano into Banca Tema and the merger of BCC Borghetto Lodigiano by incorporation into BCC Centropadana. Furthermore, **union procedures were managed in relation to the following transactions:** the sale of the Back Office Business Unit to the Single Hub on the part of Centropadana, Riviera Banca, BCC di Ravennate Forlivese e Imolese and Credito Romagnolo, and the transactions for secondment of Back Office staff to the Single Hub for Banca della Marca, Emilbanca, Bcc di Staranzano e Villesse, Banca di Pisa e Fornacette and Bcc di Castiglione Messer Raimondo e Pianella, BCC Basilicata and BCC Pordenonese e Monsile.

GRI 402-1

Labour policies and relations

Relations with social partners are managed in accordance with the information and consultation procedures laid down by law and under both national and supplementary collective labor agreements (Article 11-*bis* and Article 22 of the National Collective Labor Agreement/Supplementary Agreements). The minimum average period of notice that is generally given to employees and their representatives before significant operational changes that could have a considerable impact on workers is 3 weeks.

The Parent Company also manages industrial relations for its member BCCs in accordance with Article 11-*bis* of the National Collective Labor Agreement. An Organizational Unit (OU) for Industrial Relations, People Care and Personnel Administration has been specifically set up in the Chief Human Resources Officer Area, within which the specific Industrial Relations Organizational Unit operates and manages relations with social partners for the Parent Company, the associated and subsidiary companies and the member BCCs.

Methodological Note

GRI 102-49

GRI 102-50

GRI 102-51

GRI 102-52

GRI 102-54

Standards applied and mutualistic indicators

The Consolidated Non-Financial Statement (hereinafter also referred to as the “CNFS”) of the Iccrea Co-operative Banking Group (hereinafter also referred to as the “Group”), prepared in accordance with Article 4 of Legislative Decree 254/2016 (hereinafter also referred to as the “Decree”), contains information concerning environmental, social, personnel-related, human rights compliance and anti-corruption issues helpful for stakeholders to obtain an accurate, comprehensive and transparent vision of the strategies, activities undertaken, the Group's performance and results from it has achieved in ensuring its financial growth, taking account of the expectations of the Stakeholders involved and pursuing continuous improvement in the environmental and social impacts generated by its activities.

In order to ensure the traceability and quality of qualitative and quantitative information, the Group has put in place a system to collect and process data, including through the use of in-house software, called CNFS Portal, which was already used in previous reporting periods. Specifically, the CNFS Portal is the tool that allows us to collect and consolidate data and archive the documents necessary to provide the evidence required by the audit firm in relation to the Companies included in the scope of consolidation. The Portal has been structured on the basis of an authorization workflow governed by the Process Standard on NFSs and has managed, within this reporting cycle, the activities of approximately 400 users, processing more than 5,000 qualitative and quantitative data sheets relating to more than 150,000 data points through almost 300 aggregation clusters.

The CNFS concerns the Group's performance for the financial year ended 31 December 2021.

Within this document, some corrections have been made to data and information from previous editions of the Iccrea Co-operative Banking Group's CNFS in order to incorporate amendments and additions in processing methodologies and processes. All adjustments have been clearly marked within the document.

The CNFS is drawn up pursuant to Legislative Decree no. 254 of 2016 and the reporting standard used is the GRI Sustainability Reporting Standard which was prepared in 2018

and updated in 2020 by the Global Reporting Initiative (“Core option” level of application). These guidelines are currently the most widely adopted and internationally recognized standard for non-financial reporting. Furthermore, where appropriate, the indications of the GRI G4 Financial Services Sector Disclosure have been applied. In order to facilitate the retracing of information within the document for readers, the GRI Content Index is available on page 208.

This document constitutes the third edition of the Group’s CNFS since its incorporation in March 2019 and, therefore, provides comparative data from the previous two financial years. In addition, where more appropriate, the change in percentage value is provided compared to the 2019 financial year because a comparison with the 2020 financial year could have affected the proper interpretation of the trend in consideration of the effects of the Covid-19 pandemic.

The information included in non-financial reporting reflects the principle of materiality or relevance, a characteristic that is provided for in the relevant legislation and characterizes the GRI Standards: the topics covered in the CNFS are those that, following an analysis and evaluation of materiality (described on page 30 of this document) were considered relevant, as they can reflect the social, environmental and good governance impacts of the Group's activities or influence the decisions of its stakeholders.

Finally, the 2021 CNFS reports the findings from the analyses conducted in line with the requirements of Article 8 of Regulation (EU) 2020/852 of 18 June 2020 (EU Taxonomy) and Commission Delegated Regulations 2021/2178 and 2021/2139. The findings, as well as a description of the underlying methodologies, are provided in a dedicated paragraph (page 130).

The 2021 Consolidated Non-Financial Statement of the Group has undergone a limited review (“limited assurance engagement” in accordance with ISAE 3000 Revised) by the audit firm Mazars S.p.A.. The report describing the procedures carried out and the related conclusions is available on page 217. Limited assurance, in line with current regulatory interpretations, does not cover any information and data concerning the EU Taxonomy, i.e. the requirements of Article 8 of Regulation (EU) 2020/852, which we have provided in the *"Methodological Note - EU Taxonomy."*

During the reporting period, the Group also decided to report 4 independent indicators, which were developed internally and were aimed at measuring and highlighting the Iccrea Co-operative Banking Group's mutual banking performance and peculiarities.

- **IBG 0002:** Customer Satisfaction survey, the indicator aims to provide information on the degree of customer satisfaction concerning products and services offered and brand reputation and is regarded as a tool for listening to and opening up to this category of stakeholders.

- **IBG 0003:** shares of portfolio allocated to ESG-oriented sectors. It is required to report information on how assets are managed in a responsible manner, while protecting those customers who have relied on the intermediary for such management.
- **IBG 0004:** digitization and innovation services. The organization is required to provide information regarding certain digitization services and activities whose objective is innovation in the products and services it offers, specifying: i.e. the digital services offered; ii. the projects for digitization of products and services and the percentage of investment in research and development allocated to these projects; iii. the projects targeted at customers whose object is digitization and innovation; iv. a description of the additions and efficiency improvement that digitization and innovation have brought about in the company's internal and external processes towards stakeholders.
- **IBG 0005:** cybersecurity. The organization is required to report the number of documented complaints of online account cloning, together with a qualitative description of the methods of management and related organizational controls.

Scope of the Statement

The Consolidated Non-Financial Statement (CNFS) is prepared in addition to strategic and financial information. For the purposes of the CNFS, the perimeter of the "Iccrea Co-operative Banking Group" includes the Parent Company, as well as all the Group companies that are consolidated on a line-by-line basis within the scope of accounting consolidation. In particular, the perimeter includes Iccrea Banca, the Affiliated Banks and the banking, financial and operating Companies that are directly or indirectly controlled by the Parent Company, to which the line-by-line consolidation method is applied for the purposes of the consolidated financial statements. In detail, reference is made to the Parent Company, as well as to 128 BCCs, 12 Direct Perimeter Companies and to 2 Indirect Perimeter Companies.

The Statement is prepared on the basis of the data, processes and production systems existing at all the Companies that are included in the scope of consolidation. It is the responsibility of the Board of Directors of the Parent Company to ensure compliance with Legislative Decree 254/2016 in relation to the qualitative and quantitative information provided in the disclosure and to promptly report to the Supervisory Authority any and all situations that prevent or hinder the publication of the information required by the relevant legislation.

It should also be noted that the scope of reporting relates to the Parent Company, the Direct (12) and Indirect (2) Perimeter Companies - as explained in Chapter 1 -, and the Affiliated BCCs (128). Any exception in relation to the perimeter is clearly stated within the document. Any exclusions are specified at the bottom of each table or in the text.

Furthermore, it should be noted that for the reporting period the Group does not provide the relevant information regarding the management of all issues in the area of waste and water discharges. Such information is not necessary in order to ensure an understanding of the Iccrea Group's activities and impacts.

Materiality analysis

Within the scope of the preparation of the 2021 Consolidated Non-Financial Statement (CNFS) - in compliance with Legislative Decree no. 254 of 2016 and in accordance with the international GRI (Global Reporting Initiative) Sustainability Reporting Standard -, the stakeholder engagement process was launched to review the materiality analysis aimed at identifying and prioritizing the material topics to be reported. This process allows the consideration of the evaluations made by both external and internal stakeholders.

The objective of the materiality analysis is therefore to highlight the issues that, due to the answers provided, reflect the greatest impacts, to be understood as the positive or negative, current or potential, direct or indirect, short and/or long-term effects that ESG issues have on economic development, environmental sustainability and social cohesion.

As from the previous non-financial reporting period, materiality analysis is conducted in new and digital ways, through the administration of a questionnaire aimed at identifying priority issues. For more information, reference is made to section "2.1 Materiality analysis".

The materiality matrix was approved by the Board of Directors on 10 February 2022.

GRI 102-53

Contacts

For more information and details on the contents of the Statement, contact the Group Sustainability & ESG Strategy OU, at the following addresses: ESG@iccrea.bcc.it e DNF@iccrea.bcc.it

GRI index and other indicators

The following pages summarize the GRI indicators reported and the Group's internal indicators, with relevant references to the NCFS chapters and any notes or omissions.

STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES OMISSIONS	AND
GRI 102 - GENERAL DISCLOSURES				
ORGANIZATIONAL PROFILE				
GRI 102-1	Name of the organization	12		
GRI 102-2	Activities, brands, products and services	13		
GRI 102-3	Location of headquarters	13		
GRI 102-4	Location of operations	15		
GRI 102-5	Ownership and legal form	53-56, 74		
GRI 102-6	Markets served	15-17-178-179		
GRI 102-7	Scale of the organization	22-24		
GRI 102-8	Information on employees and other workers	192-196		
GRI 102-9	Supply chain	169-171		
GRI 102-10	Significant changes to the organization and its supply chain	169-170		
GRI 102-11	Precautionary principle	85-91		
GRI 102-12	External initiatives	32		
GRI 102-13	Membership of associations	24-31		
STRATEGY				
GRI 102-14	Statement from senior decision-maker	6-9		
GRI 102-15	Key impacts, risks and opportunities	37-38,79-84		
ETHICS AND INTEGRITY				
GRI 102-16	Values, principles, standards and norms of behavior	21-23		

STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES OMISSIONS	AND
GOVERNANCE				
GRI 102-18	Governance structure	57-61		
GRI 102-20	Executive-level responsibility for economic, environmental and social topics	75-78		
GRI 102-21	Consulting stakeholders on economic, environmental and social topics	42-44		
GRI 102-22	Composition of the highest governance body and its committees	57-63		
GRI 102-24	Nominating and selecting the highest governance body	57-61		
GRI 102-25	Conflicts of interest	53	<i>Reporting is limited to letter a) of the indicator.</i>	
GRI 102-29	Identifying and managing economic, environmental and social impacts	90-93		
GRI 102-30	Effectiveness of risk management processes	75-78-91		
GRI 102-35	Remuneration policies	67-70	<i>Reporting is limited to letter a) of the indicator.</i>	
GRI 102-36	Process for determining remuneration	67-70		
GRI 102-38	Annual total compensation ratio	70		
STAKEHOLDER ENGAGEMENT				
GRI 102-40	List of stakeholder groups	42-44		
GRI 102-41	Collective bargaining agreements	-	<i>100% of employees are covered by collective bargaining agreement.</i>	
GRI 102-42	Identifying and selecting stakeholders	42-42		
GRI 102-43	Approach to stakeholder engagement	45-46		

STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 102-44	Key topics and concerns raised	38-40	
REPORTING PRACTICE			
GRI 102-45	Entities included in the consolidated financial statements	12	
GRI 102-46	Defining report content and topic boundaries	37-40	
GRI 102-47	List of material topics	37-38	
GRI 102-48	Restatements of information	-	<i>Any changes to the information included in the previous documents are appropriately identified in the text by specific explanatory notes.</i>
GRI 102-49	Changes in reporting	216-218	
GRI 102-50	Reporting period	216-218	
GRI 102-51	Date of most recent report	-	<i>2021 is the last year of most recent report.</i>
GRI 102-52	Reporting cycle	216-218	
GRI 102-53	Contact point for questions regarding the report	220	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	216-218	
GRI 102-55	GRI content index	221-229	
GRI 102-56	External assurance	233-236	
TOPIC-SPECIFIC DISCLOSURE			
GRI 201 – ECONOMIC PERFORMANCE			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91	
GRI 201-1	Direct economic value generated and distributed	35-36	

STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 203 – INDIRECT ECONOMIC IMPACTS			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91	
GRI 203-1	Infrastructure investments and services supported	164-168	<i>Reporting is limited to letters a) and c) of the indicator.</i>
GRI 204 – PROCUREMENT PRACTICES			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91	
GRI 204-1	Proportion of spending on local suppliers	169-171	
GRI 205 - ANTI-CORRUPTION			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91	
GRI 205-1	Operations assessed for risks related to corruption	88-90,93-101	
GRI 205-2	Communication and training about anti-corruption policies and procedures	101-104	
GRI 205-3	Confirmed incidents of corruption and actions taken	-	<i>During the year, the Parent Company and Direct Perimeter Companies did not report any episodes of corruption and money laundering. The BCCs reported four episodes of corruption.</i>
GRI 206 – ANTI-COMPETITIVE BEHAVIOUR			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91	
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	104-106	
GRI 207 – TAX			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91	

STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 207-1	Approach to tax	107-110	
GRI 207-2	Tax governance, control and risk management	107-110	
GRI 207-3	Stakeholder engagement and management of concerns related to tax	107-110	
GRI 300 – ENVIRONMENTAL DISCLOSURES			
GRI 301 - MATERIALS			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91	
GRI 301-1	Materials used by weight or volume	116	
GRI 301-2	Recycled input materials used	117	
GRI 302 – ENERGY			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91	
GRI 302-1	Energy consumption with the organization	118-120	
GRI 302-2	Energy consumption outside of the organization	121	
GRI 302-3	Energy intensity	122	
GRI 305 – EMISSIONS			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91	
GRI 305-1	Direct (scope 1) GHG emissions	123	
GRI 305-2	Energy indirect (scope 2) GHG emissions	123-124	
GRI 305-3	Other indirect (scope 3) GHG emissions	124-126	
GRI 305-4	GHG emission intensity	126-127	
GRI 400 – SOCIAL DISCLOSURES			
GRI 401 – EMPLOYMENT			

STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91	
GRI 401-1	New employee hires and employee turnover	196-197	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	67-70	<i>Group employees on fixed-term contracts receive the same benefits as those hired on open-ended contracts.</i>
GRI 402 – LABOR/MANAGEMENT RELATIONS			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91	
GRI 402-1	Minimum notice periods regarding operational changes	215	
GRI 403 – OCCUPATIONAL HEALTH AND SAFETY			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91	
GRI 403-1	Occupational health and safety management system	205-206	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	206-208	
GRI 403-3	Occupational health services	208-209	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	206-208	<i>100% of employees are represented on formal joint management-worker health and safety committees.</i>
GRI 403-5	Worker training on occupational health and safety	209-210	
GRI 403-6	Promotion of worker health	200-204	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	206	
GRI 403-8	Workers covered by an occupational health and safety management system	206	

STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES OMISSIONS	AND
GRI 403-9	Work-related injuries	211-212		
GRI 403-10	Work-related ill health	212-213		
GRI 404 – TRAINING AND EDUCATION				
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91		
GRI 404-1	Average hours of training per year per employee	199		
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	198-199		
GRI 404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	200		
GRI 405 – DIVERSITY AND EQUAL OPPORTUNITY				
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91		
GRI 405-1	Diversity of governance bodies and employees	61-62,65-66		
GRI 405-2	Ratio of basic salary and remuneration of women to men	67		
GRI 406 – NON-DISCRIMINATION				
GRI 103-1, 103-2, 103-3	Management Approach	85-91		
GRI 406-1	Incidents of discrimination and corrective actions taken	-	No incidents of discrimination occurred during the year.	
GRI 412-2	Employee training on human rights policies or procedures	213		
GRI 413 – LOCAL COMMUNITIES				
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91		
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	144-158		
GRI 414 – SUPPLIER SOCIAL ASSESSMENT				

STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES OMISSIONS	AND
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91		
GRI 414-1	New suppliers that were screened using social criteria	171		
GRI 417 - MARKETING AND LABELING				
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91		
GRI 417-1	Requirements for product and service information and labeling	190		
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	190		
GRI 417-3	Incidents of non-compliance concerning marketing communications	190-191		
GRI 418 – CUSTOMER PRIVACY				
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	85-91		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	104-106		
GRI 419 - SOCIO-ECONOMIC COMPLIANCE				
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	-	No incidents of non-compliance occurred during the year.	
GRI G4 FINANCIAL SERVICES SECTOR SUPPLEMENT				
PRODUCT PORTFOLIO				
GRI G4-FS6	Portfolio for business lines by specific region and by sector	175-178		
GRI G4-FS7	Monetary value of products and services designed to deliver a specific social benefit	182-184		

STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit	128-133	
CUSTOMERS			
GRI G4-FS13	Branches in low-populated or economically disadvantaged areas	15-16	
LOCAL COMMUNITIES			
GRI G4-FS14	Initiatives to improve access to financial services for disadvantaged people	163	
GRI G4-FS16	Initiatives to enhance financial literacy	85,159-162	
OTHER MATERIAL TOPICS			
IBG 000-2 - CUSTOMER SATISFACTION SURVEY			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	179-180	
IBG 000-3 – SHARE OF PORTFOLIO INTENDED FOR ESG-ORIENTED SECTORS			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	184-187	
IBG 000-4 – DIGITISATION AND INNOVATION SERVICES			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	181-182	
IBG 000-5 - CYBERSECURITY			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	104-106	
IBG 000-6 – ATTENTION TO RELATIONS WITH MEMBERS			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	179-180	
IBG 000-7 – INCIDENCE OF MEMBERS' ACTIVITIES			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	179-180	
TIER 1 RATIO			
GRI 103-1 / GRI 103-2 / GRI 103-3	Management Approach	11	

Statement of reconciliation of material topics, scopes of Legislative Decree 254/2016 and indicators reported

MATERIAL TOPIC	SCOPE OF LEGISLATIVE DECREE 254/2016	GRI STANDARDS / GROUP INDICATORS
Financial support to households and SMEs	Social issues	<ul style="list-style-type: none"> • GRI 201 – Economic performance • G4-FS6 – Product portfolio • G4-FS7 – Monetary value of products and services with social purposes
Support for territorial development	Social issues	<ul style="list-style-type: none"> • GRI 203 – 1 Indirect economic impacts • GRI 204 – Procurement practices • GRI 413 – Local communities • IBG 000-7 – Incidence of members activities
Climate change and transition to sustainable economy	Environmental issues	<ul style="list-style-type: none"> • GRI 305 – Emissions • G4-FS8 – Monetary value of products and services designed to deliver a specific environmental benefit • IBG 000-3 – Share of portfolio intended for ESG-oriented sectors
Business ethics, transparency and integrity	Society	<ul style="list-style-type: none"> • GRI 206 – Anti-competitive behaviour • GRI 207 – Tax • GRI 419 – Socioeconomic compliance
Diversity, opportunity and inclusion	Personnel-related issues	<ul style="list-style-type: none"> • GRI 405 – Diversity and equal opportunity
Innovation, digital transformation and constant attention to customer needs	Social issues	<ul style="list-style-type: none"> • GRI 417 – Marketing and labeling • IBG 000-2 – Main customer satisfaction results • IBG 000-4 – Products for digitization of banking services
People care and staff enhancement	Personnel-related issues	<ul style="list-style-type: none"> • GRI 401 – Employment

MATERIAL TOPIC		SCOPE OF LEGISLATIVE DECREE 254/2016	GRI STANDARDS / GROUP INDICATORS
			<ul style="list-style-type: none"> • GRI 402 – Labor/management relations • GRI 403 – Occupational health and safety • GRI 404 – Training and education
Direct impact	environmental	Environmental issues	<ul style="list-style-type: none"> • GRI 301 – Materials • GRI 302 – Energy
			<ul style="list-style-type: none"> • G4-FS13 – Access points in low-populated areas • G4-FS14 – Access to financial services for disadvantaged people • G4-FS16 – Financial literacy
Capital and financial strength		Society	<ul style="list-style-type: none"> • TIER 1 – Common Equity Tier 1
Fight corruption	against	Anti-corruption	<ul style="list-style-type: none"> • GRI 205 – Anti-corruption
Protection of human rights		Human rights	<ul style="list-style-type: none"> • GRI 406 – Non-discrimination • GRI 412 – Human rights assessment • GRI 414 – Supplier social assessment
Customer protection and cybersecurity	privacy and	Society	<ul style="list-style-type: none"> • GRI 418 – Customer privacy • IBG 000-5 – Cybersecurity

The legal representative, including on behalf of the Board of Directors

Iccrea Banca S.p.A.

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

(translation of the original report issued in Italian)

Financial statements as at 31 December 2021

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors of Iccrea Banca S.P.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2021 consolidated non-financial statement of the Gruppo Bancario Cooperativo Iccrea and its subsidiaries (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 8 April 2022 (the "CNFS").

Our review does not extend to the information set out in the paragraph "4.3 EU Taxonomy" of the CNFS, required by article 8 of European Regulation 2020/852.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of for the CNFS

The directors are responsible for the preparation of the CNFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), as described in the paragraph "Methodological Note" of the CNFS, identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of the CNFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the CNFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organization of the group's activities, as well as, with reference to the aspects identified and disclosed in the CNFS, the group's policies and the identification and management of the risks generated or borne.

The Collegio Sindacale is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the CNFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the CNFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the CNFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the CNFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analyzing the material aspects based on the group's business and characteristics disclosed in the CNFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analyzing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the CNFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
 - the group's business management and organizational model, with reference to the management of the aspects set out in article 3 of the decree;
 - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
 - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the CNFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the CNFS. Specifically, we held interviews and discussions with the Iccrea Banca S.p.a.'s management personnel and the personnel of its subsidiaries BCC Solutions S.p.A., Cooperativo Affiliato BCC Campania Centro, BCC Metauro, BCC Ravennate Imolese e Forlivese. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the CNFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at group level,

- a) we held interviews and obtained supporting documentation to check the qualitative information presented in the CNFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
- b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- For the subsidiaries: Campania Centro, BCC Metauro, BCC Ravennate Imolese e Forlivese, that we selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out interviews during which we met with those responsible for the collection and transmission of data and information of a of the banks and we have acquired documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2021 consolidated non-financial statement of the Gruppo Bancario Cooperativo Iccrea has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Our conclusions on the CNFS of the Gruppo Bancario Cooperativo Iccrea do not extend to the information set out in the paragraph “4.3 EU Taxonomy” of the CNSF, required by article 8 of European Regulation 2020/852.

The CNFS presents the corresponding figures included in the 2020 consolidated nonfinancial statement for comparative purposes, on which other auditors performed a limited assurance engagement and expressed an unqualified conclusion on 5 May 2021.

Rome, 20 April 2022

Mazars Italia S.p.A.

(signed on the original)

Olivier Rombaut
Partner

Signed on the original. This report has been translated into English from the Italian original solely for the convenience of international readers.