

CONSOLIDATED NON-FINANCIAL STATEMENT 2022

Drafted in accordance
with Legislative Decree no. 254/2016



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LETTER TO STAKEHOLDERS



*Chairman
Cooperative Banking Group Iccrea*
Giuseppe Maino



*General Manager
Cooperative Banking Group Iccrea*
Mauro Pastore

Dear Readers,

we are pleased to present to you the results of our undertaking to combine environmental, social and good governance factors in Group processes and the actions it performs to support our Members and customers.

In addition to implementing the new culture firsthand, in fact, our undertaking is directed at leading transformation, accompanying businesses as they create a more resilient and sustainable system. This because sustainability nowadays is no longer a choice but a principle that guides, and, indeed, will guide to an increasing extent, businesses' strategic decisions in that it is the hinge on which the economic and social development of the future will turn.

2022 was still marked by strong elements of economic uncertainty. The continuation of the conflict in Ukraine triggered price volatility and tension in the energy procurement market with consequent inflationary pressure being recorded in most sectors of the economy.

Against this macroeconomic background, the Iccrea Cooperative Banking Group again achieved impressive results that point up its commitment to bringing ESG (Environmental, Social, Governance) factors into governance and strategies, as well as into operational and risk management processes. Thus, sustainability is confirmed as a fundamental and priority element in the Group's strategies and in its mission as being a bank at its customers' service.

The Group's roots in the various areas in which it is present and its presence throughout the country are basic factors in our relations with our customers: the Group has **branches in 1,680 municipalities** (out of a total of 4,750 municipalities served by banks, equal to 35.4%) and in 335 of these (20% of the total) Cooperative Credit Banks are the only providers of banking services. The **corporate structure** consisted of more than 861,000 units in December 2022, with an increase of about 1.9%.

From the point of view of measures involving the **governance of sustainability**, action taken by the Parent Company's Board of Directors was reinforced by means of the introduction of a board **Sustainability Committee** that gives the Board advice and suggestions and also oversees ESG strategies. In this context, there was also an increase in the percentage of women serving on the Parent Company's board and committees up to 40% of the total during the reporting year. The entire organizational structure of the Group, moreover, with its operational and control processes, was involved in the measures taken to strengthen the governance and management of sustainable transformation.

Considerable progress was also made with the ESG strategies adopted by the Group, which, indeed, presented the first **Sustainability Plan** in April 2022.

This plan is an integral part of the Group's Strategic Plan, which was monitored referring to precise performance indicators; the picture that emerged was substantially positive. This was followed in March 2023 by the approval of the 2023-2025 Sustainability Plan, the aim of which was to intensify our efforts on the environmental, social and good governance fronts.

An important objective in the new planning cycle is to calculate the **carbon footprint associated with the Group's credit portfolio**, a fundamentally important basis of information for laying down strategies for the progressive limitation and reduction of CO2 emissions related to the Group's assets.

In line with the trend recorded in previous reporting, **loans to households and small and medium-sized enterprises came to more than 85% of total gross loans to customers, amounting to more than Euro 95 billion**, in December 2022.

In 2022, substantial sums were disbursed in activities with a **social impact**, equal to more than Euro 8.4 billion, and of **environmental value**, equal to Euro 765 million. These data confirm the Group's intention to promote and support the implementation of initiatives bearing on ecological transition and with a positive social impact.

In the field of sustainable development of the territory, in 2022 the Group again strongly supported local communities and their initiatives for the protection and promotion of their historical, cultural and artistic heritage, for the advance of research and education, as well as for social and medical assistance and for recreational facilities by means of **charitable donations and sponsorships**, which came to about Euro 33 million.

Investments followed the same line of progress with **Assets Under Management in sustainable products equal to about Euro 7.9 billion**, with an increase of more than Euro 3.5 billion compared to the previous year and an incidence of **37% of the total**.

The funding processes followed by the Group are also increasingly directed at ESG targets. In fact, a **second Social Bond** issue was completed in January 2023: the purpose is to invest in SMEs operating in economically disadvantaged areas, this form of help acting as an instrument for the support of local communities and the real economy.

On the company front, we carried on with our undertaking to protect the environment: the Group continued, in fact, to act with an eye to limiting and reducing greenhouse gas emissions, obtaining positive results both in terms of **direct emissions (-6.49%)** and those **deriving from the consumption of electricity purchased from third parties (-56.09%)**. Significant in this context is the growth trend in the **purchase and consumption of electricity from renewable sources**, rising from 72% in 2020 to 86% in 2022.

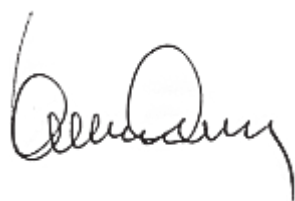
The way we have come, the constant efforts made and the consequent results obtained by the Group have also led to a rise in our Moody's Analytics assessment, which, at the beginning of 2023, took the **Group's Sustainability Rating to A1**, the highest level on the rating scale, confirming the Group's close attention to the integration of ESG factors into its strategy, transactions and risk management processes.

This bears witness to the fact that we are working towards creating the conditions for a stable, prosperous and sustainable future and our network of Cooperative Credit Banks provides our customers with the competencies, support and tools necessary in order to face the new scenario and put sustainable transformation into actual practice, while we heighten our attention to the core values of cooperative credit, which is closely related to the social, economic and environmental well-being of the local areas in which we provide our services.

"We strengthen our closeness to local communities with the aim of offering our Members and customers increasingly up-to-date products, advice and services in a real economy that is rapidly changing its habits, business processes and saving needs," comments Giuseppe Maino, Chairman of the Iccrea Cooperative Banking Group, "and it is for this reason that we assist the BCCs of the Iccrea Cooperative Banking Group to suggest solutions of excellence that meet the requirements for innovation that our customers ask of them. Localism, innovation and transition are interconnected levers that give BCCs opportunities to promote growth and resume their roles as neighbourhood banks on a mutualistic basis. We have an extra responsibility with regard to the sustainable transformation in progress, being that of assisting our corporate customers to become aware of the situation and provide them with instruments to help them. Among these are finance that speeds up transition, consulting that serves to make it easier to obtain access to the public funds made available by the European Union (NRRP) and insurance policies that mitigate the risks associated with climate change."

Chairman
Iccrea Cooperative Banking Group

Giuseppe Maino



General Manager
Iccrea Cooperative Banking Group

Mauro Pastore



1. OVERVIEW OF THE ICCREA COOPERATIVE BANKING GROUP



2022 in brief

SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

- **Sustainability Rating:** was upgraded to A1, the highest level of the rating scale, by Moody's Analytics.
- **Credit Rating:** Fitch upgraded the Iccrea Cooperative Banking Group and Iccrea's long-term rating from "BB-" to "BB+", confirming "B" on the short term and assigning a "Stable" outlook.
- **GSS Bond:** a second Social Bond issue of Euro 500 million was completed, which was intended to finance SMEs operating in disadvantaged areas.
- **Sustainability Governance:** a board ESG Committee was formed to give the Board of Directors advice and suggestions in ESG matters.
- **Organizational Structure:** the head office Sustainability function's mission was emphasised, local ESG Ambassadors were appointed and special supervision measures were included in the company's control functions.
- **Climate and Environmental Risks:** an assessment was conducted on the position with regard to C&E risks on its credit, financial, liquidity and operational portfolio at 31 December 2022.
- **Disclosure under Regulation (EU) 2020/852 (Taxonomy):** the amount of eligible assets was measured among consolidated assets for the purposes of EU Taxonomy.
- **Portfolio Scope 3:** there was the first measurement of emissions generated indirectly through loans and investments.
- **TCFD – Task Force on Climate Related Financial Disclosure:** the first report on the procedures for the management of climate-related and environmental factors was drawn up by taking the Task Force's recommendations as reference, and in particular the guidelines on "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures". This report is in line with the Group's undertaking to strengthen its defences against climate-related risks, according to ECB expectations and market leading practices.

MOST RELEVANT KPIs

Economic and structural KPIs	2022	2021
TIER 1 ratio	19.30%	17.70%
Number of branches	2,434	2,474
Number of employees	22,144	22,084
Balance sheet assets (€/bil.)	174	179
Economic value generated (€/mil.)	5,377	3,687
ESG KPIs		
Scope 1 emissions (tCO ₂ eq)	11,934	13,903
Total Scope 2 Location-Based emissions (tCO ₂ eq)	32,940	35,761
Total Scope 2 Market-Based emissions (tCO ₂ eq)	7,329	13,821
Emissions (cars, trains, flights) Scope 3 (tCO ₂ eq)	1,698	1,496
Financed Emissions (Intensity - tCO ₂ eq)	21.7	*
Total female employees (%)	43%	42%
Total female executives (%)	8%	7%
Total training hours	1,187,300	1,167,854
Total social impact loans (disbursed in €/mil.)	8,409	**
Total environmental impact loans (disbursed in €/mil.)	765	**
Total AUM – sustainable investments (Art. 8 and Art. 9) (€/mil.)	7,886	4,002

* This figure was not calculated in the previous reporting period.

** This figure is not reported in that the categories of products falling among the indicators relating to financing with a social and environmental impact have been reframed with respect to previous financial years, providing for survey clusters, which are, on one hand, more consistent with the Group's present operations and, on the other hand, in line with developments in the standards for the sector

The Iccrea Group

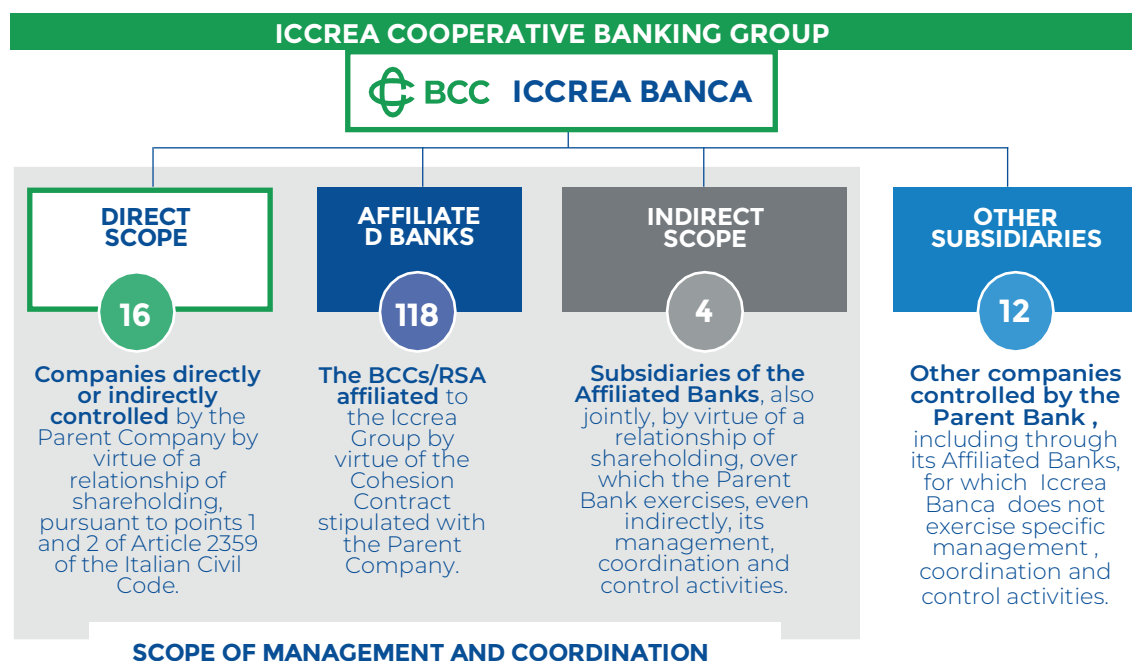
GRI 2-1

GRI 2-2

The Iccrea Cooperative Banking Group or BCC Iccrea Group, which was established in the form of a joint-stock company, is positioned within the national banking industry as the leading wholly Italian-owned banking group, with a number of **2,434 branches**, **total assets of about Euro 174 billion** and a **Tier 1 capital equal to Euro 12.3 billion** (a **Tier 1 Ratio of 19.3%**).

As at 31 December 2022, the Group was composed of Parent Company Iccrea Banca S.p.A., **118 Affiliated Cooperative Banks** (hereinafter also “BCCs”) and a total number of **32 Companies**, including:

- **16 Direct Scope Companies;**
- **4 Indirect Scope Companies;**
- **12 other Subsidiaries.**



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

¹ During 2022, special focus was given to identifying a new Group brand (BCC Iccrea Group), as part of the many transformation projects that had been launched.

In detail:

- **Iccrea Banca**, which, as the Parent Company, carries out management, coordination and control over the Management and Coordination Scope 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 Scope 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 Scope" of Management and Coordination);
 - 118 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 Group (by convention, these Companies are included in the "Indirect Scope" 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.

The 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 purposes. 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 Scope of Management and Coordination are governed under the Cohesion Contract and the Group's Company Rules.

For the purposes of the Consolidated Non-Financial Statement (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 Scope 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 scope of CNFS 2022 is therefore made up of the Parent Company, 13 Direct Scope Companies, 2 Indirect Scope Companies and 118 BCCs.

The corporate structure

GRI 2-6

As at 31 December 2022 the Members of BCCs totalled 861,150, showing an increase of 16,049 compared to 31 December 2021 (+1.9%); 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, 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.

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

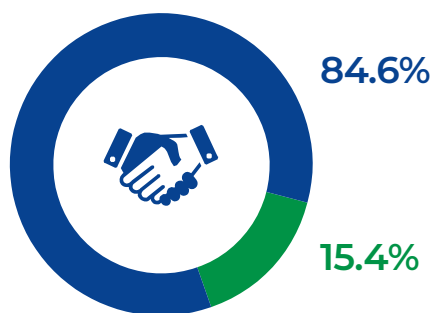
GROUP MEMBERS (DISTRIBUTION BY GEOGRAPHICAL AREA)

Local areas	No. of Members 2022	%	No. of Members 2021	%	Delta 2022-2021
North-West	247,154	28.7%	244,589	28.9%	2,565
North-East	123,143	14.3%	121,194	14.3%	1,949
Central-West	212,031	24.6%	206,808	24.5%	5,223
Central-East	176,159	20.5%	171,412	20.3%	4,747
South-West	75,324	8.7%	74,730	8.8%	594
South-East	27,339	3.2%	26,368	3.1%	971
Total	861,150	100%	845,101	100%	16,049



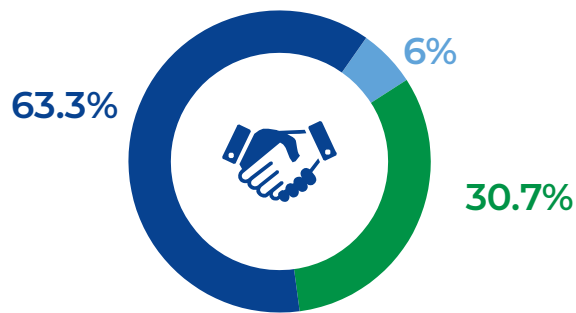
MEMBERS BY TYPE

- Individuals
- Legal persons

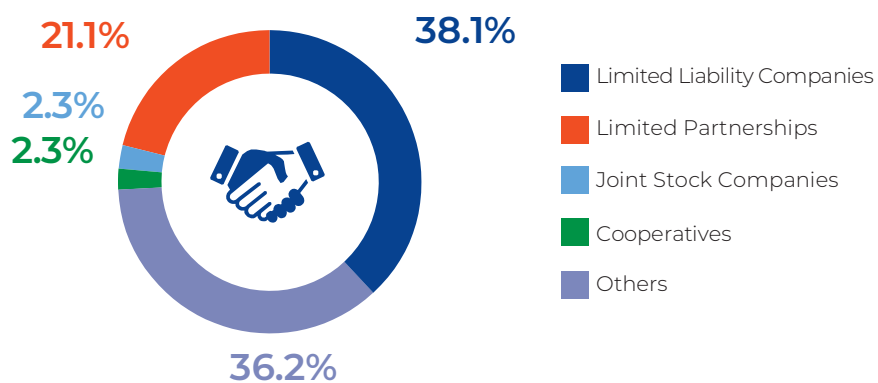


MEMBERS BY AGE GROUP

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



MEMBERS BY TYPE OF LEGAL PERSONS



The history of the Group

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.

The first Catholic "Cassa Rurale", in the province of Venice, by Don **Luigi Cerutti** is founded.

The Italian Federation of "Casse Rurali e Artigiane" was re-established.

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.

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**, which began operating in 1995 with controlling shares in Iccrea Banca, Banca Agrileasing (now Iccrea BancaImpresa) and AureoGestioni (now BCC Risparmio & Previdenza).

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.

1849

1883

1890

1909

1950

1961

1963

1978

1995

1997

1999

Establishment of the first Cassa Rurale di **Loreggia**, Padua, on the initiative of **Leone Wollemborg**.

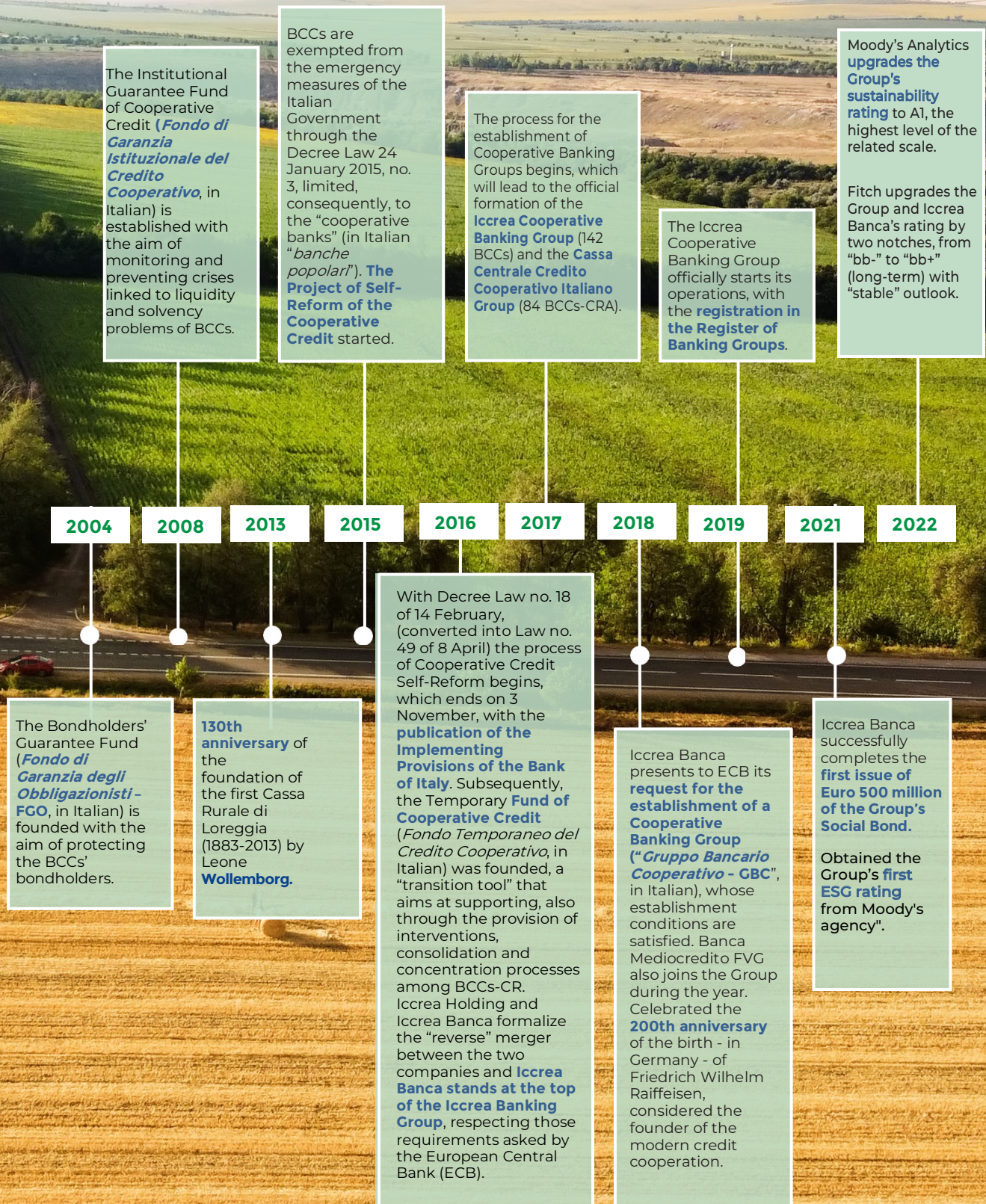
The Italian Federation of "Casse Rurali ed Artigiane" was established to represent and protect its Member Banks.

The **first local Federations** are gradually formed.

Creation of the **Central Guarantee Fund** (Fondo Centrale di Garanzia, in Italian), a voluntary initiative of "protection" between the CRA, (Casse Rurali Artigiane in Italian), and indirectly, of their depositors, hinged at Iccrea.

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.

The Iccrea Cooperative Banking Group was born of a long history of consolidation of the Cooperative Banking system in Italy



The Group's vision, mission and values

GRI 2-23

GRI 2-24

The Iccrea Cooperative Banking Group pursues a strategy aimed at promoting the stability and development of its Cooperative 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 Cooperative Banking Group is committed to furthering the development of the predominantly Cooperative banking activities that are typically carried out by Cooperative Banks. 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 Cooperative 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 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 Cooperative Banking Values", which expresses the principles on which the action, strategy and practices of the Cooperative 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 Cooperative 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 Cooperative 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 Group directs its decisions and activities with a careful eye to the interests of its stakeholders, who are taken to be all the persons and entities, both within and outside the organisation, that play a role in the conduct of its business, whether they contribute to the accomplishment of its mission or whether their well-being substantially benefits from or is unfavourably affected by its activities.

As regards this issue, the Group updated its Code of Ethics and adopted the revised version during 2022. The Code is assembled like a proper “charter of relations” with all its “partners” which, besides containing the principles underlying the values and conduct that are the foundations of the Group’s creation and mission, is an actual governance tool that puts the relationship between the Group and those with whom it comes into contact at the centre.

The Group’s Code of Ethics, which is made available to all our employees on the company intranet, is the constant point of reference that is to be observed in operations and in every choice and decision; furthermore, all organisational models, policies and company procedures conform to it.

Third parties are also obliged to observe the regulations, principles underlying the values and principles of conduct laid down in the Code of Ethics since there is provision, in letters of appointment and/or contractual agreements, for certain clauses that confirm the obligation to comply in full with the principles and values in the Code and that make arrangements, in the event of breaches, for sanctions or even the termination of contracts.

Specifically, the Group has adhered to a “Charter of Commitments to Human Rights”, which sets down the Group’s commitment to the promotion and protection of human rights both in house and on the part of its counterparties (Members, customers and collaborators). The general principles on which the protection of human rights is based are, for example, the opposition of any form of discrimination (based on age, race, religion, membership of a political party or a trade union, sexual orientation, gender identity, language or diverse ability, etc.), the guarantee of a safe and healthy place of work as responsible personnel management requires and the protection of Members and customers’ personal data and their right to privacy.

For this reason, in order to foster a company culture free of any form of discrimination, the Group has taken up a “Group Diversity and Inclusion Policy”, which contains the Group’s stance, reference principles and undertakings with regard to Diversity and Inclusion matters such as gender, sexual orientation, age, ability, race, language, religion, political beliefs and personal and social status.

This Policy promotes the creation of an organizational culture and a context that encourages personnel growth and development in compliance with the principle of equal opportunities and ensures the protection of the psychological and physical integrity of employees and respect for their moral personality, as well as the dignity of each person and prevention against all forms of discrimination. The Policy is a founding pillar for leading and managing change and innovation responsibly and affirms the spirit of cooperation and acceptance that is a feature of the Group's culture and relations.

By means of these instruments, in addition to assuring full and substantial compliance with legislative requirements in the matter of human rights, the Iccrea Cooperative Banking Group conforms to the principles laid down by the reference Italian and international bodies, including: the United Nations (UN) International Bill of Human Rights; the Universal Declaration of Human Rights and the subsequent international conventions on Civil and Political Rights and that on Economic, Social and Cultural Rights; the UN Conventions on the Rights of Women, Elimination of All Forms of Racial Discrimination, Rights of the Child, Rights of Persons with Disabilities, etc..

The Group and associations

GRI 2-28

The Iccrea Cooperative Banking Group is an active participant in the management of ESG activities sponsored by Agencies, Institutions and Trade associations, as reported in the following table:

NAME OF ORGANIZATION	ACTIVITY
ABI LAB -Green Banking Observatory Iccrea Cooperative 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. 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.
Alleanza Italiana per lo Sviluppo Sostenibile (ASviS) Iccrea Cooperative 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: (i) to foster the development of a sustainability culture at all levels, orienting production and consumption models for this purpose; (ii) to analyze the implications and opportunities for Italy in relation to the Agenda for Sustainable Development; (iii) 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.

NAME OF ORGANIZATION	ACTIVITY
<p>European Microfinance Network</p> <p>Iccrea Cooperative 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>Forum Finanza Sostenibile-FFS</p> <p>Iccrea Cooperative Banking Group companies belonging to the organization:</p> <p>Iccrea Banca S.p.A.</p>	<p>The Sustainable Finance Forum is a non-profit association founded in 2001. The membership base is multi-stakeholder, including financial operators and 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.</p> <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 Internazionale Tertio Millennio-ETS (Ente Terzo Settore)</p> <p>Iccrea Cooperative Banking Group companies belonging to the organisation:</p> <p>Iccrea Banca S.p.A.</p>	<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>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>

NAME OF ORGANIZATION	ACTIVITY
Fondazione per l'Educazione Finanziaria e al Risparmio - FEDUF Iccrea Cooperative Banking Group companies belonging to the organisation: Iccrea Banca S.p.A.	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 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 collaborations with institutions and local areas.
Fondazione Giovanni Dalle Fabbriche - Multifor ETS (Ente Terzo Settore) Iccrea Cooperative Banking Group companies belonging to the organization: Iccrea Banca S.p.A. Iccrea BancalImpresa	The Dalle Fabbriche-Multifor ETS Foundation was established on 13 October 2021 from the merger of the Multifor Foundation in Forlì by incorporation into the Giovanni Dalle Fabbriche Foundation in Faenza. The new Organization continues to pursue the objectives of the original Foundations: <ul style="list-style-type: none"> ■ facilitate and support young people to enter the job market; ■ contribute to the development of the economic environment of local areas, with special emphasis on the world of cooperation; ■ promote civic, charitable and socially useful initiatives. The main tools used by the Foundation are Scholarships and research, Erasmus Plus and work placements in local companies in agreement with Universities.
IDEE - Associazione delle Donne del Credito Cooperativo Iccrea Cooperative Banking Group companies belonging to the organisation: Iccrea Banca S.p.A. Iccrea BancalImpresa	The Association of Women in Cooperative Credit promotes and enhances the presence, prominence and contribution of women within the system, thus fostering equal opportunities.
Valore D Iccrea Cooperative Banking Group companies: Iccrea Banca S.p.A.	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.

2. SUSTAINABILITY STRATEGY AND STAKEHOLDER RELATIONS



Business plan

SCENARIO

2022 started with reassuring signs for continued growth, but with increasing concern that inflation, more persistent than expected, might constrain future growth. When the most critical stage in the Covid-19 pandemic seemed to have passed, Russia's invasion of Ukraine pushed global uncertainty up again. International tensions led to a shortage of energy and gas and consequent substantial rises and volatility in energy prices that mainly affected European countries, which depended heavily on Russian supplies. The result was a fall in consumer purchasing power and a loss of competitiveness for businesses. Procurement difficulties and price tensions also affected other raw materials, food particularly, constituting a further element of tension, especially in less developed countries.

European Institutions and national governments intervened on several occasions fostering and implementing such fiscal policies as seemed appropriate to mitigate the social and economic impact of the crisis and devising plans to reduce dependence on Russian fossil fuels and accelerate energy transition. As from July 2022, the ECB intervened several times by raising interest rates, a measure deemed necessary in order to fight the inflation resulting from the surge in the prices of energy and food products, which was "far too high."

Despite all these brakes on growth, Italian GDP performed very well indeed, showing an increase of 3.9% in 2022 compared to 2021. Particularly modest growth in GDP, however, is expected in 2023 compared to 2022. There are various reasons for uncertainty, from the effects of the Russian/Ukrainian war to the idea that ECB monetary restriction could be excessive and set off recessive effects.

A slowdown in household wealth and a recomposition of liquidity are in store for financial intermediaries, with higher bank lending in nominal terms owing to the rise in inflation. The acceleration of the rise in interest rates on the part of the ECB appears to be able to make a contribution to the return of traditional profitability of Banks. The trends of fees from indirect deposits are expected to be less favourable; they will start rising again, but will suffer from the effect of high inflation on household purchasing power.

Credit risk is also expected to rise, even if to a lesser extent than in other crises, and so is the pressure on operating costs against the background of price tension and the increasing need to invest in the technology and human capital necessary to continue with digital and green transformation. Efficiency enhancement targets are still crucial for the sector.

THE GROUP'S CONSOLIDATED BUSINESS PLAN 2023-2025

In this context, an update of the Group Business Plan targets and the extension of the time horizon to 2025 were approved in March 2023.

The 2022-2024 Plan provided for growth targets based on a macroeconomic scenario that did not take the tensions that arose from the Russia/Ukraine conflict or the hike in interest rates and inflation into account. In its periodic revision of economic and financial objectives and on the basis of the rolling approach to strategic planning adopted by the Group, the horizon of the Plan was extended to 2025, factoring in the altered macroeconomic and financial conditions and the results achieved in 2022, which were higher than the targets even if there were some exceptional items of income.



The targets for credit quality and capitalisation levels in the first year of the 2022–2024 Plan were widely exceeded in 2022. Asset items related to business activities were practically in line with expected results. Profitability was higher than expected, mainly owing to interest margins, which were favoured by securities portfolio yields (particularly for the inflation-related component) and the first effects of the new scenario on the rate spread and the cost of credit risk, which was markedly lower than expected as the portfolio did not perform as badly as was thought and the non-performing portfolio was better managed. Net operating costs and net commissions were substantially in line with the set targets.

The Group's development and growth guidelines are kept unvaried in the extension of the business plan term to 2025, as confirmation of its evolution towards a more robust financial position, an asset quality in line with the average of the main Banks in the Italian market, a level of profitability that is sustainable in the medium term, pursued, among other means, by diversifying the sources of revenue, and a solid liquidity position, keeping a strongly localistic and mutualistic approach in accordance with the values that inspire Cooperative Credit.

The Plan confirms the strategic importance of asset quality improvement objectives, which are to be pursued by continuing with the derisking activities of the type most of which the Group has been carrying out since it was formed, focusing on the proactive management of performing positions with a high risk of deterioration, stricter selection of new applications for loans, interventions to strengthen care and workout activities and recourse to the assignment of UTPs and non-performing loans.

The Group will also continue to take action to strengthen its profitability, which is expected to perform considerably better than in 2022 during the three years of the Plan. The expected result was adjusted by exceptional items of income, even factoring for the higher cost of risk. The interest margin, although expected to be lower than that of 2022, is forecasted to be positioned structurally higher than those recorded by the Group in recent financial years. Profitability is sustained by a rise in the contribution of the fee margin as a result of the action taken to develop customer services, particularly asset and payment management and measures taken to keep operating cost trends down.



The Group will also continue to strengthen the solidity of its capital base and present itself on the market issuing financial instruments that ensure observance of the MREL in total safety.

Other guidelines concern:

- **Digital transformation:** the objective of the Group's 2023-2025 Plan is to carry out the digital transformation programme, expanding the BCCs' "omnichannel" range by developing digital channels to improve customer relations, reduce operating costs and increase sales, taking the Group to a new competitive position;
- **IT:** the Plan aims at carrying out a transformation process that combines cost optimisation, innovation and speed of completion, one of the means being to consider sourcing options. The Plan factors in measures for the modernisation of service systems and the service model with investments of more than Euro 200 million over the plan term.

The process for the determination of our business strategy takes ESG factors duly into account: these matters, as we know, affect all our policies and processes across the organisation. In taking into account amendments in laws and regulations, feedback from the Supervisory Authority, analyses of the market scenario and findings and suggestions deriving from the sustainability rating review, the Group, in fact, continued with its measures for the integration of Environmental, Social and Governance factors into its business processes; it has also set new and more incisive qualitative and quantitative targets in its strategic planning along the three sustainability drivers.

The execution of the 2023-2025 business plan involves the entire business model, confirming the course embarked on since the Group was formed towards a more balanced and solid position with better asset quality, profitability that is sustainable in the medium term and a solid liquidity and capital position, in keeping with the values that inspire Cooperative Credit.

Value creation and financial strength – Distribution of added-value

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 Statements.

The economic value generated, equal to **Euro 5.4 billion** in 2022, is mostly distributed to the counterparties with which the Group operates, for a total of **Euro 3.1 billion** in 2022 (about 58% of the total).

The remaining amount, equal to about **Euro 2.3 billion**, consists of the sum of economic value retained by the Iccrea Group.

ECONOMIC VALUE GENERATED, RETAINED AND DISTRIBUTED IN 2022 (€/MIL)

Year	2022	2021	% Change (2022-2021)
Economic value distributed	3,096	2,829	9.4%
of which to suppliers	843	805	4.7%
of which to employees and collaborators	1,805	1,706	5.8%
of which to third parties	9	4	127.5%
of which to Members	8	0	-
of which to the central and local public sector	388	298	30.0%
of which to the community and environment	44	16	174.1%
Economic value retained	2,282	858	165.9%
Economic value directly generated	5,377	3,687	45.8%

Sustainability Plan

SUSTAINABILITY PLAN 2022-2024

At the meeting held on 28 April 2022, the Parent Company's Board of Directors approved the 2022-2024 Sustainability Plan, an integral part of the Group's strategic plan, divided into 13 macro-objectives and over 70 targets distinguished according to whether they are related to environmental, social or good governance topics.

Specific Key Performance Indicators (KPIs) have been prepared for each target in order to monitor the actual implementation of the planned measures, divided into process, implementation and result KPIs. These serve to assess the extent to which targets in terms of process updating, IT implementations, impact and product benefits have been achieved and are efficacious from a qualitative and quantitative point of view.

Thus, the process of monitoring the planned measures was started, the results being generally positive. On the **Environmental** front, in fact, monitoring shows:

- a reduction in emissions (equal to about 37%) and energy consumption (equal to about 5%) from company-owned offices, thanks above all to energy efficiency works (decommissioning gas-fuelled heat pumps, improving the energy efficiency of air-conditioning systems);
- the obtainment of an environmental management certification (ISO 14001);
- the approval of a Business Travel Policy focused on principles regarding respect for the environment;
- the determination of the methodological approach to the assessment of climate-related and environmental risks² and the conduct of the first exercise in establishing and assessing the Group's exposure – at individual and consolidated levels – to climate-related and environmental risks (Climate and Environmental Materiality Assessment – CEMA);
- the launch of a special project, which will continue in 2023, too, for the introduction of new digital systems for customers to subscribe to products and services online ("signature room") with the additional purpose of cutting paper consumption.

²Policy on the Approach to the Identification and assessment of climate-related and environmental risks submitted for approval by the Board of Directors on 13 October 2022.

As regards strategies put in place on the **Social** front:

- the creation of a platform for SME customers to evaluate their ESG performance and receive suggestions for improvement measures in support of redirecting strategies and operations, which is soon to be released to the Group's BCCs;
- the formation and financing of a first Energy Community. Among the main benefits are the reduction of CO₂ emissions thanks to the production of solar energy and lower energy procurement costs for Members, households and other private individuals that join the scheme, equal to about Euro 3,400 per year;
- the development of a special financing product (Coopera Pool) for cooperation and development programmes in the framework of the Microfinanza Campesina (Microfinance for Farmers) project, a Cooperative Credit initiative born in Ecuador over 20 years ago for granting finance to Codesarollo, with a specific focus on achieving the goals set by the UN Agenda 2030 and social and environmental sustainability in general³;
- the issue – in January 2023 – of the second Social Bond intended for institutional investors (both domestic and international), for Euro 500 million, with a fixed rate and a term of 5 years (due 20 January 2028). The main objective of this transaction is to support the real economy by financing SMEs operating in economically disadvantaged areas.

As for **Governance** initiatives:

- the formation of the Parent Company ESG Committee, a board Committee that gives the Board of Directors suggestions and advice on sustainability and cooperative identity topics and works in close liaison with the Risks Committee and the Remuneration Committee in order to ensure an all-round approach to the integration of ESG factors into business processes;
- the adoption of the Sustainability Policy at Group level and the updating and/or issue of a number of further ESG policies;
- in addition to reframing the mission of the head office function working on the integration of ESG factors into business processes and the formation of special units in the corporate control functions, the introduction of the role of ESG Ambassador in each business area of the Parent Company and Group companies;

³ As at 31 December 2022 total exposures were equal to USD 12,105,655.

- delivery of intensive ESG training sessions for company representatives, top management and Group employees;
- the integration of ESG factors into the short-term incentive system of Top Management;
- the adoption of the new Group Code of Ethics and the approval of the Legislative Decree 231/2001 Guidelines and the “Prototype” documents for the preparation of a standardised methodological model at individual level.

SUSTAINABILITY PLAN 2023-2025

In 2022, the Group, which has always been engaged in the promotion of sustainable territorial development, in mind of the new regulatory framework and the close attention to ESG factors paid by the supervisory authority and the market, continued with its work of integrating them into its business processes. It took the line sketched out in the 2022-2024 Sustainability Plan in addition to reviewing and intensifying ESG strategies within the 2023-2025 planning horizon.

Many aspects were taken into consideration as important inputs in order to decide on the actions to take. Particularly noteworthy among these are:

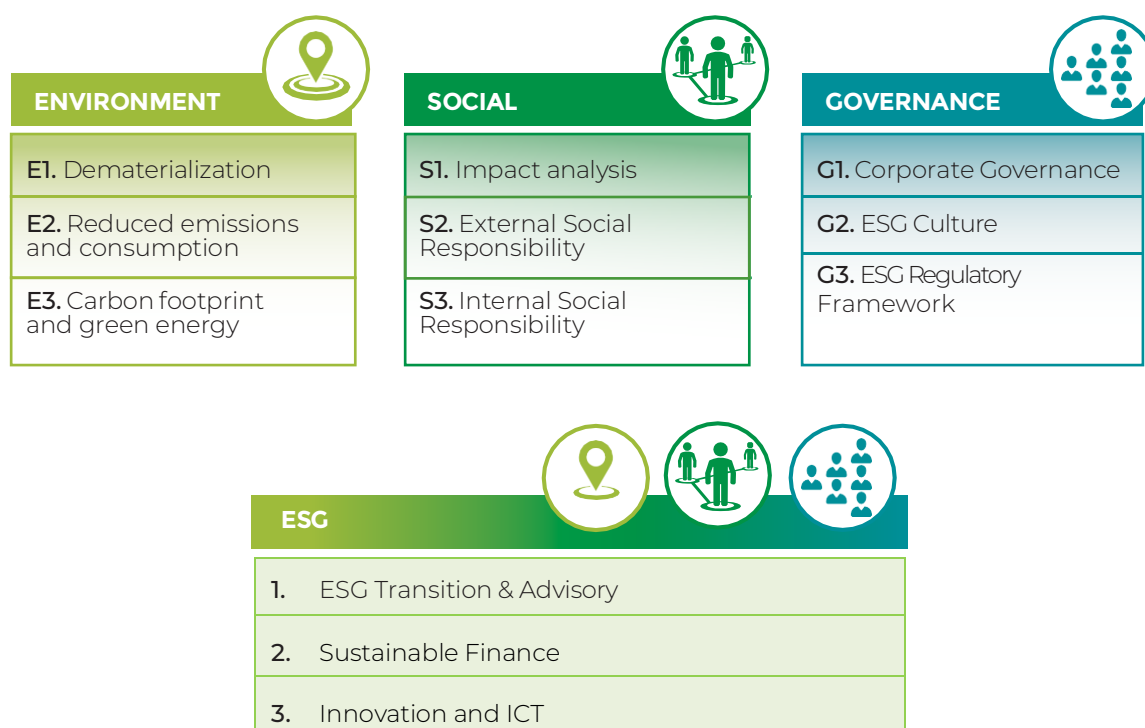
- our Cooperative Banks and their customers’ own needs in terms of engagement, support and advice;
- an analysis of the market context and a survey of the main trends;
- findings and suggestions from the revised sustainability rating;
- developments in legislation and feedback from the Supervisory Authority .

The new Sustainability Plan, therefore, consists of a series of initiatives, some inherited from the previous Plan considering that they are expected to be completed in its time frame, although revised to take the present scenario into account, and new strategies laid down on the basis of the above inputs.

As regards the process of drawing up the Plan, it is interesting to emphasise the BCCs’ higher level of involvement in meeting the objectives that have been set. In the framework of the sales planning process, as regards the objectives most concerned with business and thus customer relations, Affiliated Banks were given guidelines regarding quantitative incremental ESG-related financing, insurance and asset management product targets. As regards the objectives not most concerned with business, and, therefore, more concerned with direct impacts, there is also provision for guidelines to be issued to help Banks in setting individual ESG targets consistently with those determined at head office level.

In view of the above, the 2023–2025 Sustainability Plan contains, to summarise, the following ESG macro objectives, separated along the three sustainability drivers and scheduling targets and initiatives with impacts across the board.

As regards **Environmental**, the Group will continue to pursue its efforts – which were already started during 2022 – to reduce direct CO₂ emissions, not only by improving energy efficiency in its company offices but also by carrying out a process of converting its car fleet by replacing vehicles with hybrid and electric cars. Initiatives bearing on supporting customers are also on the agenda, including green energy commercial offers including offers from BCC Energia, the Group consortium that provides renewable energy, and progress with the first Energy Community project whereby a set of documents, including evaluations, are distributed to the BCCs in order to assist in the creation of energy communities throughout the country.





E

Dematerialisation

Digital transformation
vs assisted sales model

Reduced emissions and consumption

- Company car fleet
- Reduced direct emissions
- Reduced consumed energy

Carbon footprint and green energy

- Carbon footprint calculation for loan/investment portfolio
- Green-oriented customer proposition



S

Impact analysis

Group social impact measurement

External social responsibility

- Third sector
- NRRP
- Financial education and inclusion

Internal social responsibility

- Diversity & Inclusion
- Female talent



G

Corporate Governance

- Management Committee
- ESG-related responsibilities at local level

ESG culture

- Company representatives and top management training
- Employee training

ESG regulatory framework

Interventions to integrate ESG metrics into processes

CROSS-CUTTING INITIATIVES

ESG TRANSITION & ADVISORY

- Customer support in sustainable transformation processes
- Integration of ESG metrics into procurement processes

SUSTAINABLE FINANCE

- ESG financing
- Insurance policies to mitigate ESG risks
- ESG AuM
- ESG Investments e funding

INNOVATION AND ICT

- Evolution of IT tools and technology
- Accessibility
- Digital Payments



Moreover, in view of Supervisory Authority expectations and the increasing amount of attention paid to the matter by our stakeholders, the 2023-2025 Sustainability Plan provides for action to be taken on a preliminary calculation of the carbon footprint baseline (Scope 3 of portfolio) and the resulting decisions regarding strategies for taking action on the loan portfolio with a view to containing and/or reducing GHG emissions⁴.

Activities of **Social** import have an even greater role in the new planning cycle, consistently with the Group's particular mission. Work is to continue on the important projects regarding support to the Third Sector, as well as on those related to Financial education and inclusion. Our BCCs' customer support will offer instruments even more vigorously than the capacity to assist in starting on sustainable transformation processes and obtaining access to the funds made available under the NRRP, with the help of the development of an ecosystem that provides business consulting services.

It is also intended to take the first scientific measurement of the Group's social impact during 2023. The Group has always been engaged in sustainable territorial development and local community growth by means of donations and loans given for social projects. This type of work is considered to be particularly important in order to make the best possible use of the activities that our BCCs, structurally and historically, have performed and still perform in the areas in which they have branches, and increase the number of these activities.

⁴ Carbon footprint (also called GHG inventory, i.e., of GreenHouse Gases) is the measure that expresses total greenhouse gas emissions in CO₂ equivalent.

Finally, on the **Governance** front, after the head office ESG Committee has been formed and provision has been made for delegated powers in ESG matters also to be given to members of Group Companies' Boards of Directors, the 2023–2025 Sustainability Plan also provides for the intensification of mechanisms to involve C-level personnel, also by giving the Operations Committee formal ESG responsibilities, and for objectives whose aim is to ensure that the ESG culture becomes further entrenched at all levels of the organizational structure, both at the Board level and at the level of top management and employees. Particularly concerned with this objective are the ESG Ambassadors and the professionals that handle relations with customers in the lending and asset management sectors.

Finally, the 2023–2025 Sustainability Plan includes across-the-board impacts, namely those acting on two or more ESG factors. Among the main points in this section of the Plan, those that mainly stand out are:

- provisions for increasing the number of ESG-focused financing, insurance, asset management and deposit products, with the aims of directing assets towards sustainability metrics and also providing household and corporate customers with instruments that protect them from the risk of suffering increasingly grave impacts from climate-related and environmental risks;
- a specific project to prepare ESG metrics and bring them into the supply chain, in accordance with the proposed legislation on Corporate Sustainability Due Diligence Directive (CSDDD).
- An important event in the process of the evolution of Group sustainability strategies was the revision of its **sustainability rating** in January 2023. Moody's Analytics agency raised its assessment to **A1, the highest level on the rating scale** on the basis of the Group's close attention to the integration of ESG factors into its strategy, operations and risk management processes.
- This outcome, the result of the Group's commitment and the numerous projects it has undertaken, puts the Group in a position, even more effectively than before, to affirm its attention to cooperation values, closely related to social, economic and environmental well-being, and to enhance the attractiveness of its products and its market reputation, also in view of investors' growing interest in sustainability topics.

Stakeholder engagement

GRI 2-29

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



THE STAKEHOLDERS OF THE ICCREA COOPERATIVE BANKING GROUP

Category	General commitments of the Group
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INTERNAL STAKEHOLDERS

Affiliated Co-operative Banks (BCCs)

Promote relationships based on the principles of collaboration, professionalism and transparency (as provided for under the Cohesion Contract, among others). Support the stability and continuous development of the BCCs.

Members of BCCs

Promote relationships, through the BCCs, based on the principles of collaboration, professionalism and transparency. Ensure the development and strengthening the mutualistic DNA of the BCCs.

Iccrea Group personnel

Promote staff growth and development, in compliance with the principle of equal opportunities.
Recognize and enhance the skills of our employees. Ensure the protection of the psychological and physical integrity of employees and respect for their moral personality. Ensure the dignity of each person and prevent all forms of discrimination.

EXTERNAL STAKEHOLDERS

Suppliers

Favor local suppliers in order to foster development of the territories in which the Group operates. Select suppliers based on the principle of impartiality, avoiding preferential or discriminatory treatment.

Territory and Local Communities

Contribute to the enrichment of the economic, intellectual and social heritage of the territory and local communities.
Support and promote, through charitable contributions, sponsorships and donations, initiatives to support and develop the community.

Customers

Promote relationships based on the principles of collaboration, professionalism and transparency.
Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures, even by acting from the perspective of customer engagement and support in order to activate sustainable transformation processes.
Adopt effective cybersecurity practices.
Meet customers' financial needs through high-quality services and products oriented towards green transition.

THE STAKEHOLDERS OF THE ICCREA COOPERATIVE BANKING GROUP	
Category	General commitments of the Group
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 and 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>
Regulators and Supervisory Authorities	<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>Meet customers' financial needs through increasingly better and higher quality services and products.</p>

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.

As regards this issue, occasions for engagement and exchanges of views continued to be arranged during 2022, in order to increase the flow of information from and to our BCCs; events also started to be arranged in presence.

During the reporting period, 12 online events regarding different subjects were arranged, which generated a total of about 2,000 log-ins, and 5 events in presence attended by representatives of the various professional families were also held, which went into certain specific themes such as the agrifood and foreign sectors and the retail world in general.

As regards the process of developing the “business” segment, 6 specific meetings took place during 2022, which were attended by over 1,000 participants in all, with a view to supporting the network and its BCCs. The subjects dealt with were:

- International banks and the BCC Iccrea Group;
- NRRP and BCC Iccrea Group. Master agreement for subsidised financing consulting;
- NRRP: New Cassa Depositi e Prestiti Environment loan ceiling – Public Leasing;
- Solutions to help businesses to pay higher energy costs;
- Tourism: latest news and opportunities for businesses;
- BCC Iccrea Group and Ismea: opportunities for Agricultural Businesses.

Among the initiatives in the Third Sector, a special product (“Coopera Pool 2030 Microfinanza Campesina”) was developed twenty years after the launching of the “Microfinanza Campesina” Cooperative Credit initiative, within which loans were granted to Codesarrollo by a pool of regional Banks, as already mentioned above; now, this new product has been developed to facilitate and standardise the transactions of future pools that are to be formed. Based on elements such as reciprocity, participation and training, the “Microfinanza Campesina” project in Ecuador is a successful and internationally recognised scheme, based on collaboration between the Group’s Cooperative Banks and Codesarrollo, a second-level bank in the system of village Banks mainly scattered about the Ecuadorian Alps and endorsed by a cultural and financial cooperation Agreement (“Quito Declaration”) signed between Federcasse and Codesarrollo in the capital of Ecuador in 2002 and renewed in 2012. The finance is intended to support development cooperation programmes with particular regard to the attainment of the goals in the United Nations 2030 Agenda and environmental and social sustainability in general, such as, but not limited to, developing female and micro entrepreneurship and sustainable agriculture in the depressed areas of Ecuador.

Meetings between the Parent Company and its BCCs also continued to be held – in fact they took place at more frequent intervals – during the reporting period.

On one hand, meetings were held at local level – consultative meetings – whose purpose was to share the lines that the Group is following and what it is doing, taking the particular nature of the various local areas into account. Discussion at these events centre on themes of strategic importance concerning the Group’s business and its mutualistic purposes. **Three Meetings** were held in February 2022, one per local area, with the Business Plan as the item on the agenda.

Plenary **Management Team** meetings also continued in 2022: these are periodic meetings among Parent Company and Group Company top management members – in this case every month – to talk about strategic, commercial and planning topics. **Three plenary meetings and eight theme-based meetings** were held during the reporting period.

In 2022, the Group also kept in close contact and held important discussions with internal and external stakeholders on ESG topics with the purpose, consistently with the Group’s mission to support its customers and especially in the present scenario of great transformations, of continuing with vital and extremely necessary information and training and customer engagement activities, with specific regard to SMEs.

Our BCCs, in collaboration with the Parent Company, played the major part in these discussions, taking the initiative in organising events having the objective of involving employees and customers.

The following were noteworthy among the various occasions for meeting stakeholders: (i) the sustainability month organised by BCC Valpolicella Benaco, during which a series of meetings were scheduled to raise awareness among Members, customers, communities and schools in the various areas in which the bank operates; (ii) a meeting with local communities organised by Banca della Marca, which proposed ESG topics and particularly their inclusion in the supply chain, and support to the third sector at an event entitled “Cooperativamente”; (iii) BCC Patavina meetings with customers that dwelt particularly on the impacts of sustainability in Bank/customer relations and customers’ strategic positioning; (iv) meetings and discussions with employees organised by BCC Agrobresciano and Credifriuli with the aim of spreading an ESG culture and arousing awareness of the Bank’s new role in the current transformation.

Remaining in the Cooperative Credit world, the Iccrea Cooperative Banking Group also made its contribution to conveying environmental, social sustainability and good governance values in various events, among which stand out those organised by the IDEE Association, devoted to the promotion of gender equality in Cooperative Credit, and the Lombardy and Emilia-Romagna Federations of BCCs.

Furthermore, there were many occasions for exchanging views with external stakeholders which the Group attended in order to make known its role as a Bank that is present in and operates to the benefit of its area. Among these were the presentations made at events organised by the Sustainable Finance Forum, Forum Banca, ABIFormazione, CRIF Finance, Confcooperative, Humanistic ESG.

In 2022 the “**Storie e scrittori in azienda**” (Stories and Writers in your company) initiative continued, which was aimed at attracting Group employees to reading, involving them in meetings, learning and team building. Greater attention was also given to organising events focusing on spreading and promoting diversity and inclusion principles.

Double materiality analysis

GRI 3-1

GRI 3-2

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 base the definition of corporate strategic lines and to focus the rendering of its account to its stakeholders.

To reason with an eye to material sustainability topics, in fact, means considering internal context factors such as, on one hand, strategic objectives, priorities for action and business activities and, on the other hand, external context factors, being the interests and needs of our various stakeholders, developments in laws and regulations and market trends.

The Iccrea Cooperative Banking Group carries out a materiality analysis on an annual basis as required by the GRI standard and Legislative Decree 254 of 2016; furthermore, our materiality analysis was revised in order to reflect current laws and regulations, anticipate the substantial changes expected and respond to the resurgence of interest in the matter on the part of the market and supervisory authorities by carrying out a transition to **double materiality analysis** in the Consolidated Non-financial Statement 2022.



Moving to double materiality analysis allowed us to introduce the concept of the “relevance” of materiality topics, leading us to point up, and thus classify as material, sustainability topics that mirror:

- the positive or negative impacts, effective or potential, of the Group’s business and operations (the **“inside-out” perspective**, or also **“impact materiality”**);
- the significant risk drivers for the Group that could entail substantial implications for the Group’s economic and financial performance (**“outside-in” perspective**, or also **“financial materiality”**).

The analysis was conducted in conformity to the GRI Universal Sustainability Reporting Standards 2021 with regard to impact materiality in order to identify and prioritise Group impacts associated with potential material topics. It was then supplemented by an assessment of financial materiality, considering the European Sustainability Reporting Standards proposals issued by the European Financial Reporting Advisory Group (EFRAG) in order to prepare the Group to take up the approach required by the Corporate Sustainability Reporting Directive (CSRD), which will come into force in the 2024 financial year and will start applying to enterprises already subject to the Non-Financial Reporting Directive as Relevant Public Interest Entities.

The main international sustainability guidelines and standards (Global Reporting Initiative, Sustainability Accounting Standards Board, ESG rating agencies, etc.) were first taken into account in order to identify material topics and an analysis of sector benchmarks and of the regulatory financial framework was also conducted. The result of this process was that two macro categories of topics were found:

- *Core topics*, which have to be reported on and are to be taken into consideration regardless of stakeholders’ requests (e.g. topics under Legislative Decree 254 of 2016);
- *Potentially material topics*, which undergo further analysis in order to establish their materiality.

The analysis of potentially material topics afterwards required the Group management and primary stakeholders to become directly involved in order to assess the importance of the positive and negative impacts of each sustainability topic being examined, taking account of both double materiality perspectives.

GROUP PRIMARY STAKEHOLDERS	
Stakeholder	Methods of engagement
Group top management	Sharing the questionnaire through dedicated workshop
Members and customers of BCCs	Sharing the questionnaire through company website
Trade associations	Sharing the questionnaire through mailing list
BCC Managers and ESG Ambassadors	Sharing the questionnaire through mailing list
Iccrea Cooperative Banking Group people	Sharing the questionnaire through company website

This method for involving stakeholders allowed the Group to engage and collect feedback from **2,703 stakeholders** (240 external and 2,463 internal), in all, a substantial increase over the number reached (1,117 stakeholders, 155 external and 962 internal) in the previous financial year.

Specifically, the stakeholders that made direct contributions to the analysis filled in a questionnaire in which they assigned a score to each topic according to the importance of the impacts of each topic being analysed:

- The following parameters were assessed for **impact materiality**:
 - **Scale**: the extent of positive and the gravity of negative impacts;
 - **Scope**: how widespread the positive and negative impacts are;
 - **Irremediable character**: how hard it would be to make good the resulting negative impact.
- For **financial materiality**, the topics were analysed according to their potential to generate **risks** (or **opportunities**)⁵ and therefore to affect the economic and financial performance of the Group.

The assessments gathered through direct stakeholder engagement were then supplemented by an in-house analysis for final confirmation of the findings that emerged, also considering the Group's strategic priorities and priorities for action.

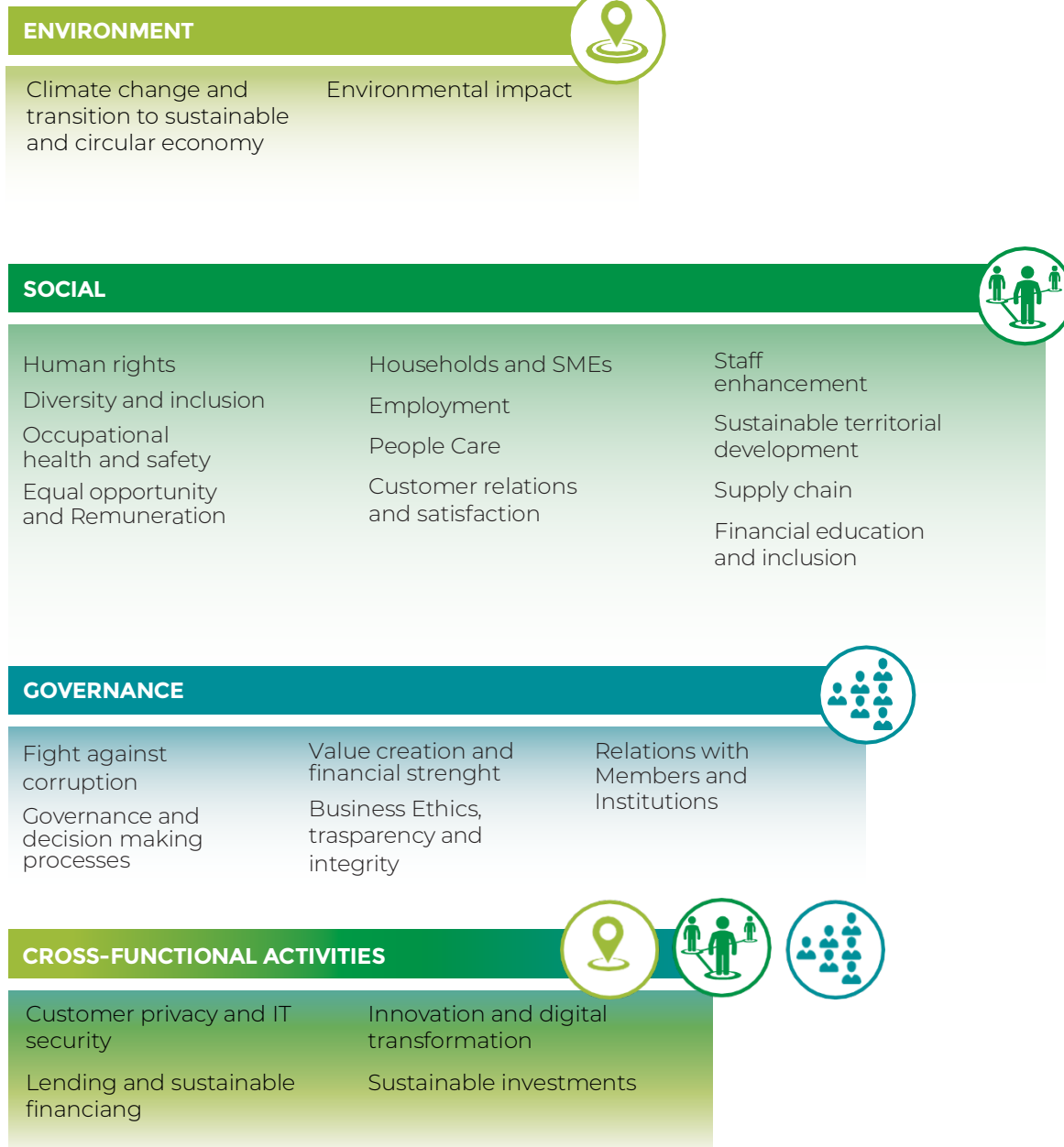
The Iccrea Group decided that a topic is material if either its impact materiality or its financial materiality is exceeded or if both ceilings are exceeded.

⁵ Specifically, the EBA (European Banking Authority) and BIS (Bank for International Settlements) prudential risks were taken into consideration for this assessment: liquidity risk, credit risk, operational risk, reputational risk, strategic risk, market risk, concentration risk.
Sources: <https://www.eba.europa.eu/>; <https://www.bis.org/bcbs/index.htm>.



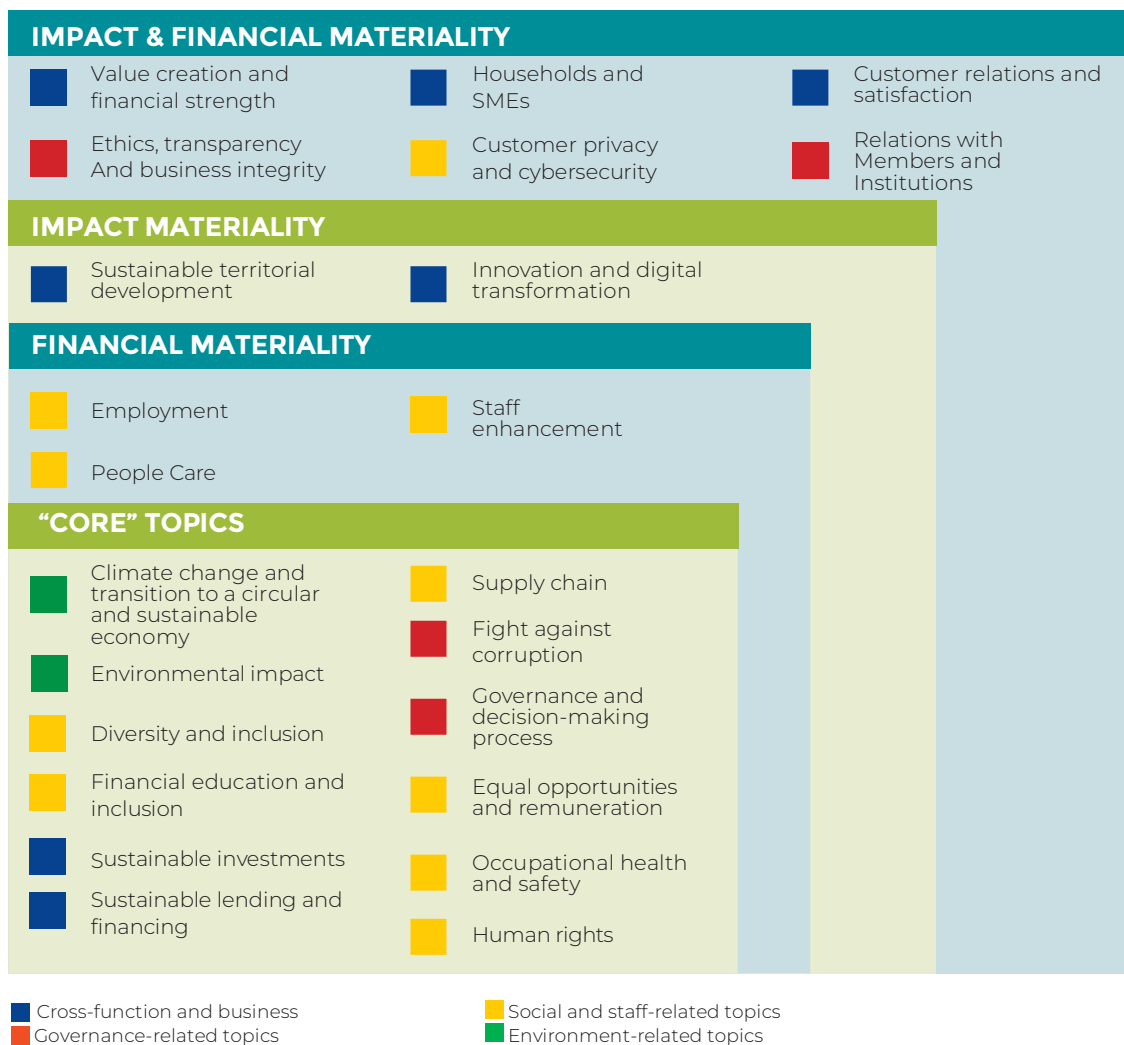
THE RESULTS OF THE 2022 DOUBLE MATERIALITY ANALYSIS

23 material topics emerged from the Double Materiality analysis conducted in this manner – in detail, 2 Environmental, 12 Social, 5 Governance and 4 across the ESG dimensions – which are consistent with a full and adequate representation of the topics to be taken into account for the purposes of the strategies to work out, impact measurement and reporting activities.

Material topics broken down by ESG scope

The following are details of the material topics subject to reporting, divided by core issues and issues that emerged from the double materiality analysis, with evidence of the result of the respective analysis.

Material topics divided by type of Double Materiality analysis



These topics are developed and analyzed in this CNFS through a total of **81 indicators**, of which:

- 76 in indicators consistent with international reporting standards (GRI) that are adopted;
- 4 internal indicators, introduced outside the scope of the GRI standards in order to report the peculiar features characterizing the world of credit cooperation, for which the international standard does not provide any specific indicator;
- 1 financial strength indicator, Tier 1 Ratio.

The following paragraphs identify and describe the main impacts of each material topic. The related risks will be captured and detailed in the "ESG Risks" section of this document.

The details of the mapping of the impacts of the material topics identified by the Group are set out below; the prioritisation and assessment of these impacts have directed the conduct of the materiality analysis from the “Inside-out” perspective.

MATERIAL TOPICS

CLIMATE CHANGE AND TRANSITION TO SUSTAINABLE AND CIRCULAR ECONOMY

SDGS



IMPACTS

Potential impacts: whether or not the Group's financing and investing activities help to develop sustainable food production systems that increase productivity, preserve ecosystems and strengthen the capacity to adapt to climate change.

Actual impacts: the Group, either directly or through its Member BCCs, supports enterprises operating in the primary sector with financial instruments dedicated to the development of their farming or cattle breeding activities and any activities related to the food chain.



Potential impacts: whether or not the Group follows sustainable management policies for the efficient use of natural resources, ensuring that waste production is reduced by means of prevention, recycling and reuse.

Actual impacts: the Group fosters the development of a circular economy, encouraging an efficient and responsible approach to natural resources starting from its own operations and the management of its offices and branches and by means of the dematerialisation of processes and services ("paperless culture").



Potential impacts: whether or not the Group has the capacity to monitor and keep a watch over physical climate-related and transition risk drivers in its operations and its business, starting from an analysis of the most significant exposures sustained through financing and investment portfolios and to minimise emissions related to its operations and portfolios.

Actual impacts: the Group makes a detailed examination of the most significant physical, transition risk drivers and GHG emissions by analysing its portfolios and has devised a plan of action that reinforces its management processes and responds to ECB Expectations. The Group has also set down a “Charter of Commitments to Environment and Fight against Climate Change” matters, as well as a number of company policies that set out roles, responsibilities and lines of action with a view to mitigating climate change.

MATERIAL TOPICS

SUPPLY CHAIN

SDGS



IMPACTS

Potential impacts: whether or not the Group encourages and promotes company, production and business processes that are harmful for the community and the value chain, such as failure to comply with workers’ rights and safety at work, or whether or not it furthers procurement from non-sustainable activities in terms of the production of waste, pollution and the use of raw materials and natural resources.

Actual impacts: the Group’s Cost Excellence project, mainly used by its BCCs, has set down a model centred on cost improvement, exploiting its bargaining power and using local suppliers as far as possible.

Furthermore, the Group strengthens its control over the supply chain and fosters the adoption of responsible business practices by requiring its suppliers to apply its procurement policies and to abide by its Code of Ethics.

MATERIAL TOPICS

SUSTAINABLE LENDING AND FINANCING

SDGS



IMPACTS

Potential impacts: whether or not the Group finances activities having the aim of increasing the share of renewable energy in the world energy mix, obtaining a substantial improvement in the energy efficiency rate.

Actual impacts: the Iccrea Cooperative Banking Group, with its Member BCCs, supports corporate and retail customers by offering financial instruments with a high environmental impact, including instruments dedicated to energy efficiency.





Potential impacts: whether or not the Group fosters policies directed at development that support production activities, job creation, entrepreneurship and growth of SMEs in ways that include access to financial services.

Actual impacts: the Group encourages the socio-economic development of the local business network throughout the country; it does this by giving households and SMEs all-round support by means of the financing solutions offered by its Member BCCs.



Potential impacts: whether or not the Group augments the access of small industries and other businesses to financial services, including credit, at reasonable prices in order to allow them to enter the market.

Actual impacts: the Group supports small businesses and plans with a positive social impact by granting microcredit and offers finance to the Third Sector.

	<p>Potential impacts: whether or not the Group's lending policies and products help to provide access to adequate, safe and reasonably priced homes and basic services and fosters the modernisation of districts being redeveloped</p> <p>Actual impacts: at the moment, the Group's Social Housing project totally or partially finances or refinances loans and new and/or existing plans for building, renovating or purchasing social housing, providing low-income households with decent homes.</p>
	<p>Potential impacts: whether or not the Group grants finance that enables borrowers to boost their resistance and capacity to adapt to risks associated with climate change and natural disasters.</p> <p>Actual impacts: the Group has increased the amounts of financing available for "green" loans, such as the "110% super bonus" and "theme-based" financing to sectors or for plans with a positive environmental impact.</p>

MATERIAL TOPICS

HUMAN RIGHTS

SDGS	IMPACTS
	<p>Potential impacts: whether or not the Group undertakes to foster compliance with human rights in its own operations and along the value chain in order to reduce inequalities.</p> <p>Actual impacts: the Group fosters compliance with workers' human rights and men and women's equality and dignity, starting by having drawn up and implementing its "Charter of Commitments to Human Rights", as well as the Group Diversity and Inclusion Policy.</p>



Potential impacts: whether or not the Group encourages engagement with the institutions and trade associations in order to ensure compliance with Human Rights, guaranteeing compliance with regulations.

Actual impacts: the Group fosters engagement and the institution of good practice starting from the implementation of its “Code of Ethics” and involving its Member BCCs, suppliers and commercial partners.

MATERIAL TOPICS

DIVERSITY AND INCLUSION

SDGS



IMPACTS

Potential impacts: whether or not the Group fosters equality of access among all men and women to good quality technical, professional and universal education at affordable prices and the development of the competencies and career paths of its personnel.

Actual impacts: the Group and its member BCCs support students by granting scholarships and specific financed initiatives. One of the main projects it has embarked on is the “StudioSi” fund, which was formed to support young university students and graduates in specialising at accredited universities or schools in Italy and in other countries.



Potential impacts: whether or not the Group contributes to eradicating all forms of discrimination against women and whether or not it fosters the social, economic and political inclusion of all, regardless of age, gender, disability, race, ethnicity, origin, religion or financial status.

Actual impacts: with the purpose of fostering a diversity and inclusion culture, the Group has drawn up a “Group Diversity and Inclusion Policy” and has joined *iDEE*, an association of women who work for Cooperative Credit banks, and the *Valore D* Association.

MATERIAL TOPICS

FINANCIAL EDUCATION AND INCLUSION

SDGS



IMPACTS

Potential impacts: whether or not the Group substantially increases the number of young persons and adults who have the competencies necessary for employment, for a respectable job and for running a business and if it helps customers to understand financial services and products.

Actual impacts: the Group's special initiatives in the fourth edition of the Financial Education Month help customers and people to become acquainted with and to understand its banking services and products. This project is promoted by a Committee that arranges and coordinates Financial Education events.



Potential impacts: whether or not the Group encourages and extends access to banking, insurance and financial services for all.

Actual impacts: the Group's Member BCCs have carried out projects for the satisfaction of persons with special needs, helping them with access to financial services, for example by using terminals with keyboards that conform to the rules laid down by ADA (Americans with Disabilities Act).

MATERIAL TOPICS

ENVIRONMENTAL IMPACT

SDGS



IMPACTS

Potential impacts: whether or not the Group increases the share of renewable energy in the global mix, supports research into energy infrastructures and clean energy technologies and fosters investments in these sectors.

Actual impacts: Group companies and Member BCCs strengthen their energy performance and use of resources through BCC Energia and BIT, which are companies whose operations are directed at augmenting renewable energy sources and supporting Banks and customers in energy efficiency projects.



Potential impacts: whether or not the Group fosters the implementation of the sustainable management of the use of virgin raw materials in business processes and activities, thus reducing the process of global deforestation.

Actual impacts: the Group undertakes to use different types of recycled and FSC-certified paper in the conduct of its business activities.

MATERIAL TOPICS

SUSTAINABLE INVESTMENTS

SDGS



IMPACTS

Potential impacts: whether or not the Group increases investments in work that raises the share of renewable energies in the global mix, job creation, the fostering of diversities and equal opportunities, the adoption of innovative technologies and the reinforcement of sustainable infrastructures. Potential impacts are also associated with the promotion, through investments made and activities performed by Member BCCs, of the knowledge of and the practice of sustainable investment with the objective of propagating the inclusion of ESG factors in customers' sustainability preferences.

Actual impacts: the Group's member asset management companies and cooperative banks structure and distribute investment products with a positive environmental and social impact through Member Asset Management Companies and BCCs in line with the transparency and reporting requirements prescribed by European legislation (Regulation (EU) 2019/2088 and MiFID II regulations), especially the development of Asset Management, Pension Funds and Mutual Fund products that help to fund environmental and social projects.

MATERIAL TOPICS

FIGHT AGAINST CORRUPTION

SDGS



IMPACTS

Potential impacts: whether or not the Group is substantially committed to reducing illicit financial flows, fighting all forms of organised crime and eradicating corruption and kick backs in all their forms.

Actual impacts: the Group keeps an unremitting watch over the risk of corruption and recycling by drawing up and implementing its own Organisational Model 231, including, for example, the Code of Ethics and Conduct, and by finding suitable instruments for monitoring and preventing criminal offences, starting from internal audits and whistleblowing.

MATERIAL TOPICS

GOVERNANCE AND DECISION-MAKING PROCESSES

SDGS



IMPACTS

Potential impacts: whether or not the Group guarantees that all members of the top management of its organisational units participate in decision-making processes in full and effectively at all levels, with equal opportunities for all.

Actual impacts: the Group belongs to the Women Cooperative Credit Association (iDEE), which fosters not only the presence of women in the system but also the opportunity for them to take leading roles and make a female contribution to decisions; the Group also belongs to the Valore D Association. The Group has also issued the Diversity & Inclusion Policy to which a set of Key Performance Indicators are associated, which are aimed at ensuring equality and equal opportunities.



Potential impacts: whether or not the Group follows pay, protection and social development policies to achieve greater equality in terms of roles and responsibilities in decision-making processes.

Actual impacts: the Group has formally adopted pay and incentive practices that aim to ensure gender neutrality and neutrality with respect to other diversity factors, formalised in the "Iccrea Cooperative Banking Group Remuneration and Incentive Policy 2022".

MATERIAL TOPICS

OCCUPATIONAL HEALTH AND SAFETY

SDGS



IMPACTS

Potential impacts: whether or not the Group is committed to protecting workers' rights and fosters a safe workplace for all workers, including migrant and casual workers.

Actual impacts: the Group has implemented an Occupational Health and Safety Management System that complies in full with UNI-INAIL guidelines with the objective of minimising risks for employees and third parties (customers, suppliers, visitors, etc.). Furthermore, the Group and its BCCs have carried out projects, given donations and sponsored activities that develop and support the Italian health service.

MATERIAL TOPICS

EQUAL OPPORTUNITIES AND REMUNERATION

SDGS



IMPACTS

Potential impacts: whether or not the Group follows pay and social protection policies that help in the gradual attainment of greater equality.

Actual impacts: the Group has formally undertaken to ensure that the gender pay gap is reduced to a minimum by means of pay and personnel recruitment policies.

MATERIAL TOPICS

VALUE CREATION AND FINANCIAL STRENGTH

SDGS



IMPACTS

Potential impacts: whether or not the Group distributes the wealth it generates to the benefit of inclusive economic growth (e.g. % of scope of financing).

Actual impacts: the Group and its Affiliated Banks have structured financial schemes that support their local areas, distribute and generate wealth and counter poverty. The Group, as it has done historically, also collaborates with Third Sector Entities and provides them with financial support.



Potential impacts: whether or not the Group produces wealth that distributes wealth sensibly and sustainably in support of respectable employment and economic growth.

Actual impacts: the Group is able to produce and distribute wealth and support economic growth.



Potential impacts: whether or not the Group distributes the wealth it produces to assist technological and/or industrial growth (e.g. % of financed digital businesses).

Actual impacts: the Group is able to support the development of businesses, innovation and infrastructures by means of targeted investments.



Potential impacts: whether or not the Group distributes the wealth it produces to assist projects having the purpose of reducing inequalities.

Actual impacts: the Group aims to foster the social, economic and political inclusion of all through the distribution of the wealth it generates.



Potential impacts: whether or not the Group distributes the wealth it generates to assist towns, cities and local communities.

Actual impacts: at present, the company is able to support business development, innovation and infrastructure through targeted investments.

MATERIAL TOPICS

BUSINESS ETHICS, TRANSPARENCY AND INTEGRITY

SDGS



IMPACTS

Potential impacts: whether or not the Group abides by current laws and regulations and applies itself to determining ethical and responsible policies focused on just, efficacious and sound principles.

Actual impacts: the Group is based on its own Organizational Model 231, including, for example, the Code of Ethics and Conduct.

MATERIAL TOPICS

HOUSEHOLDS AND SMEs

SDGS



IMPACTS

Potential impacts: whether or not the Group allows households and SMEs in the area in which it operates access to credit and financial services, encouraging economic growth and respectable employment.

Actual impacts: in its operations, the Group ensures its physical closeness to households and SMEs and directs its investments to these in particular.



Potential impacts: whether or not the Group distributes the wealth that it generates to assist households and SMEs in the community in which it operates in the interests of sustainable development and responsible growth.

Actual impacts: the Group is able to support SME development, innovation and infrastructure through dedicated financial instruments. The Group does so, as shown by the fact that the Iccrea Cooperative Banking Group and its Member BCCs lend funds, with a ceiling, to micro Small and Medium-sized Enterprises (mSMEs) to help them in their growth projects within the time horizon of the NRRP, and to assist them in their process of access to the Plan's resources.

MATERIAL TOPICS

INNOVATION, DIGITAL TRANSFORMATION

SDGS



IMPACTS

Potential impacts: whether or not the Group makes investments in innovation and digitalisation, necessary for growth and development.

Actual impacts: the Group works towards and implements initiatives directed at its digitalisation and innovation by applying the following mutually reinforcing measures: increasing digital touchpoints by implementing new functionalities and services and adding new digital channels to enhance customer experience.

MATERIAL TOPICS

EMPLOYMENT

SDGS



IMPACTS

Potential impacts: whether or not the Group takes measures to create and protect jobs.

Actual impacts: the Group has a policy and a plan whose objectives are to engage more staff; furthermore, the aim of its strong presence in the areas in which it operates is to develop the local economic fabric, and this, either directly or indirectly, results in a higher employment rate. This helps the Group's Member BCCs to retain their presence in their area regardless of mergers and incorporations.



Potential impacts: whether or not the Group takes measures to create and protect jobs in the interests of sustainable economic growth and full employment.

Actual impacts: the Group has a policy and a plan whose objectives are to retain its employees. Initiatives such as the Mobility Center bear witness to this: it is a system that searches for and selects the best professionals in the market and its employer branding increases awareness of the Group and its attraction in the labour market, through the formation of partnerships with the major Italian universities.

MATERIAL TOPICS

PEOPLE CARE

SDGS



IMPACTS

Potential impacts: whether or not the Group undertakes and implements initiatives and/or follows policies having the purpose of ensuring the well-being, health and safety of its personnel.

Actual impacts: in 2019, the Group set up a special function which was to develop a system of listening to Group employees and caring for them. The purpose of the Executive, Welfare, HR Innovation Management Organisational Unit is to promote well-being and improve the balance between working and private life.



Potential impacts: whether or not the Group implements People Care initiatives to protect jobs and retain employees.

Actual impacts: the Group promotes a Welfare System as a strategic element in the Employee Value Proposition, which is the total sum of everything that people live and receive as part of their work contract with an employer.

MATERIAL TOPICS

CUSTOMER PRIVACY AND CYBERSECURITY

SDGS



IMPACTS

Potential impacts: whether or not the Group invests in innovation and digitalisation to ensure the privacy of its customers and Cybersecurity.

Actual impacts: the Group has data protection mechanisms that defend the systems and databases effectively and can respond to threats and attacks using mechanisms that assist the IT systems of its data management processes and verify their quality and integrity.

MATERIAL TOPICS

CUSTOMER RELATIONS AND SATISFACTION

SDGS



IMPACTS

Potential impacts: whether or not the Group encourages practices that enhance and revise its range of products and services in line with developments and increases in customers' needs.

Actual impacts: the Group implements initiatives in order to listen to its BCCs, give them information and involve them constantly, because it is the BCCs that carry on relations with customers and prepare engagement tools that are distinct for each category of stakeholder.

MATERIAL TOPICS

RELATIONS WITH MEMBERS AND INSTITUTIONS




SDGS



IMPACTS

Potential impacts: whether or not the Group abides by laws and regulations and/or expectations and applies itself to ensuring decision-making processes that are inclusive and representative at all levels.

Actual impacts: the Group formally engages, also through its Articles of Association (Art. 2) to pursue the improvement of its Members' moral, cultural and economic conditions in compliance with the agendas of inter-governmental and supervisory institutions.

<div>MATERIAL TOPICS</div> <div>STAFF ENHANCEMENT</div>	
SDGS	IMPACTS
	<p>Potential impacts: whether or not the Group implements initiatives that ensure equal access to training for all personnel.</p> <p>Actual impacts: the Group Parent Company's Human Resources Function has scheduled and completed a set of programmes for various sectors of employees in order to provide them with the instruments that will help them to grow professionally.</p>
	<p>Potential impacts: whether or not the Group implements staff enhancement initiatives to foster gender equality.</p> <p>Actual impacts: the Group has issued the Diversity & Inclusion Policy to which a set of Key Performance Indicators are associated, which are aimed at ensuring equality and equal opportunities.</p>
	<p>Potential impacts: whether or not the Group implements initiatives having the purposes of improving staff enhancement and growth processes and thus greater job satisfaction and higher pay.</p> <p>Actual impacts: the Group Parent Company's Human Resources Function has scheduled and completed a set of programmes for various sectors of employees in order to provide them with the instruments that will help them to grow professionally.</p>

MATERIAL TOPICS

SUSTAINABLE TERRITORIAL DEVELOPMENT

SDGS



IMPACTS

Potential impacts: whether or not the Group applies itself to fostering policies directed at boosting work and production, also by allowing access to its financial services.

Actual impacts: the Group, as its Mission (under Art. 2 of the Articles of Association) requires, supports the “responsible and sustainable growth of the local areas in which it operates”; indeed, it also distinguishes itself by “its social orientation and its choice to build the common good.”



Potential impacts: whether or not the Group sustains activities and projects for reducing inequality through sustainable territorial development.

Actual impacts: the Group takes up initiatives directed at fostering the social, economic and political inclusion of all. The Group also acknowledges the importance of cooperation at all levels in any company Function and fosters it so that an inclusion culture can be fully sustained, shared and realised. The total involvement of the Affiliated Banks is decisive in this, as they are the main agents for change in the various parts of the country.



Potential impacts: whether or not the Group supports activities and projects concerned with sustainable growth in the local areas and communities in which it operates.

Actual impacts: the Group's operations respond to the needs of its socio-economic context, their objective being to support the sustainable development and responsible growth of the local areas and communities in which it operates.



Potential impacts: whether or not the Group sustains activities and projects concerned with the sustainable development of the local areas in which it operates that are based on responsible consumer and production practices.

Actual impacts: the Group implements initiatives directed at sustainable territorial development and responsible consumption and production.

3. THE GROUP'S GOVERNANCE



The governance model

GRI 2-9
GRI 2-10
GRI 2-11
GRI 2-13
GRI 2-15
GRI 2-18

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 Scope 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 Scope 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 Chairman of the Parent Company's Board of Directors is not a top Group executive; they neither have an executive role nor do they perform operational functions, even *de facto*, while there is the possibility of their taking decisions for which the Board of Directors is responsible, on the binding proposal of the Executive Bodies and in cases of urgency, also subject to reporting to the Board at the next meeting. The Chairman is not a member of the Executive Committee, even if they attend its meetings – without voting rights – in order to ensure that information is passed reliably between the Board of Directors and the relevant delegated Body. The Chairman performs their duties of coordinating the Board's activities and ensuring that it functions normally and that information within the Board is circulated regularly in compliance with the Articles of Association and company rules.

- 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 Scope 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 Members.

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 Supervised Companies."

The latter regulations were updated by Iccrea Banca's Board of Directors on 22 December 2022, mainly to improve some operational aspects based on the application experience gained during the last financial year.

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 Scope 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 Scope 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, 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 (not applicable to the Parent Company and the Supervised Direct Scope Companies, to be assessed only for Affiliated Banks 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 Banks;

- 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, and who, if the Bank has not set up a Risks Committee, must also oversee issues concerning risk activities with regard to associated entities;
- it is stipulated that: i) at least one Member of Board committees 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;
 - 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.

With regard to 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, the Group Policies provide 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 gender;
- 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.

In compliance with the Supervisory Provisions and company rules governing the matter, Iccrea Banca's Board of Directors carries out a self-appraisal process every year in order to verify the proper and effective functioning of the Body and ensure that it is composed appropriately. This process is carried out at least once every three years with the assistance of a specialised Company that is able to ensure an independent opinion.

The last self-appraisal exercise was concluded in November 2021. The following aspects particularly regarding ESG topics emerged from the process:

- the Directors gave special thought to the qualitative attributes of the members of the Board and expressed their appreciation of the mix of competencies and experience to be found among these persons. With a view to the renewal of the company Bodies in 2022, and after considering the possibility of further enriching the composition, the competencies to be strengthened proved to be those in the fields of Information Technology and Digital media (with specific regard to fintech), management, line of strategy, approach to the market, the international dimension and sensibility to social and environmental sustainability;



- the majority of the Directors expressed themselves in agreement with the Group's capability to include sustainability topics in its business vision;
- some Directors stated that they would be glad of the institution of a Sustainability Committee (actually formed after the renewal of the Board in 2022);
- some Directors suggested certain possible subjects as a stimulus to future investments in training, pointing out, among other things, the desirability of arranging a course in the "Governance of sustainability and its integration into company strategy" (in fact a training day took place in 2022).

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

(TABLE GRI 405-1)

COMPOSITION OF ICCREA BANCA BoD						
Year	2022			2021		
BoD Members by age Group (no.)	Women	Men	Total	Women	Men	Total
Under 30	-	-	-	-	-	-
Between 30 and 50	-	-	-	-	1	1
Over 50	6	9	15	3	11	14
Total	6	9	15	3	12	15

COMPOSITION OF ICCREA BANCA BoD						
Year	2022			2021		
BoD Members by age Group (%)	Women	Men	Total	Women	Men	Total
Under 30	0%	0%	0%	0%	0%	0%
Between 30 and 50	0%	0%	0%	0%	7%	7%
Over 50	40%	60%	100%	20%	73%	93%

A Parent Company Appointment Committee, a Risks Committee and a Remuneration Committee were formed as required by Supervisory Provisions and in order to assist in operational simplification. They have investigatory, advisory and recommendatory functions.

In addition to the Committees mentioned above, a Parent Company ESG Committee and an Affiliated Bank Controls & Interventions Committee (CIBA) were also formed in order to assist the Board of Directors in taking decisions; these, too, perform advisory and recommendatory functions.

Below is the composition of the Board committees of Iccrea Banca:

COMPOSITION OF ICCREA BANCA BOARD COMMITTEES						
Year	2022			2021		
BoD Members by age Group (no.)	Women	Men	Total	Women	Men	Total
Under 30	-	-	-	-	-	-
Between 30 and 50	-	-	-	-	-	-
Over 50	5	7	12	3	8	11

As seen from the data in the table, the number of women in Parent Company Board committees rose from 27% to 41% of total Members in 2022. Also important to note is that in most cases a woman is the Committee chair. The Chairman of the Board of Statutory Auditors is a woman too.

The trend of women's presence on the Boards is also confirmed by the tables below, which show the composition of the Boards of Directors at Group level. The number of women rose from 17% to about 21%.

The percentage of Board Members between the ages of 30 and 50 rose too, even if not significantly.

GRI 2-9

COMPOSITION OF THE GROUP'S BoD BY GENDER				
Year	2022	2021	2020	% Change 2022-2020
Breakdown by gender (no.)				
Women	244	199	181	34.81%
Men	910	968	1,045	(12.92%)
Total BoD Members	1,154	1,167	1,226	(5.87%)

COMPOSITION OF THE GROUP'S BoD BY GENDER - % INCIDENCE			
Year	2022	2021	2020
Breakdown by gender (%)			
Women	21.14%	17.05%	14.76%
Men	78.86%	82.95%	85.24%
Total BoD Members	100.00%	100.00%	100.00%

COMPOSITION OF THE GROUP'S BoD BY AGE GROUP

Year	2022	2021	2020	% Change 2022-2020
Breakdown by age Group (no.)				
Under 30	0	0	1	(100.00%)
Between 30 and 50	253	253	269	(5.58%)
Over 50	901	914	956	(5.86%)
Total BoD by age Group	1,154	1,167	1,226	(5.87%)

COMPOSITION OF THE GROUP'S BoD BY AGE GROUP - % INCIDENCE

Year	2022	2021	2020
Breakdown by age Group (%)			
Under 30	0.00%	0.00%	0.08%
Between 30 and 50	21.92%	21.68%	21.94%
Over 50	78.08%	78.32%	77.98%
Total BoD by age Group	100.00%	100.00%	100.00%



Management of Conflicts of Interest and Related-party Transactions

GRI 2-15

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 Cooperative 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 Members. 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.

Management, coordination and control model

The governance model of the Parent Company and of the Management and Coordination Scope 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 Scope 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 Scope 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 Cooperative Banking Group, the Cohesion Contract and the Group's company Rules.

The distinctive aspects of the governance model of the Iccrea Cooperative 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.

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 Scope 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.

Iccrea Banca, as Parent Company, is called upon, therefore, to discharge a large number of diverse functions, such as, purely as indications:

- manage, coordinate and control Group Companies as described in the Rules and Cohesion Contract, in compliance with proper company and business management;
- support the Management and Coordination Scope Companies in the pursuit of the objectives set down in their articles of association;
- safeguard and promote the functions, mutualistic purposes and localistic nature of the Affiliated Banks, supporting them in developing the mutual benefit with the Members and the resulting operations in the local areas in which they operate;
- preserve and develop the Group's cooperative spirit and typical mutualistic function, performing its role and its functions consistently with the principles of giving priority to this function, solidarity, equality of treatment and non-discrimination;
- steer the Group towards business models that are consistent with cooperative principles, having regard to the objectives of equilibrium in the Guarantee Agreement and its proper operation, to taking organisational measures and to following Group policies that limit the risks deriving from its activities;
- fill the role of sole contact before the Supervisory Authority for consolidated supervision and in conducting relations with third-party institutions;

- issue the necessary directives and recommendations for the implementation of general and specific instructions given by the Supervisory Authority in the interests of the stability and sound and prudent management of the Group and its individual components, ensuring compliance with prudential regulations and, if necessary, putting the forms of intercompany support referred to in the Guarantee Agreement in place;
- implement any further general and specific instructions given by the Supervisory Authority and resolution authority requests for the resolvability of the Iccrea Cooperative Banking Group and the application of the related resolution plan;
- verify compliance with the directives issued on Supervisory Authority instructions on the part of the Scope Companies in order to ensure observance of prudential supervision rules, while individual Companies' governing Bodies are responsible for ensuring that information flows are correct and that the procedures for producing and checking the data supplied are satisfactory;
- foster the competitiveness and efficiency of the Scope Companies by offering a range of products, services and organisational and technological solutions that meet market requirements;
- provide Affiliated Banks with periodic flows of information regarding the Group's results of operations, financial position and cash flows.

The Parent Company's model of management, coordination and control over the Companies in the Management and Coordination Scope 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.

The **Cross-Guarantee Scheme** is among the most qualifying elements of the functioning of the Iccrea Cooperative 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 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 Cooperative 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 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, the Parent Company 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-fulfilment 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 Scope 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.

The Parent Company's organizational structure

The organizational structure of the Parent Company Iccrea Banca 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 Scope 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.

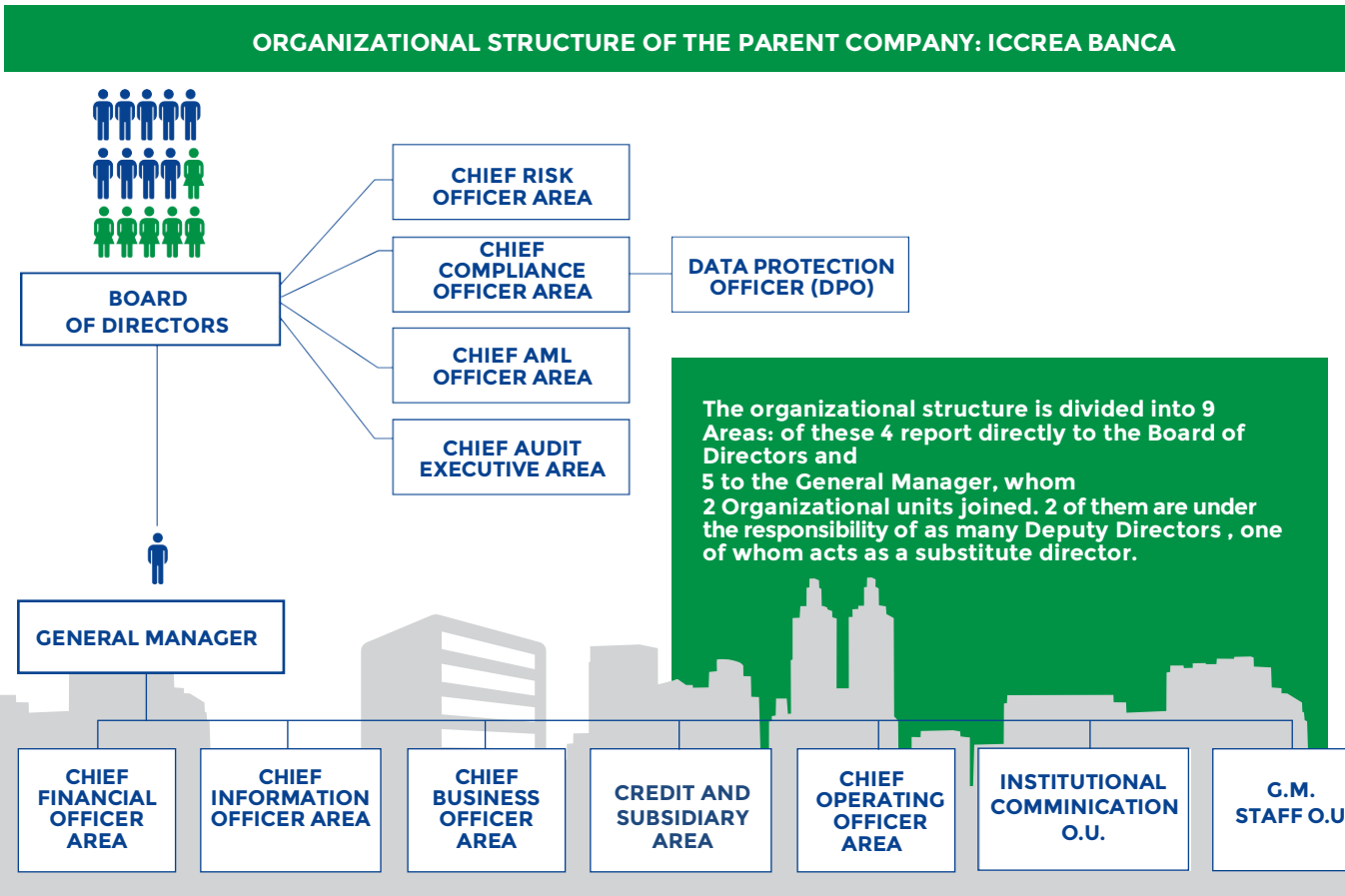
Therefore, the present organizational model of the Parent Company provides as follows:

- **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 Scope 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 Area (CFO Area), which is structured internally into the following functions: Administration and Budget; Tax; Planning and Management Control; Group Finance; Investor Relations; Supervisory Authority Relations; and BCC Governance;

- Credit and Subsidiaries Area, which is structured internally into the following functions: Chief Lending Officer Area; Subsidiaries, M&As and Special Projects; Institutional Insurance Management; General Counsel; Group Sustainability & ESG Strategy; Credit Asset Management;
- Chief Operating Officer Area (COO Area), which is structured internally into the following functions: Back Office; Transformation & Data Management; Real Estate; Integrated Security; Operations Strategy; HR Management & Development and Change Management and Organization; Industrial Relations, Compensation, Workforce Planning;
- Chief Business Officer Area (CBO Area), which is structured internally into the following functions: Marketing, Business Intelligence and Project Coordination; Digital Innovation & Multichannel Division; Planning, Pricing & Control; Private and POE Division; Corporate Division; Local Market Areas;
- Chief Information Officer Area (CIO Area), whose structure includes the Parent Company Incident Management function, and is functionally connected to the Group Company dedicated to information systems;
- Institutional Communication O.U.;
- General Management Staff O.U..



The company function chart and the Group’s primary and secondary regulations lay down the precise duties and responsibilities of every one of its organizational units.



Substantial organizational and operating model changes were made during 2022 in order to strengthen the Group Governance's efficiency, ensure simplification and streamline models and processes and lead to greater specialization in the various spheres of competence. Among the main measures taken were:

- an evolution of the non-conformity risk management model comprising, among other things, the extension of the model to unsupervised operating Companies, the completion of the model for the Specialist Control Function and the inclusion of ESG and ethics topics in the function chart;
- measures involving the Risk Management Area having the purpose of further strengthening, also by modifying the relevant organizational structure, the Validation Function, the Credit Risk Management Function, the Group Reputational Risk management unit and the units dedicated to Direct Scope Companies;
- the rationalisation of the organizational structure of the Chief Lending Officer Area, with particular regard to the performing credit chain by forming an Organizational Unit that oversees the processes of preparing, granting and completing performing loan transactions and monitors the performance of the loan portfolio and activities related to the non-performing loan portfolio;
- the formation of an organisational control unit in the Chief Business Officer Area to maximise the efficacy and efficiency of the coordination and governance processes of Transparency and Usury regulatory frameworks;
- the formation of an organisational control unit reporting to the General Manager, which would be devoted to handling initiatives of various kinds, including planning, particularly those for Affiliated Banks; the unit also contains an office that monitors progress made with mitigation actions identified by the CCFs;
- modifying the make-up of the Digital Innovation & Multichannel Division, the main aim being to specialise and build up digital services design activities, also heightening the Division's efficiency;
- reinforcing oversight of Investor Relations issues by establishing an office with special powers of coordination and management of the financial information flow with financial markets, rating agencies and institutional investors;
- the operating and organisational model of the Management Planning and Control Function was revised: special Business Partners would be established, which would be devoted to Business Areas and Direct Scope Companies, and the responsibilities for certifying and producing data and for the maintenance and control of the applications were centralised. The opportunity of this review was taken to reassign some activities concerning extraordinary transactions, previously included among this Function's duties, to the Credit and Subsidiaries Area;

- a review of the Parent company and the Direct Scope Companies Cost Management model with resulting amendments to Costs and Investments Committee rules;
- a review of the project management model, selecting a sole hub for the governance of demand management and portfolio management processes for the Parent Company and Direct Scope Companies;
- reinforcing personnel management processes, thereby also assisting in the oversight of diversity and inclusion issues;
- organisational measures related to the spin-off of the Parent Company's e-money department to BCC PAY, removing the E-Bank, e-money Rules and e-money Applications functions from the Parent Company's structure;
- a review of the Health and Safety Management system model with resulting organisational changes in the Parent Company and in BCC Solutions (from 1 January 2023 it became BCC Sinergia after the merger with the Direct Scope Company Sinergia), which, it has been decided, is to be the body that is competent in this field;
- other measures taken to rationalise the functions and enhance the efficiency of operating models, also with a view to continuous improvement in the services offered to the Group.

Finally, it is important to mention – as detailed in the section below –, the creation of the Parent Company's Sustainability & ESG Strategy Organisational Unit to oversee the process of integration of ESG factors into business processes at Group level.

Sustainability governance

GRI 2-12

GRI 2-14

GRI 2-17

The Group has put in place a system of sustainability governance to integrate the 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.

In particular, it is responsible for integrating ESG-related objectives into the business plan, the risk management and internal control system and remuneration policies. The Sustainability Plan and Group policies and guidelines in the area of sustainability are approved by the Board of Directors, after an analysis by board Committees for advisory and recommendatory purposes within the sphere of their specific responsibilities.

The Board of Directors also considered and approved the list of material topics set down during the materiality analysis, which they did also engaging with stakeholders. This was a preliminary to setting down lines of strategy and singling out the indicators to measure in the Consolidated Non-Financial Statement (CNFS) to be submitted to the aforesaid board for approval after it has been examined by the ESG Committee.

Therefore, action on the part of the Board of Directors takes place on several fronts, covering the processes of laying down and monitoring ESG strategies, regulatory compliance, emerging risk management and market disclosure, with the aim of providing impetus to the implementation of evolutionary developments and supervising planned projects and activities that have the capacity to facilitate and assist in sustainable transition in the tradition of the support that Cooperative Banks historically give their local areas.

Changes in the Group's governance structure were postponed to a later date during the period covered by this report while ESG topics were taken into account. Specifically:

- the Group's Corporate Governance Policy provides for the Parent Company to appoint a director with powers in ESG matters or an ESG Committee, whose functions are to be consulted, to examine proposals and to make proposals themselves on sustainability issues. Management and Coordination Scope Companies, too, may make provision for their appointment. The Director with powers in ESG matters 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.

Furthermore, 2022 saw the revision of the Parent Company's Board of Directors Rules and the BCC's Standard Rules, in order to provide for the Board to also take various aspects into consideration in laying down company strategies, which include sustainable finance issues and, in particular, the integration of environmental, social and governance factors into the processes relating to corporate decision-making processes.

Finally, the Members of the Parent Company's Board of Directors attended three days of special ESG training and induction during 2022 in order to keep them updated, on an ongoing basis, on the new regulatory context in the matter of sustainability and in the light of the need to pay increasing attention to the integration of ESG factors and risks into business processes.

ESG COMMITTEE

In April 2022, the Parent Company's Board of Directors approved the formation of the board sustainability Committee (or ESG Committee). This Committee, which took the place of the position of Managing Director for Sustainability, who had had been helping the Board to act in this matter since May 2019, has made a decisive contribution to further raising the level of attention to sustainability issues.

The ESG Committee is composed of three persons selected from among the Members of the Board of Directors, one of whom must be independent; after considering the close relationship between the work done by the ESG Committee and the Risks Committee, the independent member of the ESG Committee also fills the position of Chairman of the Risks Committee.

Among the Committee's main functions, an important one is that it appraises and formulates opinions regarding:

- sustainability initiatives, objectives, and strategies, also considering the possibility of taking up initiatives and indexes that would help to enhance the Group's reputation, and ESG disclosure;
- the Group's values and ethical approach;
- bond issues pertaining to the "Green, Social and Sustainability Bond Framework" and the relevant interim reporting (Impact Reporting);
- sustainability projects, also monitoring the implementation of legislative and regulatory developments in the matter;
- models for the measurement of the social and environmental impact of the initiatives undertaken;
- ESG policies, both those just given out and those involving pre-existing processes which it is intended to update adding ESG metrics.

The Committee also promotes training activities directed at spreading the sustainability culture with which to imbue company Bodies and employees and carries out a preliminary analysis of in-house ESG training programmes, suggesting ways in which these programmes can ensure adequate, complete and structured evolutionary paths towards a company sustainability culture come into being at all Group levels.

Specifically, the ESG Committee works jointly with the Remuneration Committee on the processes for the identification of strategic ESG objectives related to remuneration and incentives processes and with the Risks Committee on (i) Corporate Control Function reports on climate-related and environmental risk and on ESG matters and factors integrated into the various control systems and (ii) observations regarding ESG matters expressed by the Supervisory Authority and the Agency being used by the Group for the assignment of a sustainability rating.

GROUP SUSTAINABILITY & ESG STRATEGY

The Group Sustainability & ESG Strategy Organizational Unit is the focal point for sustainability topics at Group level, as to the integration of ESG factors into corporate processes, submitting proposals and acting as a coordinator. Its work follows these main lines of action: (i) stakeholder engagement, which, among other objectives, puts the Group in a position to determine the material topics on the basis of which to work on strategic positioning plans and reporting indicators; (ii) definition and monitoring of sustainability strategies; (iii) integration of ESG factors into corporate processes and coordination of any related project; (iv) preparation of the Consolidated Non-Financial Statement (CNFS), reporting the Group's results in the ESG sphere compared with the stated objectives and commitments.

Among other duties, the Function conducts and oversees relations with Italian and European trade associations (e.g. ABI, Confcooperative, Federcasse), taking part in Working Groups involved in sustainability themes, with the aim of supporting the Group in its path to sustainable development.

Finally, with the competent OUs, it sees that Group personnel and company Representatives are given organised training in sustainability themes and coordinates the process of obtaining and maintaining a sustainability rating.



Apart from being made responsible for oversight of the centralised coordination of ESG issues, the entire organizational structure has undergone measures taken in order to introduce ESG roles and responsibilities, which saw the involvement of any and all corporate functions. Among those carried out, which also entailed a review of company policies and/or the introduction of new policies, one that stands out is the creation of the role of ESG Ambassador, an element in the Group Sustainability Policy. The ESG Ambassador is the contact for ESG issues in each Parent Company business area and in each Scope Company.

The ESG Ambassador, therefore, has a coordinating role with regard to the matter in his or her Area or Company and also liaises with the Parent Company Sustainability Function.

This organisational system, also bearing the Group's characteristics in mind, in terms of the entities of which it is composed and the differences in the economies of the areas in which it provides services, enables the Group to trigger a virtuous process to manage the matter and their impact on the economy, on the environment and on people.

Formal flows of information to company Top Management and governing bodies also ensure that the Function can operate effectively. Information regards: i) sustainability strategies and the degree to which they have been successful; ii) double materiality and stakeholder engagement analysis findings; iii) Sustainability reporting; and the iv) interim planning progress reports.

CORPORATE CONTROL FUNCTIONS

In addition to measures taken in connection with first level safeguards, important measures were also taken in 2022 in connection with the company's second and third level controls functions. In fact, apart from the climate-related and environmental risk management unit formed within the Risk Management Function, the same amount of attention was also paid to the Compliance and Internal Audit Functions.

Specifically, the Risk Management Function, which is the Organizational Unit dedicated to ESG risk management established in 2021, coordinates the work concerning the processes of identification, measurement and management of climate-related and environmental risks, as well as of development and consolidation routes towards the full integration of these risks with the broader framework of Group risk management. In this area, it contributes to the preparation of disclosure for third-party institutional counterparties.

The organisational structure of the Compliance Function was also reviewed in order to establish a unit dedicated to supervising ESG issues in 2022. In particular, the Indirect Legislation, Ethics and ESG Unit was established, which performs the following work specifically on sustainability:

- it monitors developments in ESG laws and regulations and assesses the potential impact in terms of risks of non-conformity of Group processes and procedures;
- it advises company functions and Bodies on the measures to take in order to ensure compliance with ESG provisions of law, rules, regulations and standards;
- it assists in modifying and/or adopting the control safeguards for the matter in the processes that are affected by the Group's sustainability strategies by means of an integrated approach to non-conformity risk;

- it contributes to the process of inclusion of ESG factors in the planning programme activated by the Group by verifying that the planning initiatives regarding the matter are complete and that they comply with legislation, while also monitoring the observance of the time limits prescribed by law for each obligation;
- it establishes the mandatory training in the matter to be provided by the competent Parent Company functions and the roles/persons to involve.

Finally, as regards the third control level, the Internal Audit Function, after classifying Group processes, found a “professional family”, in the sense of a centre of knowledge of specific theme areas that operates across the board of an Area’s organisational structure, that is devoted to ESG controls.

SUSTAINABILITY MANAGEMENT POLICIES

Currently in force are the following Group Charters of Commitments and Policies, which set down roles, responsibilities and methodologies for the integration of ESG factors and risks into its 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.

Group Sustainability Policy

During 2022, the Group adopted the “**Group Sustainability Policy**”, which lays down the principles and guidelines for helping to integrate ESG factors into Group business processes and sets down the details of a sustainability governance structure and management model.

The Policy is composed of two annexes, one dealing with the inclusion of ESG metrics in the delivery of investment services and the other the reporting process for non-financial information.

The first annex (**“Inclusion of ESG factors in the delivery of investment services”**), sets out the Group's commitments and guidelines regarding the integration of environmental, social and governance factors into decision-making processes when delivering investment services and advising on investments and insurance. The second annex, **“Non-Financial Reporting Guidelines”**, describes the guidelines and specific inputs that the Group adopts in the process of preparing regulatory disclosures.

Group Policy for Granting and Completing Credit Facilities

The Group's credit policies were revised during the reporting period in order to include creditworthiness assessments in the light of ESG factors. To be precise, there is to be provision for lending processes to contain, in parallel with a more general creditworthiness assessment, a new phase of assessment of the environmental factors related to the counterparty and any real estate collateral provided to mitigate credit risk.

Group Diversity and Inclusion Policy

The aims of this Policy, approved in January 2022, are to promote a company culture devoid of any form of discrimination and sustain diversity and inclusion principles. Certain sets of indicators have also been prepared that measure the situation at the start, monitor progress and report the results achieved in order to be able to observe over time the actual realisation of the principles laid down in the Policy.

Group Product Management Policy

The Group revised the **Group Product Management Policy**, which applies to the process of conceiving and developing products and services and putting them on the market, in order to encourage growth that is sustainable and in line with sustainability principles. The Policy provides for the inclusion and integration of ESG factors into Product Approval processes.

Its purpose is to lay down general principles and guidelines and the roles and responsibilities of the Functions involved in the Product Management model adopted by the Group.

Risk Management Policies

The set of company rules for the management of climate-related and environmental risks were revised and some new rules were laid down. Among the points worthy of mention are:

- determination of the Group Policy – Approach to the identification and assessment of climate-related and environmental risks, which establishes the methodological and operational system (Climate & Environmental Risk Framework) for the identification and assessment of the level to which the Group is exposed to these risks;
- revision of the Group Policy – Operational Risk Self-Assessment in order to introduce the ESG component into the broader framework of operational risk assessment (ESG operational risks);
- revision of the Group Policy – Loss Data Collection, providing for the integration of ESG factors in the broader Loss Data Collection process in view of the need to take the impacts of these factors on business activities into account.

Group Whistleblowing System Policy

The internal whistleblowing Policy, revised during 2022, lays down general principles, roles and responsibilities related to the Internal Whistleblowing System as provided by current external legislation in the matter, describes the reference principles of the internal whistleblowing procedure adopted by the Group and indicates the safeguards in place that ensure the confidentiality of the whistleblower's personal data and those of the person presumed to be responsible for the wrongdoing.

In view of the changes in legislation still in course, the set of company rules is also subject to revisions and additions from time to time.

Group Remuneration and Incentive Policy

The Group decided upon certain measures for the inclusion of ESG factors and risks, even with regard to remuneration and incentive systems, in view of its close attention and strong commitment to increasingly sustainable and responsible long-term growth.

By applying its Remuneration and Incentive Policy, the Group intends to ensure that the interests of the Members, the management and all its stakeholders are aligned as far as possible by establishing a relationship between results achieved and sustainability. For this reason, these policies include the principles set out in this paragraph and provide for the integration of ESG criteria into the top management incentive system.

Specifically, recent years have seen a reinforcement of the relationship between the top management's variable pay on one hand and strategic actions related to sustainability issues and consistent with the sound and prudent management of ESG risks, the Group's inclusive and gender-neutral culture, sustainable finance objectives, the development of green lending facilities and training projects for personnel that fill key roles in the Group on the other hand.

Travel Policy

The document, approved in November 2022, supplies guidelines and sets down operating procedures for the Parent Company and its Direct Scope Companies' treatment of employees' business trips. These are based on the maximum efficiency and the reduction of CO₂ emissions.

4. RISKS MANAGEMENT AND CLIMATE-RELATED RISKS



Risk Management Process and Internal Control System

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:

- **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.).
- **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).
- **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.

- **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).
- **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 unfavourable 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 (RiskTolerance), 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 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 Group.

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 fulfil 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.

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 behaviour 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 climate-related and environmental 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 environmental factors and climate change; they are also required to assess the adequacy of any mitigation strategy 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).

After this first discussion with the Supervisory Authority on climate-related and environmental risks, during 2022 the Group devoted its attention to a Thematic Review that had started with regard to climate-related and environmental strategies, governance and risk management systems. The review terminated in September 2022 with a feedback letter from the ECB that set out the further actions to take in order to meet supervisory expectations in full.

Considering the Supervisory Authority's requirements and the steadily increasing attention given to ESG metrics by the Group's internal and external stakeholders, the Group launched a wide-ranging "ESG planning programme" in November 2021, which was aimed at defining actions to ensure, progressively, the integration of ESG factors/risks into business processes in accordance with the guidelines of the Supervisory Authority.

In addition to being a response to the Supervisory Authority's expectations, the programme also had the purpose to combine the many projects that the Group had commenced in order to comply with regulatory requirements in a single governance instrument that manages implementations on each process, as well as project interconnections and then exploits indubitable existing synergies; this would also achieve a homogeneous approach to the matter and the structuring of common methodological systems and databases in line with the various needs and requirements.

During 2022, also after discussions with the Supervisory Authority, the ESG Programme was fine-tuned with the objective, among others, of making the Group's evolutionary paths increasingly consistent with ECB climate-related and environmental risk expectations.

Particularly as regards the climate-related and environmental risks part of the Programme, the Group will continue along this route in 2023, mainly concentrating on the following aspects:

- **Governance and Organisational Structure**, including activities having the purpose of continuously improving the Group's governance structure and organisational safeguards at all Group levels and both at central and local level so that lines of action can be increasingly consistent with legislative and regulatory amendments but above all to meet customer interaction needs;
- **Business strategy**, which lays down paths for the progressive inclusion of climate-related and environmental risk and of the broader sustainability component, in the Group's commercial, financial and lending planning;

- **Risk Strategy and risk assessment**, based on an increasingly precise analysis of the positioning of the Group's portfolio with regard to climate-related and environmental risk. Here the evolutionary paths require activities to be carried out that are necessary for the full inclusion of these risks in the main risk governance processes (ICAAP/ILAAP, RAF and Climate Stress Test) and in the processes for their identification, evaluation and measurement with a related scenario analysis;
- **Lending**, providing for the progressive inclusion of these risks in lending processes and the management of collateral, also by acquiring adverse information regarding customers that is desirable and necessary in order to better to zero in on their position from this point of view and thus direct the future banking relationship;
- **Investment services**, the sum of investment services delivery activities that act on processes and procedures in order to include the sustainability preferences expressed by customers in the evaluation of the adequacy of the investments concerned and in the revision of financial product governance rules.

Across-the-board aspects such as the **Disclosures** were also attended to in the Programme. The work in progress here guides the evolution of sustainability reporting by means of the introduction of new types of information (e.g. the EU Taxonomy and Financed Emissions), the enrichment of the stock of information on climate-related and environmental risks in order to meet new obligations and progress towards a Reporting Task Force on Climate-related Financial Disclosures. Another aspect on which work was in progress is **IT and data governance** to assure centralised governance of the requirements for information arising from the activities involved in the various areas covered by the Programme.

In addition to setting out what is to be done according to field of activity/process, the ESG Programme also requires structured and codified "programme governance" that involves all Group areas across the board. There is to be a Steering Team participated in by all the Heads of the CRO, CBO, CCO and Credit and Subsidiaries activities and an overall coordination role on the part of the Group Sustainability and ESG Strategy Function, under the supervision of the Risk Management Function.

MATERIAL TOPIC	MAIN RISKS	ICCREA GROUP GOVERNANCE
Climate change and transition to sustainable and circular economy	Credit Risk Losses in the value of the Group's assets/credit exposures as a result of a particularly disorderly transition towards a low-carbon and more environmentally sustainable economy.	The Group has commenced work to define governance and management tools for climate and environmental factors in order to conform to the expectations of the European Central Bank. The Group has also assessed the implications associated with the two most significant macro-categories of climate risk drivers, i.e., physical and transition risks, based on the analysis of the main consequences that exposure between climate factors may have for the risk categories managed by the Group (credit, liquidity, strategic, reputational, operational risks, etc.), and integrated these analyses into the risk management framework.
	Reputational risk Impact on image and business, related to exposures to high-emission Companies.	
Supply chain	Strategic risk Inadequate management of suppliers and procurement of capital goods and services due to regulatory non-compliance.	The Group establishes relationships with its suppliers on the basis of the principles laid down in the Code of Ethics, requiring the parties involved to comply with them by integrating the best ethical standards into the selection process.
	Operational risk Non-/inadequate identification of suppliers for the procurement of services, products and tools necessary to perform or improve the efficiency of banking activities.	

MATERIAL TOPIC	MAIN RISKS	ICCREA GROUP GOVERNANCE
Credit and sustainable financing Sustainable investments	<p>Credit risk</p> <p>Increase in number of defaults and the associated losses owing to the impacts of sustainability factors on the likelihood of default by the counterparties, fall in the value of guarantees resulting from failure to remain in line with sustainable transition.</p> <p>Strategic risk</p> <p>Loss of competitive position and investor interest owing to poor management of sustainability factors and related impacts on the performance of investments under management.</p>	<p>The Group has started planning the development of services and lending products with a positive impact and has laid down policies and procedures for granting loans, also including sustainability factor issues as a further criterion for assessing counterparties.</p> <p>Furthermore, the Group has structured, through BCCs and BCC Risparmio & Previdenza, sustainable investment products (asset management, mutual funds, pension funds) in line with the requirements of Regulation (EU) 2019/2088 on sustainable finance.</p>
Human rights	<p>Reputational risk</p> <p>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.</p>	<p>The Group protects and promotes continuous respect for human rights as a indispensable requirement in carrying out its activities, including through the application of the Group's Code of Ethics and Charter of Commitments to Human Rights.</p>
Diversity and inclusion	<p>Reputational risk</p> <p>Failure to counter forms of discrimination and failure to train personnel or providing inadequate training.</p>	<p>The Group has determined – through the approval of the Group's Diversity and Inclusion Policy - the reference principles and commitments for Diversity and Inclusion, fostering a respectful and inclusive work environment regardless of sexual orientation, age, ability, race, language, religion, political opinions and personal and social status.</p>

MATERIAL TOPIC	MAIN RISKS	ICCREA GROUP GOVERNANCE
Financial education and inclusion	<p>Reputational risk No transparency in relations with the community and harm to image in the event of the exclusion of disadvantaged categories or areas in the offer of banking services.</p> <p>Operational risk Inability of individuals and/or organisations not yet integrated into the ordinary banking financial system to access banking services.</p>	<p>The Group has implemented specific projects to promote the sustainable development of local areas. Among these are Financial Education and “welcome to the branch” programmes and initiatives designed to help the more disadvantaged categories of the population to obtain access to financial services. These initiatives strengthen the bonds with the area in which the Group and Member BCCs operate.</p>
Environmental impact	<p>Operational risk Inefficient management of resources and energy procurement, increased costs and business discontinuity.</p> <p>Reputational risk Lack of commitment to environmental issues in the Group’s operations and activities, with an impact on its image and, consequently, on its business.</p>	<p>The Group has addressed its commitment to meeting the EU’s main decarbonisation targets and putting strategies in place to make energy consumption more efficient, working with the support of companies such as BCC Energia to buy energy from renewable sources and distribute it to Member BCCs.</p>

MATERIAL TOPICS	MAIN RISKS	ICCREA GROUP GOVERNANCE
Fight against corruption	<p>Compliance risk In case of any instances of non-compliance with laws and regulations governing money laundering and terrorist financing in the Group's activities.</p> <p>Reputational risk Failure to comply with the principles set forth in the Code of Ethics and Charter of Cooperative Banking Values.</p>	<p>According to the "Policy on the Granting and Execution of Credit", the Group has formally undertaken to comply with all Italian and foreign requirements to ensure the proper level of compliance with anti-money laundering, corruption and counter-terrorism legislation in the banking sector.</p> <p>It has also created appropriate safeguards against risks of corruption and money laundering by adopting the Model 231/2001, setting down company policies and rules in support of the related compliance plan and guidelines for Member BCCs and organising training programmes devoted to sensitivity to the issues involved and safeguards against these crimes.</p>
Governance and decision-making processes	<p>Strategic risk Inadequate management and structuring of the corporate governance model involving non-transparent and ethical business conduct.</p> <p>Operational risk Ineffective functioning and inadequate composition of the Governing Body.</p>	<p>The Group has drawn up its sustainability governance plan, thus ensuring that the integration of sustainability factors into its business plan, operating processes, risk management and Remuneration Policies is fostered and supervised and has given the Governing Body the main supervisory role.</p>
Occupational Health and Safety	<p>Operational risk Occupational Health and Safety risks for Group personnel and contractors with the consequent risk of incidents and hazardous situations for workers and interruptions in operations.</p>	<p>The Group has obtained the UNI-INAIL Unified Certification on Health and Safety and has set out and implemented an Occupational Safety Management System (SGSL). Furthermore, theoretical and practical training courses ensure that these risks are properly managed.</p>

MATERIAL TOPIC	MAIN RISKS	ICCREA GROUP GOVERNANCE
Equal opportunities and remuneration	Reputational risk Harm to image owing to failure to assure neutrality in pay schemes (both fixed and variable) in cases of diversity.	The Group has drawn up and circulated non-discriminatory staff performance assessment and pay structure procedures, also in order to foster a company culture that encourages equal opportunities and acknowledges the value of diversity.
Value creation and financial strength	Liquidity risk Inability to meet the Group's financial obligations by managing liquidity in an effective manner. Operational risk Losses and/or additional costs that threaten business continuity (due to the inadequacy of models used in decision-making processes).	The Group has set up the appropriate processes of assessment and classification of customers and suppliers with whom it has commercial relations, ensuring that it verifies that their finances are adequate (ICAAP - Internal Capital Adequacy Assessment Process) and of an adequate governance and management system of liquidity risk (ILAAP - Internal Liquidity Adequacy Assessment Process).
Business ethics, transparency and integrity	Operational risk Losses incurred as a result of legal proceedings, which could disrupt business continuity, resulting from money laundering, misconduct, and non-compliance events. Strategic risk Episodes of non-compliance with the law and losses as a result of legal proceedings that hinder the attainment of strategic objectives. Reputational risk Episodes of non-compliance with the law and loss of customer and market confidence.	The Group fosters compliance with existing laws and regulations (both at national and EU level), the adoption of instruments (such as, for example, the Code of Ethics and the Code of Conduct) and the determination of company policies which ensure that activities are performed transparently and that they are directed at the observance of ethical values and integrity to meet the need for preventing wrongdoing.

MATERIAL TOPIC	MAIN RISKS	ICCREA GROUP GOVERNANCE
Households and SMEs Sustainable territorial development	<p>Liquidity risk Erosion of relations with customers and difficulty in sustaining costs or generating cash flows.</p> <p>Strategic risk Failure to support households and SMEs and resulting fall in revenues and market share, thus not attaining strategic objectives.</p> <p>Reputational risk Fines or compensation for breach of laws or regulations owing to improper management of lending or reduction of presence in local areas.</p>	The Group sees that it constantly listens to local needs in order to offer customised financial products. The Group makes active efforts to carry on the mission laid down in Article 2 of the Articles of Association, building a strong bond with its banks' communities with the goal of making a constructive contribution to the responsible development of the local areas in which it is present, with specific regard to households and SMEs.
Innovation, digital transformation	<p>Operational risk Losses or delays in operations owing to occasions on which ICT systems are unavailable or discontinuous owing to inability to manage changes promptly and correctly.</p> <p>Strategic risk Attain strategic objectives more easily and find it less difficult to avoid incurring losses due to changes in the operational scenario.</p>	The Group invests in R&D processes and in the elaboration of innovative technologies: devices to use in carrying out work, engagement with customers and accessibility to the services offered.

MATERIAL TOPIC	MAIN RISKS	ICCREA GROUP GOVERNANCE
Employment	<p>Operational risk Losses deriving from a high turnover of personnel, giving rise to interruptions in operations.</p> <p>Reputational risk Banks' inability to attract and retain skilled employees owing to poor personnel management.</p>	The Group's employee policy fosters work/personal life balance, specialist training and partnerships with public entities.
People Care	<p>Operational risk Lack of continuity in Banks' operations owing to poor personnel management.</p> <p>Reputational risk Banks' inability to attract and retain skilled employees owing to poor personnel management.</p>	The Group has formalised People Care policies for the promotion of initiatives regarding work-life balance and welfare benefits and services such as study and educational courses and assistance services.
Customer privacy and cybersecurity	<p>Operational risk Losses of information that may affect business continuity.</p> <p>Strategic risk Lack of data security and disruption in the pursuit of strategic objectives.</p> <p>Reputational risk Lack of data security with subsequent damage to brand reputation.</p>	The Group has set out policies and procedures in order to ensure data privacy and security, promoting transparency and integrity in process management. In addition, the Affiliated Banks obtain support tailored to their needs and remain at the center of BCC Sistemi Informatici's service through its Support, Delivery, and Training Services.

MATERIAL TOPIC	MAIN RISKS	ICCREA GROUP GOVERNANCE
Customer relations and satisfaction	<p>Strategic risk Failure to meet customers' needs and retain commercial loyalty with both corporate and retail customers.</p> <p>Reputational risk Inability to provide financial products that arouse customers' interests.</p> <p>Liquidity risk Poor customer relations management and a low customer satisfaction rating with the likelihood of lowering the Liquidity Buffer.</p>	The Group offers its customers a personalised selection of different types of services and products and sets up special channels of communication and engagement that allow periodic exchanges of views (surveys, workshops) in order to obtain feedback on its services and products and customers' expectations.
Relations with Members and Institutions	<p>Operational risk Absence of structured relations with regulatory bodies and Members, giving rise to interruptions in operations.</p> <p>Strategic risk Absence of structured relations with regulatory bodies and Members, giving rise to losses caused by non-conformities.</p> <p>Reputational risk Absence of structured relations with regulatory bodies and Members, giving rise to damage to reputation.</p>	The Group has set up channels of communication directed at active engagement in order to ensure the active participation of Members in general meetings.

MATERIAL TOPIC	MAIN RISKS	ICCREA GROUP GOVERNANCE
Staff enhancement	Strategic risk Inadequate training and treatment of skilled personnel giving rise to failure to attain strategic objectives.	The Group has outlined a personnel training Policy that sets down guidelines for the professional training of personnel working for the Parent Company and the Direct Scope Companies of the Iccrea Cooperative Banking Group, as well as a coordination system for the legally mandatory training of BCCs' staff.
	Reputational risk Inability to attract and retain skilled employees owing to poor personnel management.	
	Liquidity risk Inability to make good use of the competencies of skilled personnel, entailing higher recruitment costs and a deterioration in the management of the Liquidity Buffer.	
	Operational risk Inability to make good use of the competencies of skilled personnel and a rise in operational inefficiency while raising the occurrence of events that may threaten business continuity.	

Climate-related Risks

GOVERNANCE

The strategic responsibility for the determination of the Group's approach to the management of climate-related and environmental issues lies with the Board of Directors of Iccrea Banca, which furthers and supervises the integration of these factors into the business plan, operational processes, risk management and remuneration policies.

The Group has determined specific roles and responsibilities in order to contribute to the implementation of the initiatives that have been planned in the matter and support engagement with Stakeholders and Supervisory Authorities; more details can be found in the "Group Governance" chapter.

Importantly, an ESG Committee was formed during 2022: its functions are to make recommendations and give advice to the Board of Directors in connection with its evaluations and decisions on climate-related and environmental issues and, more generally, on sustainability and the cooperative identity.

As part of its work of supervising and monitoring sustainability initiatives planned and implemented by the Group, the ESG Committee takes an active part in assessing the progress made in including climate-related and environmental factors in the Group's operations and business, duly liaising with the Risks Committee in devising and implementing the system for identifying and assessing any related risk. In doing this it avails itself of the support of the Group Sustainability & ESG Strategy Organisational Unit and the other company functions concerned, starting with the "ESG Risks and Cross- functional Activities" Organisational Unit, a group formed by the Risk Management Function in 2022, whose purpose is to coordinate all across-the-board ESG activities in the CRO Area and pilot and supervise the integration of these risks into the overall risk governance and risk management framework.

With specific regard to the ESG component and more specifically with regard to climate-related and environmental risks, the "ESG Risks and Cross-functional Activities" Organisational Unit:

- is the point of coordination in the CRO Area for across-the-board initiatives, especially for the correct implementation of the individual phases of the management process of these particular types of risk and the evolutionary and consolidatory paths of the initiatives to enable its full integration into the broader Group Risk Management framework;

- contributes to the preparation of the necessary information regarding climate-related and environmental risks for third-party institutional parties that request such information, liaising with the other Functions involved, both within and outside the Risk Management Function.

STRATEGY

Climate & Environmental Materiality Assessment

During 2022 the Group set out a framework for the identification and assessment of relevant risk factors (hereinafter also referred to as "C&E Risks") in order to guide the planning and implementation of climate-related and environmental initiatives. The evolutionary path in progress is drawing in metrics and analytical measurements. This approach, which will, therefore, gradually be consolidated, serves to obtain a first reading of the Group's position with regard to these risks and consequently leads to a periodic assessment of their materiality/significance (materiality assessment), which is conducted annually and formalised within a specific document brought to the attention of the Corporate Bodies of the Parent Company and Group Companies.

The feature of this analytical approach is a precise prior identification of the main possible implications of exposure to climate-related factors for the "primary" and/or "traditional" risks assumed by the Group or a clear representation of those that can be considered to be "means of transmission" between climate-related and environmental factors and risks in the traditional sense (risks associated with banking activities).

Specifically, at present, the implications related to the two macro-categories of climate risk, namely Physical Risk and Transition Risk, are assessed on a qualitative and quantitative basis.

As we know, drivers of physical risks, meaning acute or chronic weather events, may not only impact on Group properties that are instrumental to the conduct of its core business but also have effects on its lending portfolio; importantly, for example:

- they may lead to interruptions in the operations, business or procurement of the financed enterprises, entailing a loss of competitiveness or an increase in operating costs, which result in a possible increase in the risk of default on the loans;
- they may cause substantial damage to the property given as security for the loans, diminishing their value and increasing possible losses in the event of default.

Transition risk drivers, namely the negative repercussions of changes in legislation and the market caused by a precipitate and “disorderly” energy and climate-related transition may also affect Group exposures:

- these may entail the introduction of limitations to business (e.g. more stringent environmental regulations), fines, costs of modernising and enhancing the efficiency of company processes and modifications to products or to production technologies for the companies in the Group’s portfolio;
- they may entail a loss of competitiveness of a counterparty’s products and services after customers turn to enterprises with a “greener” vocation;
- they may entail a lower commercial appeal of the properties or the advent of obligations to renovate and increase energy efficiency, with the associated costs.

The above occurrences (“means of transmission”) entail the transformation of environmental and climate-related factors into impacts on Group risks, such as, for example:

- credit and liquidity risk should the counterparties incur costs or gain lower revenues with a consequent rise in the likelihood of default, or should the guarantees lose value increasing Loss Given Default;
- operational risk in the event of an interruption in the work of Group offices, branches and units in case of significant disruptions in key supplies (e.g., utilities, business partner services);
- reputational risk, should the Group’s work and business support controversial activities or activities with a strong negative impact with respect to the transition to an environmentally sustainable economy.

In addition to the physical and transition risks, the Group has also taken the implications of environmental risk into consideration, with the aim of analysing an enterprise’s general attitude to the environment and seeing that investments in transition, mainly focused on the reduction of emissions, are not made to the detriment of other environmental aspects, according to the principles of the “Do Not Significant Harm” (DNSH).

The Group intends to strengthen and further develop its strategy for the management of environment and climate-related drivers with an eye both to safeguarding against risk and evaluating business and commercial opportunities. Among the other systems under consideration are those that:

- integrate climate change issues into the definition of the Group's main policies and strategies (business development, investment, innovation, stakeholder relations);
- assess the trends in the Group's exposure by simulating weather and environment scenarios both in the short- and medium/long-term;
- consider climate-related risks and opportunities in financial planning;
- set out ways to reduce financed emissions, taking account of the alignment with decarbonisation scenarios (IEA-International Energy Agency).

Risk management

During 2022, as mentioned above, the Group created and started to use a system for the identification and assessment of climate-related and environmental risks in addition to having begun to take targeted measures for the gradual integration of these risks into its overall risk governance and management framework.

The following modifications were made to the main Risk Governance framework as part of the process of inclusion that will continue during the next two years following a logic of continuous improvement and refinement of the systems; among them are:

- during 2022, the first climate-related and environment risk analysis views were entered in the Risk Appetite Statement (RAS) at consolidated level and for monitoring purposes. These views, based on the regulatory Climate Stress Test exercise and divided into transition risk and physical risk, made it possible, during the period, to monitor (i) the credit exposure for 22 NACE sectors, paying particular attention to those considered to have highest carbon intensity; and (ii) the level of risk (flood risk) of properties given as security for the corporate customer (Non-Financial Corporate secured) portfolio and retail loans. In 2023, making use of the C&E risk identification and assessment system referred to above, the Group will open a special section in the Group's RAS that provides for specific KRIs (distinguished by transition risk, counterparty physical risk and property physical risk), measured for monitoring purposes on a quarterly basis, both at a consolidated and an individual level;

- climate-related and environmental risks were first included in the two categories of transition risk and physical risk in the 2022 ICAAP cycle, as follows: according to a qualitative approach of C&E risks in the Risk Identification phase and the introduction of an analysis of short-term climate-related impact in the Capital Adequacy analysis in the Regulatory/Company Rules Perspective (adverse scenario). The inclusion of climate-related and environmental risks in the Capital Adequacy assessment system was further developed in the ICAAP 2023 cycle, also extending it to analyses on the basis of economic prospects, and was brought into the assessment of Liquidity Adequacy in a stress scenario;
- within the framework of the Group's reorganisation (Recovery Framework) climate-related and environmental factors were taken into consideration in the revision of the Reorganisation Plan, completed in the second half of 2022, and, in particular, in the analyses of extreme/adverse scenario used for recovery purposes.

The following action was taken as regards individual integration processes and risk types in 2022:

- within the Credit Risk Management framework, the Group started work on the integration of climate-related and environmental risks into the credit risk management process: during the year, a first version of the methodological system for the evolution of satellite models was prepared and factored in the ICAAP 2023 exercise, making reference to the corporate counterparty transition risk over a short-term period (operational Credit Risk Climate Stress test);
- during the year, the Group included an ESG assessment in the framework of Operational Risk Management, in the area of:
 - Loss Data Collection (LDC) process by gathering certain attributes that define the nature of operational risk events incurred, such as:
 - Physical risk: damage to assets from natural events, also considering interruptions in operations owing to the non-availability of essential resources (assets or persons);
 - Conduct risk: improper market practices in the description and/or placement of "green" products/investments (Greenwashing);

- Social risk: discrimination against categories of workers, failure to observe a suitable work-life balance (for example the right to switch off) or other problems with social aspects and the well-being of local communities;
- the Operational Risk Self-Assessment process by framing ESG operational risk scenario analyses that enrich the catalogue being used and that are attributable, by way of example, to the following macro-categories of risk:
 - Physical risk: damage to assets from natural events, also considering interruptions in operations owing to the non-availability of essential resources (assets or persons);
 - Conduct risk: improper market practices in the description and/or placement of “green” products/investments (Greenwashing);
 - Social risk: discrimination against categories of workers, failure to observe a suitable work-life balance (for example the right to switch off) or other problems with social aspects and the well-being of local communities.

Finally, the Group also started on the first analysis of the position of the portfolio of its own properties with regard to Physical and Environmental risks and began drawing up a Reputational Risk Governance Framework that, among other things, examines regulatory ESG requests and expectations from the point of view of the Group’s reputation. Both these projects will continue to be worked on and fine-tuned during 2023, also so that they can be integrated into the next materiality assessments of C&E Risk.

During 2022, with regard to financial risks, a number of analysis were conducted as a preliminary to coming to the first assessment of the weight of the impact of climate-related and environmental risks on liquidity risk. This work will be completed and fine-tuned during 2023.

On the other hand, no materiality topics or other significant matters emerged from the Group’s assessments of C&E Risk associated with its financial portfolio, in view of the fact that this portfolio mainly consists of government securities (for more than 95%).

Metrics and indicators

During 2022 the Group entered into with a partnership with a leading third-party info provider as part of the process of convergence and conformity to supervisory authority requests and expectations regarding climate-related and environmental risks, a process that is a vital element in a broader Group project programme (ESG Programme). This partnership provides for the acquisition and supply of certain system information regarding these new types of risk (physical risk, transition risk and environmental risk) and methodological approaches for determining synthetic risk indicators that record the overall positioning of the Group and the Companies concerned (Affiliated Banks and Direct Scope Companies) in terms of potential exposure to climate-related and environmental risks.

Specifically, the Group has set up and started using the first system for the identification and assessment of the impacts of climate-related and environmental risks on lending. At present the system consists of information and data and assessment methods, which are:

- “Sectoral-based” for transition and environmental risk, using data and information from systems and public sources collected and processed at the highest level of granularity available and, where these can be found from third-party sources, also enriched and corrected by idiosyncratic information/analysis regarding each sector/counterparty;
- “Analytic / quantitative” for physical risk associated both with the counterparties with whom the Group operates and for collateral properties. This approach associates counterparties/collateral properties with a risk assessment using the mapping of hazards in the form of bad weather and extreme events published by specialised agencies and authorities.

Both approaches lead to the determination of synthesis indicators and, as regards the aspects that involve counterparties, also contain further processing phases that end with the estimate of an operating indicator that summarises the overall risk of climate change to the counterparty, detected in terms of both transition risk and physical risk (Climate Change Risk Indicator).

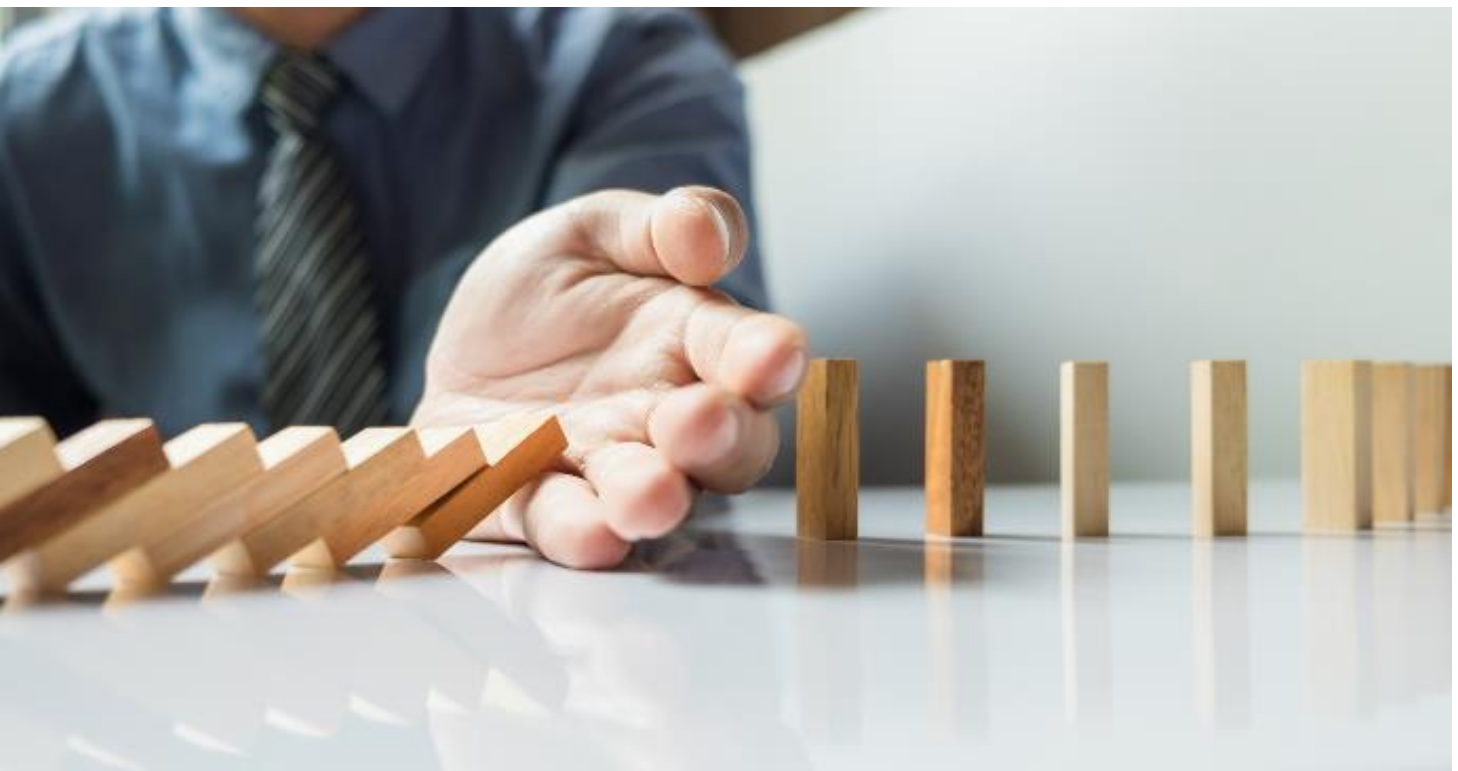
In the evolutionary path that the Group has taken, the evaluation system used at present (“outside-in” assessment) will be steadily enriched and supplemented by a further perspective that will collect detailed information directly from the customer or counterparty with whom the Group is dealing (“inside-out” assessment). This assessment will make it possible to acquire the overall information and evaluation assets and enrich them with certain idiosyncratic elements provided by the customer, some mitigative, so that appraisal will be accurate and reflect “net risk”/“mitigated risk.”

Credit profile

The climate-related and environmental risk identification framework drawn up by the Parent Company is applied at least once a year and leads to the determination of the risk positioning of the Group and the Companies concerned with respect to the factors involved.

Specifically, the framework implemented to date involves the analysis of the following types of risk:

- Counterparty transition risk;
- Physical Risk of counterparties and collateral properties;
- Climate Change Risk;
- First environmental risk assessment.



Corporate counterparty transition risk

The portfolio related to the Group's corporate counterparties⁶ as at 31 December 2022 is mainly concentrated in the "C – Manufacturing activities" sector with 25.7% of the portfolio in terms of EAD, followed by the "G – Wholesale and retail trade and repair of motor vehicles and motorcycles" sector with 19.3% of the portfolio.

FIGURE 1: DISTRIBUTION OF CORPORATE COUNTERPARTY PORTFOLIO BY ATECO SECTOR AT 31.12.22






ATECO (CLASSIFICATION OF ECONOMIC ACTIVITIES) SECTORS 1 DIGIT	EAD (%)
A Agriculture, forestry and fishery	10.3%
B Extraction of minerals from quarries and mines	0.3%
C Manufacturing activities	25.7%
D Supply of electricity, gas, steam and air conditioning	1.7%
E Water supply; sewerage systems; waste management and sanitation	1.4%
F Construction	11.3%
G Wholesale and retail trade; repair of motor vehicles and motorcycles	19.3%
H Transport and storage	3.8%
I Accommodation and catering services	6.6%
J Information and communication services	1.7%
L Real estate activities	10.4%
M Professional, scientific and technical activities	1.7%
N Rental, travel agencies, business support services	2.0%
O Public administration and defence; Compulsory social insurance	0.0%
P Education	0.2%
Q Health and Social Care	1.6%
R Art, sports, entertainment and amusement activities	0.9%
S Other service activities	1.1%
Total	100%

⁶ The analyses pertaining to transition risk and counterparty physical risk were conducted on the Performing and Non-Performing portfolio at 31 December 2022.

The transition risk of corporate counterparties in the portfolio, at the moment falling under the sectoral category, is assessed on the basis of a process that requires a number of key factors to be analysed, such as, but not limited to, whether or not the sector is subject to EU taxonomy, legislative and regulatory considerations regarding each specific sector, the class of intensity of emissions, the level of soil and water pollution, etc., and if obtainable from third-party sources, enriched and corrected, including through idiosyncratic information/analysis related to each sector/counterparty.

The process ends assigning each counterparty a transition risk class on 5 levels on the basis of their economic sector.

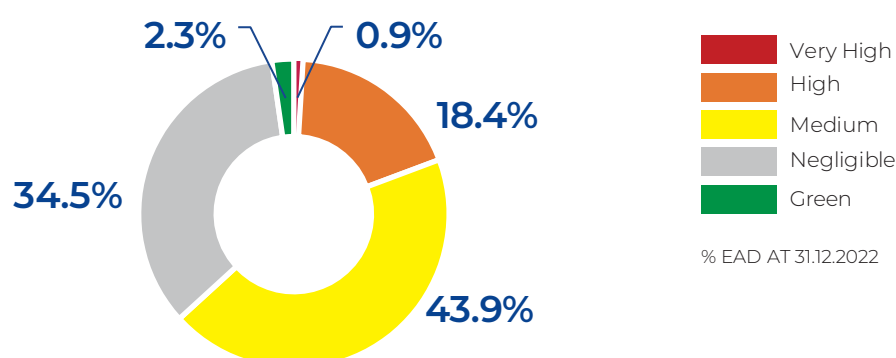
TRANSITION RISK CLASSES

Very high		Sectors in which enterprises must gradually convert their business to avoid having to leave the market
High		Sectors in which enterprises have to make massive investments, potentially having a highly significant or significant effect on the sustainability of their debt
Medium		Sectors in which enterprises have to make substantial investments with quite a significant effect on the sustainability of their debt
Negligible		Sectors in which investments in sustainability do not constitute strategy variables and have a negligible impact
Green		Sectors in which an enterprise's activities already meet the requirements of a system with zero net emissions

The figure below shows the overall positioning, in terms of transition risk, of the corporate customer portfolio at 31 December 2022 on the basis of the methodology adopted by the Group.

FIGURE 2: DISTRIBUTION OF THE TRANSITION RISK ON CREDIT PORTFOLIO AT 31.12.22

Transition risk








The overall profile of the Group's exposure to transition risk shows that the share of the portfolio expressed in terms of EAD attributable to the "Very High" and "High" risk classes accounts for approximately 19% of the total portfolio, followed by approximately 44% of the portfolio in the "Medium" transition risk class.

The enterprises that, based on their economic sector, are considered to be most exposed to transition risk are those operating in the sectors of "Wholesale Trade of petroleum products and lubricants," accounting for about 52% of the "Very High" risk cluster, followed by enterprises operating in the "Retail trade of automotive fuel" sector (approximately 35% of the reference cluster).

Counterparty and property physical risk

Assessments of physical risk to both corporate counterparties and collateral properties are based on an analysis of the following risk events: (i) acute (landslide, flood, wind, fire, extreme storm waves, frost, heat events, heat waves and drought); (ii) non-climate-related (earthquakes and tsunami); and (iii) chronic (soil erosion, coastal erosion and rise in sea level).

On the basis of maps of the risks and dangers in the territory, and therefore not considering idiosyncratic elements, the methodology for the assessment of physical risk allows a class on 5 levels to be assigned to all the counterparty's operating units and individual collateral properties, precisely geolocated:

PHYSICAL RISK CLASSES		
Very high		Counterparty geolocated in an area particularly exposed to physical risk
High		Counterparty geolocated in an area exposed to a high degree of danger
Medium		Counterparty geolocated in an area exposed to a mean degree of danger
Low		Counterparty geolocated in an area exposed to a moderate degree of danger
Very low		Counterparty geolocated in an area exposed to a low degree of danger

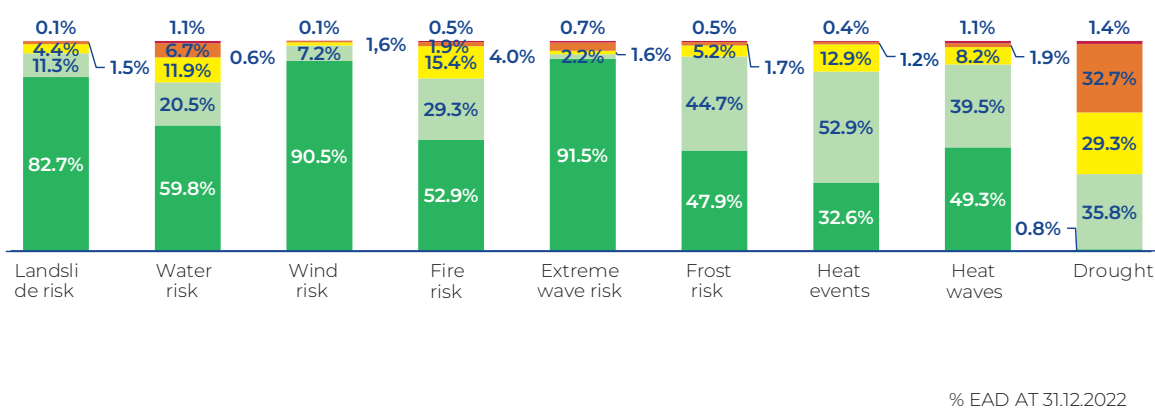
Starting from the various positionings that have been recorded with regard to the different risk classes, an indicator is also fixed that summarises the overall assessment of acute, acute and non-climate-related and chronic physical risk according to the "worst off" approach.

Counterparty physical risk

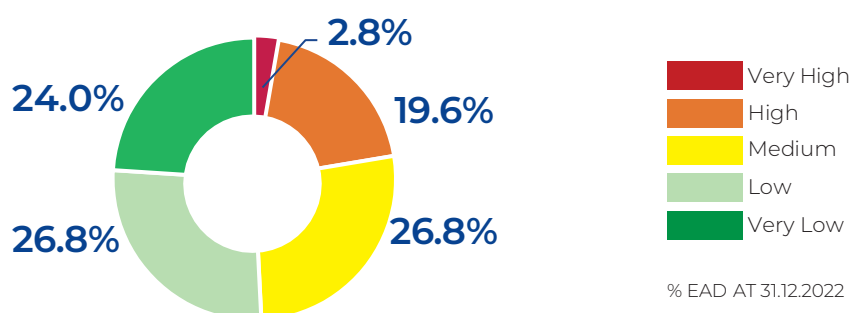
The following figures show the positioning of the counterparties' credit portfolio at 31 December 2022 in terms of Physical Risk, considering the categories of acute, acute and non-climate-related and chronic risk, i.e., including new risk categories such as wind, fire, extreme wave, soil erosion, drought, etc. in the analysis.

FIGURE 3: DISTRIBUTION OF ACUTE PHYSICAL RISK ON THE CORPORATE COUNTERPARTY PORTFOLIO AT 31.12.22

Acute physical risk events

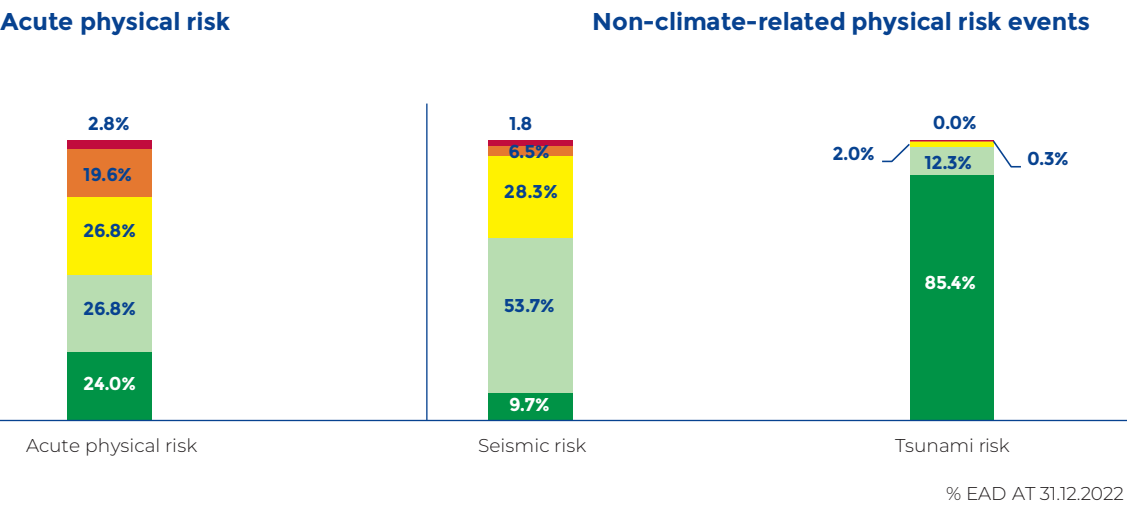


Acute physical risk

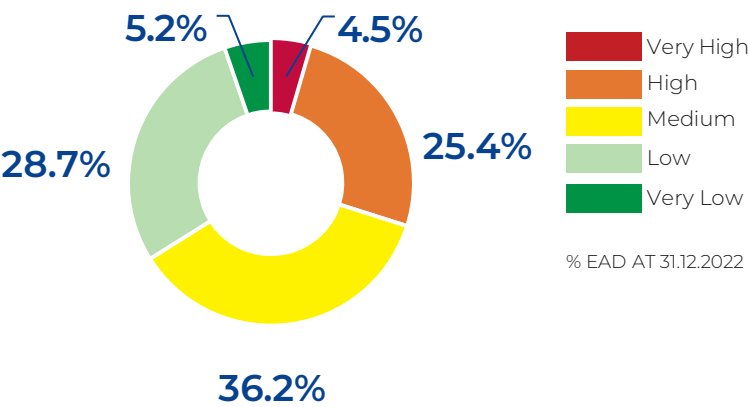


The overall profile of the Group's exposure to Acute Physical Risk shows that approximately 51% of the portfolio in terms of EAD is allocated to the "Very Low/Low" risk classes while approximately 22% is allocated to the "Very High/High" risk class.

FIGURE 4: DISTRIBUTION OF ACUTE AND NON-CLIMATE-RELATED PHYSICAL RISK ON THE CORPORATE COUNTERPARTY PORTFOLIO AT 31.12.2022



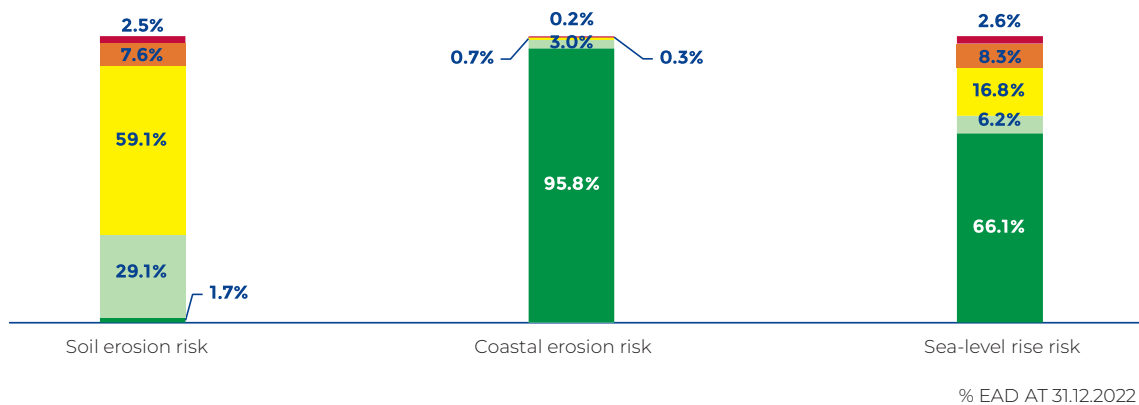
Acute and non-climate-related physical risk



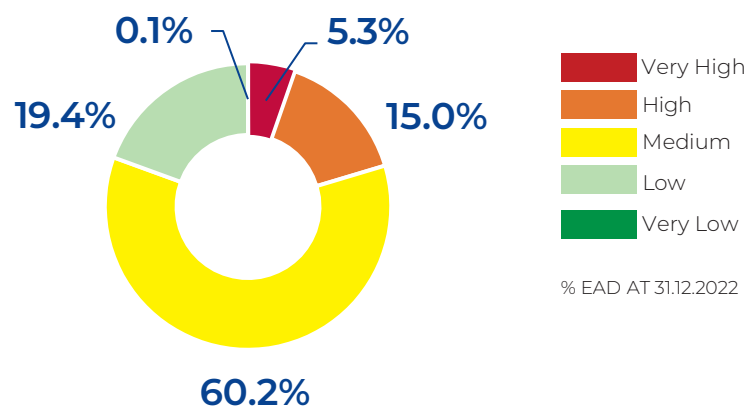
If non-climate-related risk events, i.e., seismic and tsunami risks, are added to the overall assessment of Acute Physical Risk, the positioning shows that approximately 36% of the exposures in terms of EAD are attributed to the "Medium" risk class and approximately 30% to the "Very High/High" risk class.

FIGURE 5: DISTRIBUTION OF CHRONIC PHYSICAL RISK ON THE CORPORATE COUNTERPARTY PORTFOLIO AT 31.12.2022

Chronic physical risk events



Chronic physical risk



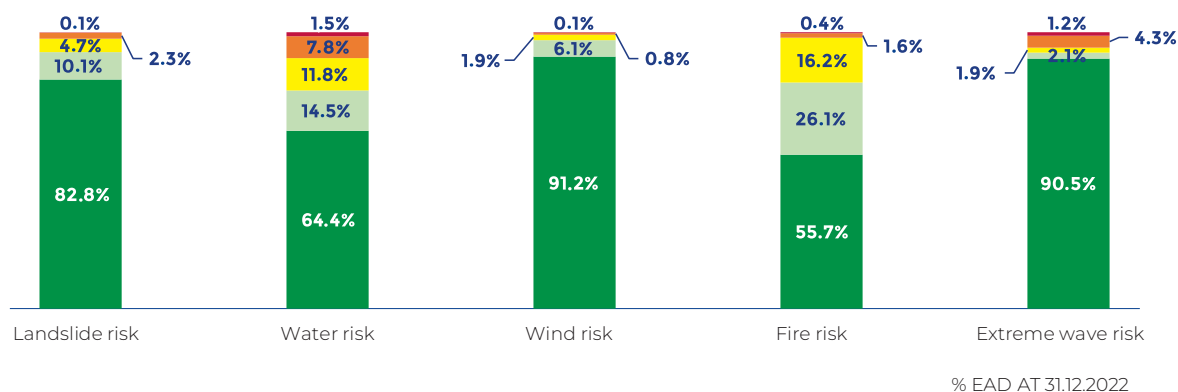
Finally, with regard to Chronic Physical Risk, the positioning shows that approximately 60% of the exposures in terms of EAD is allocated to the "Medium" risk class while approximately 20% is allocated to the "Very High/High" risk class.

Property physical risk

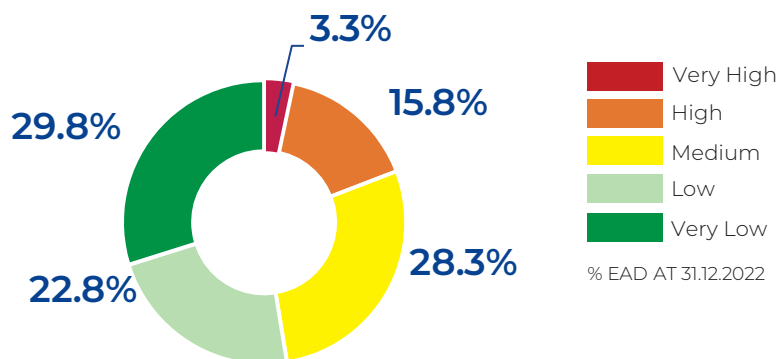
The following figures show the positioning of the property portfolio securing the loans granted by the Group (Secured Enterprise Financing and retail mortgage loans) as at the reporting date of 31 December 2022 in terms of Physical Risk, considering the categories of Acute, Acute and Non-climate-related, and Chronic risk in this case, too.

FIGURE 6: DISTRIBUTION OF ACUTE PHYSICAL RISK ON THE PORTFOLIO OF COLLATERAL PROPERTIES AT 31.12.2022

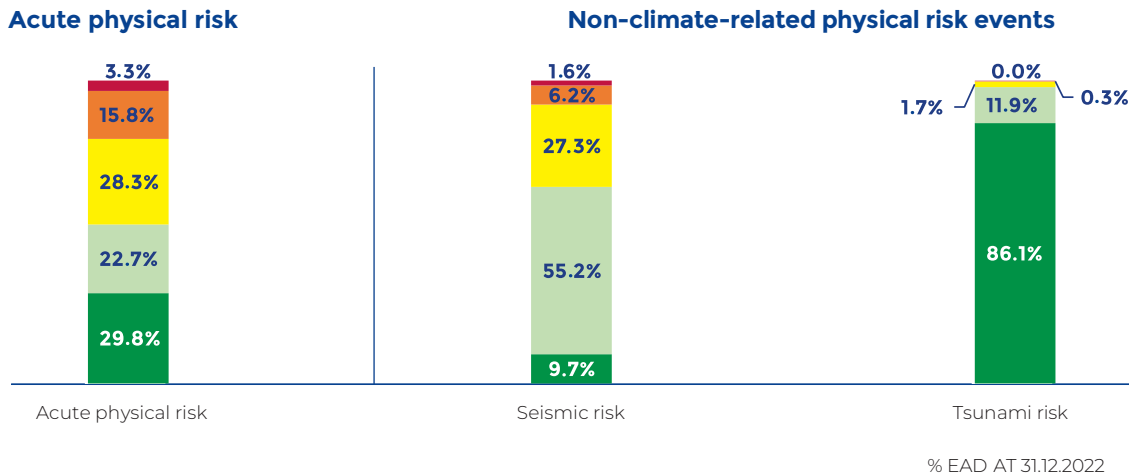
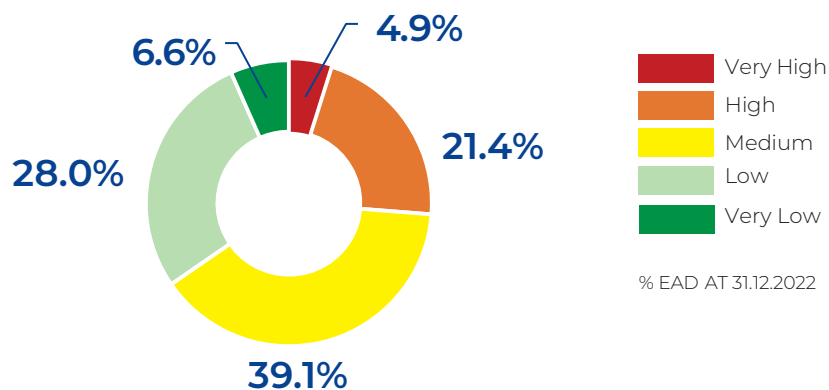
Acute physical risk events



Acute physical risk



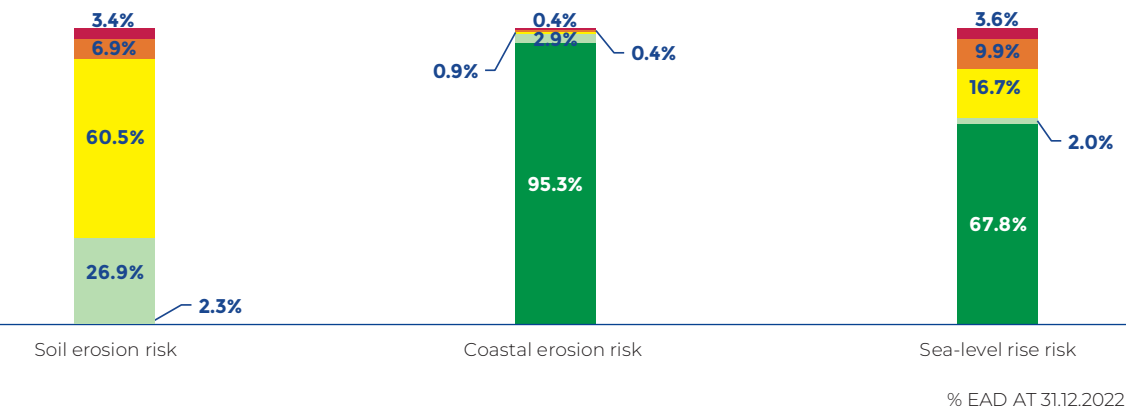
The overall profile of the Group's property portfolio exposure to Acute Physical Risk shows that approximately 53% of the portfolio in terms of EAD is allocated to the "Very Low/Low" risk cluster while only approximately 19% is allocated to the "Very High/High" risk cluster.

FIGURE 7: DISTRIBUTION OF ACUTE AND NON-CLIMATE-RELATED PHYSICAL RISK ON THE PORTFOLIO OF COLLATERAL PROPERTIES AT 31.12.2022**Acute and non-climate-related physical risk**

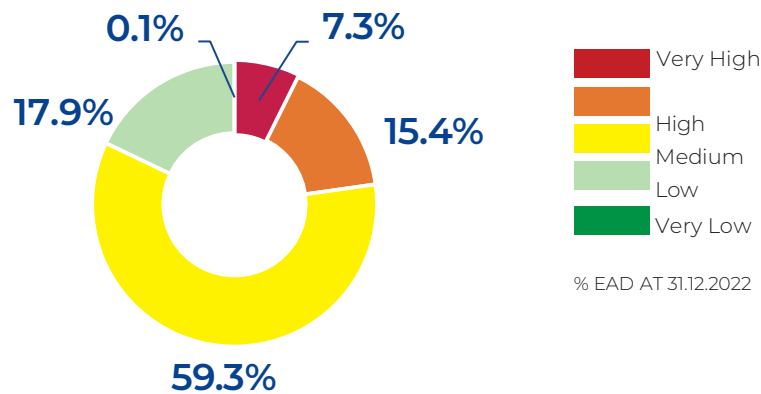
In this case too, the addition of non-climate-related risk events (earthquake and tsunami) causes an increase in the overall risk of the portfolio, given the conformation of Italy, it being understood that the share of properties located in areas considered to be at "Very High" physical risk remains limited at approximately 5%.

FIGURE 8: DISTRIBUTION OF CHRONIC PHYSICAL RISK ON THE PORTFOLIO OF COLLATERAL PROPERTIES AT 31/12/2022

Chronic physical risk events



Chronic physical risk



Finally, with regard to Chronic Physical Risk, the positioning shows that approximately 59% of the property portfolio is allocated to the "Medium" risk class while approximately 23% is allocated to the "Very High/High" risk class.

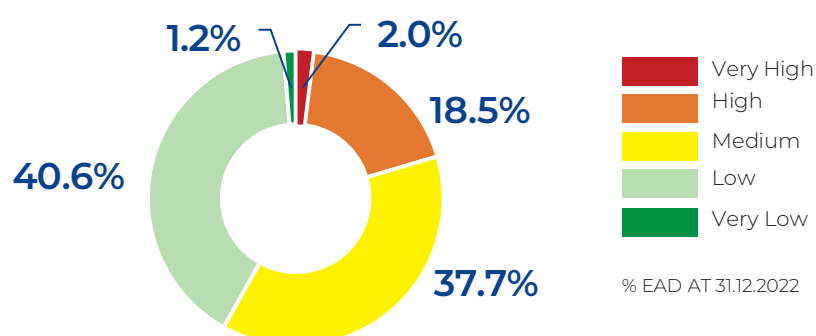
Climate Change Risk

In order to obtain a summary assessment of the counterparty's exposure to climate change risk, the Group has also started using an operating indicator (Climate Change Risk), which combines the two assessments of corporate counterparties (Transition Risk and Acute Physical Risk) on the basis of non-linear logic that assigns a greater weight to high risk classes, providing assessments divided into 5 risk classes:

CLIMATE CHANGE RISK CLASSES		
Very high	■	Counterparty very exposed to climate change
High	■	Counterparty exposed to climate change
Medium	■	Counterparty with medium exposure to climate change
Low	■	Counterparty not particularly exposed to climate change
Very low	■	Counterparty not exposed to climate change

The figure below shows the overall riskiness in terms of the counterparty's exposure to climate change in relation to the corporate customer portfolio at 31 December 2022.

FIGURE 9: CLIMATE CHANGE RISK DISTRIBUTION ON THE CORPORATE COUNTERPARTY PORTFOLIO AT 31.12.2022



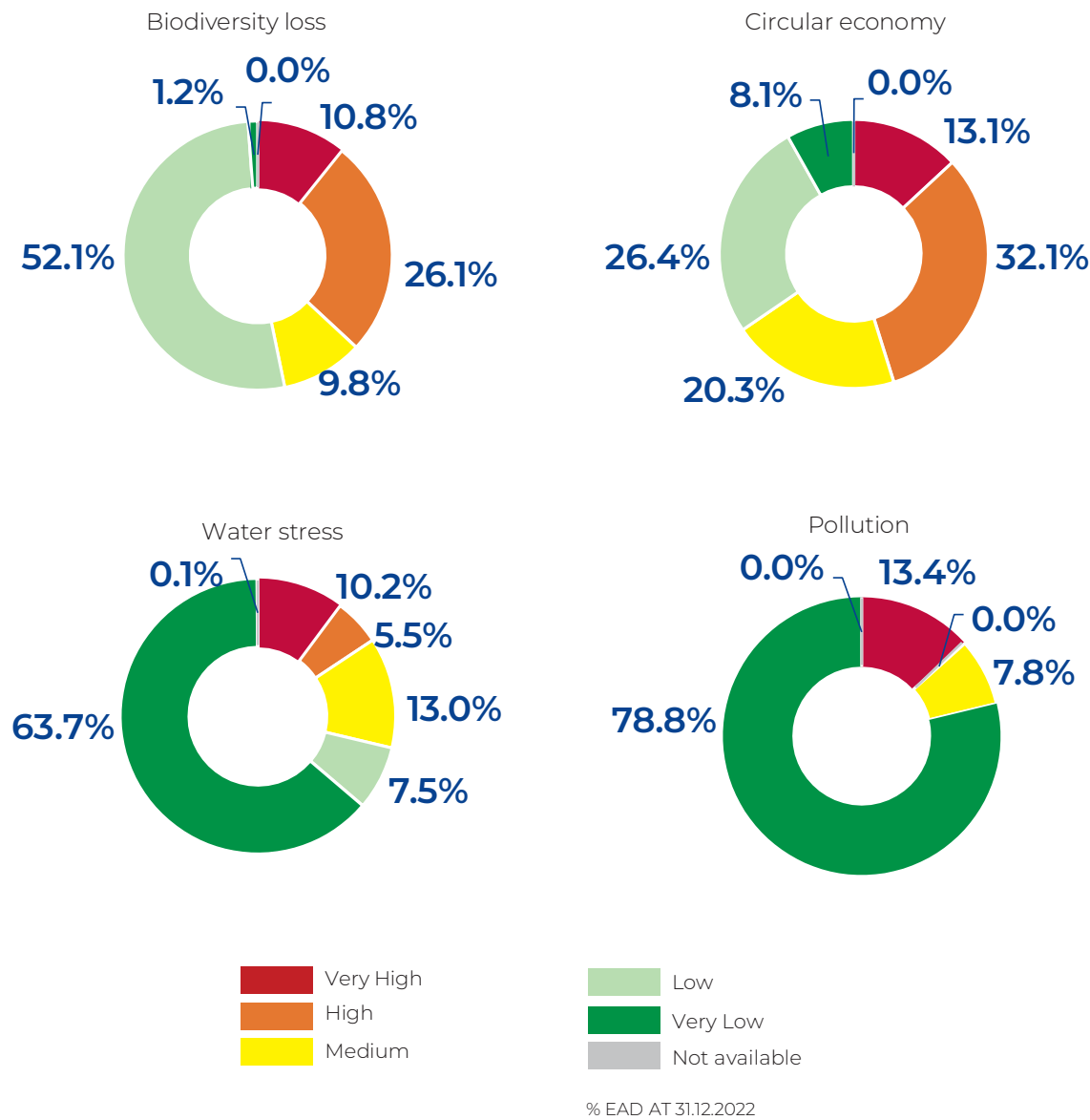
The overall positioning of the Group with respect to this operating indicator shows that approximately 42% of the corporate customer portfolio in terms of EAD is allocated to the "Very Low/Low" risk class.

Environmental risk

On 31 December 2022, the Group also conducted a first analysis relating to the positioning of the corporate counterparty portfolio towards environmental risks and specifically the positioning towards the risk of biodiversity loss, circular economy, water stress, and pollution.

FIGURE 10: DISTRIBUTION OF ENVIRONMENTAL RISK EVENTS ON THE CORPORATE COUNTERPARTY PORTFOLIO AT 31.12.2022

Environmental risks





The analysis of the portfolio's positioning with respect to each environmental risk event shows that 45% of the enterprises in the portfolio in terms of EAD operate in sectors that still need investment in circular economy and 37% of them operate in sectors that, given their production activities, have an adverse effect on maintaining biodiversity levels.

Distribution of the Group's exposures by region

The distribution of the locations of counterparties⁷ and collateral properties over the three geographic macro-areas (Northern, Central, and Southern Italy/Islands) and their respective regions is shown below in order to help the reader understand and analyse the distribution of the Group's exposures across the country.

FIGURE 11: DISTRIBUTION OF THE CORPORATE COUNTERPARTY PORTFOLIO BY REGION AT 31.12.2022

Consolidated view: Counterparty Physical Risk

Geolocation of counterparties by geographical area



% EAD ATY 31.12.2022

⁷ The corporate customer portfolio is geolocated on the basis of the registered offices and not on the basis of the operating units of the enterprises.

NORTHERN ITALY		59.4% of total Group EAD
Region	EAD (%)	
Lombardy	39.1%	
Veneto	25.5%	
Emilia Romagna	18.0%	
Piedmont	8.8%	
Friuli Venezia Giulia	6.4%	
Trentino Alto Adige	1.2%	
Liguria	0.9%	
Aosta Valley	0.1%	
Total	100.0%	
CENTRAL ITALY		26.1% of total Group EAD
Region	EAD (%)	
Tuscany	39.1%	
Lazio	35.1%	
The Marches	21.5%	
Umbria	4.3%	
Total	100.0%	
SOUTHERN ITALY/ISLANDS		14,5% of total Group EAD
Region	EAD (%)	
Campania	22.8%	
Apulia	21.4%	
Abruzzo	18.1%	
Sicily	16.0%	
Calabria	7.7%	
Basilicata	6.4%	
Sardinia	6.0%	
Molise	1.6%	
Total	100.0%	

FIGURE 12: DISTRIBUTION OF THE COLLATERAL PROPERTY PORTFOLIO BY REGION AT 31.12.2022

Consolidated view: Property Physical Risk

Geolocation of properties by geographical area



% EAD AT 31.12.2022

NORTHERN ITALY **56.0% of total Group EAD**

Region	EAD (%)
Lombardy	39.1%
Veneto	27.1%
Emilia Romagna	15.6%
Piedmont	9.0%
Friuli Venezia Giulia	7.5%
Liguria	1.4%
Trentino Alto Adige	0.2%
Aosta Valley	0.1%
Total	100.0%

CENTRAL ITALY **30.5% of total Group EAD**

Region	EAD (%)
Lazio	41.4%
Tuscany	39.4%
The Marches	16.5%
Umbria	2.7%
Total	100.0%

SOUTHERN ITALY/ISLANDS **13.1% of total Group EAD**

Region	EAD (%)
Sicily	33.3%
Apulia	21.2%
Abruzzo	17.2%
Campania	11.3%
Calabria	6.5%
Basilicata	4.7%
Sardinia	4.6%
Molise	1.2%
Total	100.0%

ABROAD **0.4% of total Group EAD**

5. BUSINESS CONDUCT AND PROTECTION OF HUMAN RIGHTS



Business ethics, transparency and integrity

FIGHT TO CORRUPTION

GRI 2-26

GRI 205-1

GRI 206-1

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

In order to prevent possible wrongdoing behavior in compliance with Legislative Decree no. 231 of 2001, including bribery, the Parent Company, the Direct Scope Companies and gradually the Affiliated Banks have prepared a Compliance Model (Model 231), which is structured as follows:

- **Group Code of Ethics:** this document sets out the shared principles of values and expresses the ethical and behavioural commitments and responsibilities that Iccrea Banca, Direct Scope Companies and Affiliated Banks 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 no. 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;
- **Behavioural 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 crimes, who, therefore, are potential perpetrators of the identified offences;
- **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.

With regard to **Affiliated Banks**, on 4 August 2022 the Board of Directors of Iccrea Banca authorised the adoption of the methodological Guidelines for the design and update of the Compliance Models pursuant to Legislative Decree no. 231 of 2001 for the Affiliated Banks and of the "prototype" documents, which were subsequently provided to the Affiliated Banks, by a Management and Coordination Communication, together with the Group's Code of Ethics.

The project consisted of the following phases:

- preparing Guidelines for drafting/updating Organizational Models 231/2001 to be disseminated to Affiliated Banks;
- preparing standard documentation ("prototype" documents);
- planning communication/information to Affiliated Banks about the project and related documents.

In response to the aforementioned Communication, the Affiliated Banks have already taken steps to adopt the Group's Code of Ethics and, on the other hand, the process aimed at defining, or updating for the Banks that had already adopted their own model, the Compliance Model 231/2001 on the basis of the guidelines circulated by the Parent Company is expected to be completed by the end of 2023.

The Parent Company plans on a multi-year basis the updates/implementations of the overall 231/2001 framework, 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.

During 2022 the Direct Scope Companies that had completed the update of their Models 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 are: BCC Lease, BCC Credito Consumo, BCC Sistemi Informatici, BCC Gestione Crediti, BCC Solutions (from 1 January 2023 it became BCC Sinergia following the merger into the Direct Scope Company Sinergia).

The Companies that updated their Models 231/2001 in 2022 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 abovementioned 5 companies were found to coincide, the table below shows the numerator that considers the univocal data of the processes analyzed for corruption-related risks (34) and the denominator that considers the total number of processes provided for in the Mapping of Group processes analyzed for the four Companies (212), for a percentage of processes analyzed for corruption-related risks equal to 16%.

BUSINESS PROCESSES ASSESSED FOR CORRUPTION-RELATED RISKS						
Year	2022		2021		2020	
	total no.	%	total no.	%	total no.	%
Processes assessed	34		38		53	
		16%		19%		21%
Total processes	212		203		255	

5 Group Companies out of the 14 in the Direct Scope have been analyzed for corruption-related risks as a whole. The percentage of Group Companies analyzed for corruption-related risks is therefore equal to 36%.

COMPANIES ASSESSED FOR CORRUPTION-RELATED RISKS						
Year	2022		2021		2020	
	total no.	%	total no.	%	total no.	%
Processes assessed	5		4		4	
		36%		25%		29%
Total processes	14		16		14	

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

- **BCC Lease:** processes assessed as "sensitive" for corruption offences are 27 out of a total of 212 processes;
- **BCC Credito Consumo:** processes assessed as "sensitive" for corruption offences are 29 out of a total of 212 processes;
- **BCC Sistemi Informatici:** processes assessed as "sensitive" for corruption offences are 21 out of a total of 212 processes;

- **BCC Gestione Crediti:** processes assessed as "sensitive" for corruption offences are 21 out of a total of 212 processes;
- **BCC Solutions:** processes assessed as "sensitive" for corruption offences are 24 out of a total of 212 processes.

BUSINESS PROCESSES ASSESSED FOR CORRUPTION-RELATED RISKS (2022)	
BCC LEASE	
Processes assessed	27
Total processes	212
% of processes assessed	13%
BCC CREDITOCONSUMO	
Processes assessed	29
Total processes	212
% of processes assessed	14%
BCC SISTEMI INFORMATICI	
Processes assessed	21
Total processes	212
% of processes assessed	10%
BCC GESTIONE CREDITI	
Processes assessed	21
Total processes	212
% of processes assessed	10%
BCC SOLUTIONS	
Processes assessed	24
Total processes	212
% of processes assessed	11%

During the reporting year, the Area Chief Compliance Officer (CCO) coordinated work on revising the Group Whistleblowing Policy in order to bring the system for the management of concerns raised regarding breaches of regulations and/or wrongdoing in line with developments in legislation in the matter and consequent IT implementations.

The revisions to the Policy were necessary in order to comply with:

- the reference principles of the ANAC (Italian Anti-corruption Authority) Guidelines and the provisions of European Directive (EU) 2019/1937, which was adopted in Italy after the final approval by the Council of Ministers of the Legislative Decree implementing European Directive (EU) 2019/1937 on 9 March 2023;
- provisions of more stringent data protection requirements and preparation of any related documentary annexes;
- the changes resulting from the coming of the Group IT whistleblowing system (GBIWB) for handling reports of violations across the organisation and the consequent realignment of the underlying processes.

Further changes to the Policy will be made in 2023 in order to bring it into line with further instructions in the recent Italian decree implementing the EU Directive.

After updating the Policy, the second-level rules were revised for the Parent Company, the Direct Scope Companies and the BCCs, within which operating processes were set out for the application of the Policy and the use of the IT system. Finally, the Area CCO coordinated the revision of the Group's whistleblowing training module. Two distinct training modules were created within the scope of the aforesaid work: one regarding external whistleblowing legislation and regulations, referred to as the "regulatory module" and the other regarding the company rules and the instruments used across the Group in cases of persons who raise a concern, referred to as the "operating module", paying particular attention to the Group's IT app for handling reports of violations across the organisation, the instruments for the protection of the person at the centre of the concern and the person that raises the concern and for appointing an arbiter and laying down their duties.

PREVENTING CORRUPTION

GRI 205-2

In its decisions and conduct, the Iccrea Cooperative Banking Group is constantly guided by the ethical principles and values that are laid down in the "Charter of Cooperative Banking Values", on which Cooperative Credit Banks' actions, strategy and practices are based.

The Parent Company has been making use of a Compliance Model that adheres to Legislative Decree no. 231 of 2001 for years, in order to prevent or at least limit the commission of the predicate offences referred to in the aforesaid Decree, including that of corruption, which, if committed by persons performing functions on behalf of the Parent Company in its interest or to its benefit, could lead to a charge of administrative liability that could be investigated with a view to possible prosecution under criminal law.

Iccrea Banca and the other Group companies have instituted the following whistleblowing channels in order even further to strengthen its control system:

- reports regarding breaches of the Group Code of Ethics and of the Model under Legislative Decree no. 231 of 2001 may be sent: (i.) by persons in the company organisation through the Group's internal whistleblowing system; or (ii.) by persons outside the company organisation, in writing to the Company's registered office or by e-mail to the mailbox set up by the Supervisory Body;
- reports regarding breaches of external rules applicable to the Group or Group company policies or rules may be sent by persons in the organisation through the Group's internal whistleblowing system (only through an online procedure).



The Parent Company has decided to add an Anti-corruption Management System, consistent with its organisational structure, to the Compliance Model and to the other safeguards that have been described.

For this purpose, in 2023 work will commence on identifying and assessing the risk of occurrences of corruption, whether active or passive, in relations with not only public and private persons and entities (including from within the organisation itself), and thus to prevent them or, if already committed, to trace them down and deal with them, as well as to comply with laws on preventing and combating corruption and best practices in accordance with international standards.

Furthermore, action has been taken to provide information and mandatory training regarding external rules applicable in the matter, as well as on the policies and procedures adopted in this area, as reported in the data below.

COMMUNICATIONS ON POLICIES AND PROCEDURES ON THE MATTER OF ANTI-CORRUPTION						
Year	2022		2021		2020	
Recipients						
	no.	%	no.	%	no.	%
Members of the BoD	894	77%	617	53%	465	38%
Executives	257	69%	123	31%	149	37%
Managers	4,404	66%	2,698	42%	2,735	43%
Office staff	11,603	77%	7,219	47%	7,512	49%
Total employees involved	16,264	73%	10,040	45%	10,396	47%
Business partners	32,933	65%	5,256	3%	5,718	3.5%

HOURS OF ANTI-CORRUPTION TRAINING

Year	2022			2021			2020		
Training hours per professional category (no.)	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	614	48	662	521	78	599	462	142	604
Managers	14,490	4,953	19,443	18,431	6,211	24,642	12,928	4,324	17,252
Office staff	22,837	23,364	46,201	28,085	27,360	55,445	20,610	19,377	39,987
Total	37,941	28,366	66,306	47,037	33,649	80,686	34,000	23,843	57,843

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

Year	2022			2021			2020		
Recipients	total no.	no. involved	%	total no.	no. involved	%	total no.	no. involved	%
Members of the BoD	1,154	549	47.57%	1,167	300	25.71%	1,226	247	20.15%
Executives	375	157	41.87%	394	112	28.43%	406	225	55.42%
Managers	6,667	3,782	56.73%	6,385	3,530	55.29%	6,312	4,990	79.06%
Office staff	15,102	8,453	55.97%	15,305	8,083	52.81%	15,424	9,816	63.64%
Total	22,144	12,392	55.96%	22,084	11,725	53.09%	22,142	15,031	67.88%

COMPLIANCE WITH LAWS AND REGULATIONS

GRI 2-27

The tables below show the data relating to incidents of non-compliance with laws and regulations and related penalties that occurred in the reporting year.

INCIDENTS OF NON-COMPLIANCE		
Year	2022	
Number of incidents of non-compliance (no.)		
Non-conformities in which penalties were incurred	0	
Non-conformities in which monetary penalties were incurred	116	

PENALTIES PAID FOR NON-CONFORMITIES		
Year	2022	
Number of non-conformities (no.) and amount (€)	Number	Amount
Penalties for non-conformities with laws and regulations occurred in the current year	106	130,537
Penalties for non-conformities with laws and regulations occurred in the previous year	281	365,367

The information reported mainly relates to incidents of tax and administrative non-compliance.

Complaint management

COMPLAINT MANAGEMENT: COMPLAINTS IN BANKING, FINANCE, INSURANCE AND INVESTMENT SERVICES

GRI 2-16

GRI 2-25

The Group has adopted specific rules, which are periodically updated, 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 the Group Policy for the handling of complaints and out-of-court disputes and their respective Process Standards for Affiliated Banks, Iccrea Banca and Iccrea BancaImpresa. The purpose of the Policy is to regulate within the 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 of each Company, which is required to receive, register, assess and settle 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 2022:

- Iccrea Banca received 313 complaints, of which 19 were fully accepted and 23 were partially accepted (down compared to 389 in 2021⁸);
- Iccrea BancaImpresa received 26 complaints (up compared to 24 complaints recorded in 2021), of which 7 were fully accepted and 3 were partially accepted;
- BCCs received a total of 2,569 complaints (down compared to 2,902 complaints recorded in 2021).

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 BancaImpresa, the solutions adopted were identified in the correction of reports in the Central Risk Database (*Centrale Rischio*, CR), requested documentary feedback, the correction of computer errors and the payment of sums.

Apart from a very small percentage of complaints handled by BCCs (3.43% out of no. 2,569 complaints relating to the year 2022), the surveys carried out 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.

⁸ The number of complaints received in 2022, although down from that of 2021, is nonetheless significant in that it must be evaluated by also considering Iccrea Banca S.p.A.'s subsequent contribution of the e-money business units, pertaining to all *acquiring* (with effect from 1 April 2022) and *issuing* (with effect from 1 May 2022) services to BCC Pay S.p.A.. The large number is substantially attributable to a rise in increasingly sophisticated computer fraud perpetrated by third parties against cardholders.

During the year 2022, complaints submitted to the BCCs mainly concerned the following topics:

- execution of operations (e.g.: errors in the execution of operations; portability/redemption of loans; transactions executed without prior authorisation, etc.);
- application of contract terms and conditions;
- poor or insufficiently clear or transparent communications and information to customers;
- failure to deliver documents;
- organizational issues;
- reports in the Central Risk Database (CR);
- fraud and loss;
- app malfunctions.

It should be noted that, as from June 2022, all Group companies were given the basic version of the Group's Complaints Repository, an app for registering and handling complaints, which complies with the requirements of the regulations and the Supervisory Authority.

During the first quarter of 2023, this app will be implemented and completed with additional functions that will enable it to interface with other management systems that give information on the handling of complaints (as regards marketing for POG purposes and as regards risk for loss data collection purposes).

Finally, during 2022, the Parent Company Legal Function prepared and offered a special training course in handling banking complaints and out-of-court disputes for employees in Group Company Complaints Offices and their Heads. In compliance with current legal obligations, this also served as a refresher and periodic training course for the personnel working in these offices.

Customer privacy and cybersecurity

IMPACTS, COMMITMENTS AND MANAGEMENT

The Banking Group has drawn up a Group Policy setting down the general principles, organisational model and main roles and responsibilities involved in safeguarding the right to the protection of personal data when Banks and Group Companies process them themselves or when they take responsibility for their being processed, in compliance with the regulatory provisions in force.

Annexes regarding the following aspects supplement the Policy:

- “Methodology and Criteria for the assessment of risks and impact on the processing of personal data”;
- “Guidelines for Handling incidents with a particular focus on breaches of personal data”;
- “Guidelines on Video Surveillance and Video Recording”;
- “Guidelines for managing data subjects’ rights”;
- “Guidelines for determining the legal basis for processing”;
- “Guidelines for handling Requests for information and Inspections from the Italian Data Protection Authority”;
- “Guidelines for Data Retention”;
- “Guidelines for Credit Information Systems (CISs)”.

The company regulatory framework takes into account developments in laws and regulations in the matter, mainly consisting of the adoption of the “European General Data Protection Regulation” and consequent amendments to the Italian “Data Protection Code” (Legislative Decree no. 196 of 2003, as amended and supplemented).

The main roles governed by the Group Policy are:

- **Data Controller:** the Data Controller grants in-house personnel or personnel of other Group Companies certain precise responsibilities (in line with the structure of the Powers of representation), by means of a Board of Directors resolution or an assignment of responsibility through primary company rules. Among the responsibilities, for example, are to approve the appointment of third-party entities as Data Processors, to designate a person within the Group as Internal DPO Contact, persons within the Group as Data Privacy Managers and System Administrators and to issue guidelines on physical and cyber security to ensure the protection of personal data.
- **Parent Company Security Committee:** has the duty of appraising the efficacy of the protection measures taken or necessary to ensure adequate levels of protection of personal data and planning and monitoring their adjustment.
- **Data Protection Officer (DPO):** is responsible for the observance, within the Group, of the laws and regulations in force from time to time for the protection of personal data. The DPO reports directly to the Data Controller (the Parent Company's Board of Directors) in order to ensure their independence and autonomy as required by the GDPR and is also autonomous in terms of budget, resources and tools. The DPO works in the Parent Company at central level for all the Direct Scope Companies and offers their services to the Affiliated Banks.
- **Data Protection Officer of BCCs:** the Parent Company's Data Protection Officer Function assigns individual personnel with suitable competencies, ability and professional experience the responsibility of acting as "DPO of BCCs" in order for them to fill this role for the Affiliated Banks that have subscribed to the "DPO for the BCCs" Service. The BCC DPO, within the sphere of their responsibility, supports the Affiliated Banks that has subscribed to the "DPO for the BCCs" Service by performing their contractually required duties: in particular, they provide a consulting service, verify compliance with the law, report to their respective Data Controllers, cooperate with and act as contact with the Regulatory Authority and handle requests from data subjects concerning the processing of their personal data and the exercise of their rights under the law.
- **Internal Data Protection Officer Contact (Group Companies):** in each Group Company there is an Internal Data Protection Officer Contact whose main duty is to liaise with and support the Parent Company DPO. The Contact is a person in an office that has across-the-board knowledge of organisational matters connected with their Company's processes.

- **Data Privacy Manager (DPM):** an Organisational Unit (O.U.) or a Functional Role, the primary entity responsible, is chosen for each processing. The Head of the Organisational Unit or Functional Role is usually designated as the Data Privacy Manager, whose duty is to further and ensure the adoption of practices that comply with the GDPR and any related implementing company rules in the context of the processing for which they are responsible.
- **Data Processor:** if a Group Company asks a third-party to process personal data, the person or entity concerned is designated as **Data Processor**. This is also the case if the third party is another Group Company. Group Companies, in the capacity of Data Controllers, instruct Data Processors to adopt practices that comply with the Regulation and any related implementing company rules, organising and conducting their activities in such a way as to ensure that processing duly meets the requirement for accuracy and security.
- **Person in charge of the processing:** is the natural person who materially carries out personal data processing operations in accordance with data protection regulations, having been designated in writing and under the direct authority of the Data Controller and, if applicable, the Data Privacy Manager.

With regard to managing personal data processing, all Group Companies prepare and keep up a “Register of processing activities” performed by the Data Controller or the Data Processor; the Register must show at least the information and data that applicable EU and domestic laws and regulations so require and the modalities for bringing the personal data up to date and storing them must be formally described and assigned to the person responsible for doing so.

All Group Companies coordinate their processing activities following the Parent Company’s instructions, which also cover the frequency and modalities for revising the personal data.

The office primarily responsible for each processing is named, together with the Data Privacy Manager (who is normally the Head of the office concerned).

Data Privacy Managers’ line managers or functional managers are responsible for overseeing the compliance of the processing carried out within their area (and recorded in the Register of Processing Activities) and ensuring that they meet legal requirements and the requirements of the Policy.

As breach of data protection law risk is general at all levels of the company organisation, personnel are also expected to be suitably aware of their responsibilities in the matter.

All Group Companies are responsible for observing regulatory principles within the sphere of their processing activities.

In order to ensure uniform standards for compliance with personal data protection and processing obligations, the Group's Personal Data Protection compliance model provides as follows:

- Direct Scope Companies are to use the DPO Function centralised in the Scope Company by means of an outsourcing agreement;
- the Scope Company offers Affiliated Banks the DPO service, for which an outsourcing agreement has to be signed;
- an Internal DPO Contact who cooperates with and supports the DPO has to be appointed in all Group Companies.

The Internal DPO Contact is a person other than the one who fills the role of DPM and must belong to an office that has across-the-board knowledge of organisational matters connected with their Company's processes. All Group Companies' Boards of Directors must assign this responsibility and inform the Parent Company of the person chosen.

The Parent Company DPO takes on a "Specialist Privacy Supervisor" role as regards the entire field of personal data protection law for all Group Companies.

The "Internal DPO Contacts" designated in all Group companies coordinate the matter at Group level.



DOCUMENTED COMPLAINTS FOR BREACHES OF CONSUMER DATA PRIVACY

GRI 418-1

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

DOCUMENTED COMPLAINTS FOR BREACHES OF CONSUMER DATA PRIVACY			
Year	2022	2021	% Change
Total complaints (no.)	160	143	12%
Complaints from Third Parties	158	140 ⁹	13%
Complaints from Regulatory Bodies	2	3	0
Total complaints (%)	100%	100%	0%
Complaints from Third Parties	98.75%	97.90%	0.9%
Complaints from Regulatory Bodies	1.25%	2.10%	0%
Losses and thefts (no.)	20	16¹⁰	25.0%

The data show a slight increase in complaints from third parties compared with 2022, owing to a higher proportion of complaints regarding reports to the Credit Information Systems (CISs). Another reason for the increase is the issue of a revised version of the Group Policy dealing with complaints and out-of-court disputes in 2022. The new version defined this type of report in greater detail, suggesting the possibility of classifying them as complaints under Banking Transparency rules or also treating them as requests with an impact on personal data protection, thus bringing them within the scope of privacy law, even if not exclusively.

⁹ The figure was restated due to the change request made by two Banks within the scope of 2022 reporting.

¹⁰ The figure was restated after the Parent Company office reported 10 additional cases of loss of data on the Banks recorded during 2021.

As regards **complaints from regulatory bodies**, it is noted that two requests for information from Group Companies were received in 2022 (Italian Data Protection Authority):

- the first request, which was received on 1 September 2022, involved BCC Terra di Lavoro San Vincenzo de' Paoli. This complaint, handled by the Bank with the assistance of the Parent Company DPO Function, was dismissed after a reply had been sent to the Italian Data Protection Authority on 14 January 2023;
- the second request, dated 7 September 2022, regarding BCC Appulo Lucana, was answered in a message of 6 October 2022. In this case, too, the complaint was handled by the BCC with the assistance of the Parent Company DPO Function. As at the reporting date no additional notices had been received from the Italian Data Protection Authority.

Finally, as regards the **number of losses and thefts of data**, it should be noted that out of 20 incidents in all, the notice of a breach of data protection law was served on the Italian Data Protection Authority in two cases.

CYBERSECURITY

With regard to cybersecurity, the reports on the proven cases of fraud on online current accounts amounted to 20 for the entire Scope of the Iccrea Cooperative Banking Group in 2022. 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.

Tax governance

GRI 207-1

GRI 207-2

GRI 207-3

The Iccrea Cooperative 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 Scope Companies, in order to ensure their compliance and uniform application, as well as to 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.

Furthermore, 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 Parent Company's Tax Organizational Unit (O.U.), which carries out management, coordination and control activities in the tax area through laying down principles and rules for the implementation of regulations.

In particular, it is the responsibility of the aforesaid Organizational Unit, through the Tax Compliance O.U., to ensure compliance with regulations by identifying, on an ongoing basis, the tax regulations applicable to the Group Companies (Regulatory Observatory), to assess the potential impact they might generate (Regulatory Impact Analysis) and, in its capacity as Specialist Unit for Tax Regulations, to design the system for monitoring and controlling tax risks associated with corporate processes (business and support).

Furthermore, the Parent Company's Tax O.U. 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 O.U., which was approved by Iccrea Banca S.p.A.'s Board of Directors.

It is an expression of the system of internal control of tax risk ("Tax Control Framework" or "TCF") implemented by the Parent Company, in line with international standards, shared by the OECD, and with the guidelines provided by the Italian Tax Authorities for joining the Cooperative Compliance Regime¹¹.

The document 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, penalties for those who violate the rules of the code of conduct, and competencies of personnel in charge of controls), with an explicit reference to the Code of Ethics as the framework of "ethical safeguards" with which the Group operates and makes full provision for the Tax Strategy.

The Tax Strategy came into effect the day after the date of its approval, and its interpretation is referred to the Parent Company's Tax O.U., which also takes care of its updating.

In order to ensure an adequate level of tax risk management and control, the Parent Company's Tax O.U. 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 Regime¹².

¹¹ 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.

¹² For more details, reference should be made to note no. 11.



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).

The completion of this internal tax risk control system enabled Parent Company Iccrea Banca S.p.A. to start the procedure for admission to this regime, whose aim is to encourage collaboration and transparency in handling relations with the Tax Authorities.

An order of 19 December 2022 admitted the Parent Company to the Cooperative Compliance scheme with effect from the 2021 tax year – both in relation to direct taxes and for VAT purposes – after the Revenue Agency had finished its investigation as to whether Iccrea Banca S.p.A. met the requirements laid down under Legislative Decree no. 128 of 2015 in order to access to the aforesaid regime.

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 O.U., and to describe the Tax Compliance Model in all its main components, the Group Tax Department has issued two Policies (Tax Policy and Tax Non-compliance Risk Management Policy), which constitute the reference model in the field of taxation defined at Group level, together with the operational process rules, the operational circulars and information notices, issued on an ongoing basis with reference to the various areas that are relevant for tax purposes¹³.

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.

¹³ As regards the preparation of tax policies, approaches and guidelines concerning all tax matters, the Tax Function edited the preparation and revision of the following company rules applicable to Iccrea Banca and to other Group Companies:

- no. 1 Policy: Competitions and Reward Schemes Policy;
- no. 12 Process Standards for tax obligations and issues of interest from the point of view of taxation;
- no. 21 Operational Circulars prepared by the Tax Function, even in collaboration with other Functions of the Parent Company;
- no. 28 Information Notices published by the Tax Function on the intercompany communication systems.

For each tax obligation applicable to the Scope 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.

The audit activities the Tax O.U. 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 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 "Ethics and ESG 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 CCO Area, acquiring the results and coordinating periodic reporting.

In this connection, in 2022 it was resolved that functional coordination of the Specialist Tax Unit in the tax area should be assigned to the said Ethics and ESG Indirect Legislation Organizational Unit, with the additional purpose of putting the principle of segregation of duties that is one of the fundamental elements of the internal control system into actual practice for the purposes of the Cooperative Compliance regime.

There is also provision in the Bank for a third level of control performed by the Parent Company Audit Function with the aim of periodically appraising the adequacy of the Specialist Tax Unit's control system through independent assessments.

Actually, there is no Reporting mechanism at present, but all staff Members of the Scope Companies – involved in the management of tax-relevant activities – and thus not only the resources specifically dedicated to tax matters – are put in a position to become acquainted with the tax legislation, in order to ensure that all employees have the appropriate skills and experience to perform their duties –, 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 continuously fosters and 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.

In order to enable the Parent Company's access to the Cooperative Compliance regime, the Revenue Agency carried out an investigation activity in 2022 for the purpose of obtaining all the necessary clarifications to establish whether the requirements were met under Legislative Decree no. 128 of 5 August 2015, and subsequent implementing provisions.

The outcome of these activities was that the Office considering the application issued an Order admitting Iccrea Banca S.p.A. to this regime on 19 December 2022.

The aforesaid Order is the result of the efforts made by the Parent Company Tax O.U., which started with the formulation and implementation of a Tax Risk Management and Control System at Iccrea Cooperative Banking Group level; it was put in place, in the first instance, in order to implement the guidance provided by the Bank of Italy in its Circular no. 285 of 2013, as well as for the purpose of enabling Iccrea Bank to access the Cooperative Compliance regime.

The objective of joining this regime is to establish a relationship of trust between the tax authorities and the taxpayer that heightens the level of certainty regarding important taxation issues. This leads to a substantial change in the way that the Tax Authorities and the taxpayer interact, with the possibility of coming to a shared view of situations likely to give rise to tax risks before submitting a tax return. This is an opportunity to cope with uncertain situations by means of prior open engagement regarding factual elements that could also include an ex ante audit and thus lends itself to preventing possible tax disputes and resolving them in advance.

The Parent Company and all the Banks and financial intermediaries of the Iccrea Cooperative Banking Group have joined the Italian Banking Association (ABI) with a view to encouraging cooperation and engagement regarding the proper management of tax matters. With the same aims of cooperation and engagement, the Group (through the Direct Scope Companies Iccrea Banca Impresa S.p.a., BCC Lease S.p.a. and BCC Factoring S.p.A.) joined Assilea, an association that represents leasing Companies vis-à-vis the organisations in the sector that operate in various institutional venues, both national and international. Being a Member of these trade associations enables the Group always to take up common positions on important tax matters that are of direct interest to it.

Country-by-Country Reporting

GRI 207-4

The Banks and Group Companies included in the scope of the audited Consolidated Financial Statements of the Banking Group are all resident, for tax purposes, in Italy.

Below is the Group's main information on revenues, profit and accrued tax:

COUNTRY-BY-COUNTRY REPORTING	
Year	2022
Number of employees (no.)	22,144
Results of operations (€/mil.)	
Revenues from sales to third parties	5,103.1 ¹⁴
Revenues from intercompany operations with other tax jurisdictions	-
Profit/loss before tax	1,569.4
Tangible assets other than cash and cash equivalents	2,556.4
Companies' income tax paid on a cash basis	-
Companies' income tax accrued on profits/losses	214.9

¹⁴ The stated figure refers to consolidated operating income as at 31 December 2022.

Preventing money laundering

IMPACTS, COMMITMENTS AND MANAGEMENT

GRI 205-1

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 has 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 Cooperative 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 fulfilment 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 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 and of each Direct Scope Company to the respective AML (Anti-Money Laundering) O.U. (Institutional & Retail AML OU or Lending AML O.U.).

This model provides for the Parent Company Anti-Money Laundering Function to be 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 Scope of Iccrea Banca; setting up a Regulatory Supervision AML O.U. dedicated to the analysis of developments in anti-money laundering regulations, the assessment of impacts, the design of policies, methodological guidelines and standard planning and reporting instruments at Group level;
- setting up an Affiliated BCC AML O.U. in charge of monitoring and coordinating the operations carried out by the Peripheral AML Offices O.U.s 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 Scope AML O.U. 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 O.U. and the Lending AML O.U. for Direct Scope Companies on an outsourced basis;
- setting up an Institutional & Retail AML O.U. and a Lending AML O.U. responsible for fulfilling anti-money laundering obligations for Direct Scope 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 DSCs (Direct Scope Companies) (DSC HAML) and of Suspicious Transaction Report (STR) delegate for the Company in the scope of competence;
- setting up Peripheral AML Offices O.U.s, 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 O.U. 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 O.U. or to an employee of the same O.U. (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 Scope Companies, after consulting their respective Boards of Statutory Auditors, a company Officer (BCC Contact Person and DSC 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

First-level rules

The main primary rules on AML are the Group Anti-money Laundering Policy and the Rules of the AML Function.

Second-level rules

Among detailed operational procedures on the matter are operational provisions on due diligence for Direct Scope Companies, the due diligence process standard for Iccrea Bancalmpresa, the due diligence process standard for BCCs and the process standard on suspicious transaction reporting for BCCs and DSCs.

Controls catalogue for affiliated BCCs and Direct Scope 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 Scope 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 Scope 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 mandatory training 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.

Human rights

IMPACTS, COMMITMENTS AND MANAGEMENT

GRI 2-23

In line with the Code of Ethics, the Group has approved a Charter of Commitment on Human Rights that sets out its undertakings and guidelines for fostering and ensuring the protection of human rights in compliance with the National and International regulatory provisions in order to prevent unfavourable impacts directly or indirectly related to its operations and manage any that occur.

In fact, as we know, the Group is an active promoter of the principles in the Charter of Values of Cooperative Banking, “informing its activity on care and advancement of the human person”, thus putting at the centre each individual’s value and the importance of investing “in human capital, consisting of Members, customers and workers, in order to obtain the greatest value on a lasting basis”.

The Group ensures that impacts on human rights are managed effectively and efficiently by:

- arousing all Group offices’ awareness to the importance of the continuous improvement of their work context and the surrounding environment, fostering action increasingly directed at the protection of human rights;
- searching out any impacts on human rights; one means is the internal whistleblowing system, which may lead to the adoption and implementation of the necessary safeguards.

In view of the Group’s steadily increasing attention to human rights aspects, a special training programme in the matter for its employees has also been included in the Sustainability Plan, to be completed by 2023.

The general principles that show the way to the Group in managing impacts on human rights and in the actual inclusion of protection of human rights aspects in its business strategy and operations take concrete form in special initiatives designed to safeguard all its stakeholders, such as employees and contractors, Members and customers, suppliers, and local communities and areas. The principles that guide the Group are:

- **Non-discrimination:** the Group undertakes to counter all forms of discrimination (gender, age, race, religion, membership of a political party or a trade union, sexual orientation and gender identity, language or diverse ability), thus ensuring that all personnel have equal opportunities in recruitment, management and professional development and growth.

- **Occupational health and safety:** providing a safe and health workplace is considered to be a fundamentally important element for the responsible management of its human resources. To this end, the Group conforms to the highest health and safety standards, aiming to prevent the risk of occurrences that could have consequences on its employees, contractors, Members and customers or to manage them if they arise.
- **Good working conditions:** the Group undertakes to give equal pay, complying with minimum wages and salary requirements in national collective labour agreements and providing equal opportunities for both genders and work for persons with disabilities, and to foster the work-life balance. The Group is against any form of harassment or violence in the workplace and working conditions of any kind that might be causes of malaise or stress.
- **Freedom of association and collective bargaining:** the Group respects the right to freedom of association and collective bargaining and counters any form of discrimination against persons engaged in representing its workers.
- **Abolition of child and forced labour:** the Group does not have recourse to child or forced labour and undertakes to oppose these practices in all their forms.
- **Personal data protection:** the Group is committed to protecting the data and information of the Members and customers and their right to privacy, as required by current legislation.

6. OUR COMMITMENT TO THE ENVIRONNEMENT



The Iccrea Cooperative Banking Group deems the protection of the environment, and attention to this need, to be expressions of the founding principles of cooperation and mutualism and, therefore, is constantly engaged in fostering responsible principles that protect the areas in which they provide services and in taking both a preventive and proactive approach to environmental challenges.

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 Group Banks that refer to it. In compliance with the principle of "connection with local communities", according to which it is necessary to encourage responsible and sustainable growth, the Group espouses an Integral Ecology model, a notion that is inseparable from the concepts of the common good and mutualism.

The Group is also aware of the impacts of its business activities and of the role it can play in spreading virtuous behaviour, as well as 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 regard, the Group, consistently with the mission that is proper to Cooperative Credit, bases its strategy on respect for and the protection of the environment, keeping it in mind that its decisions should obtain the greatest value out of and promote balanced and sustainable growth.

Its commitment to generating positive impacts on the environment is a vital part of the values expressed in the Group's Code of Ethics and the Charter of Commitments on Environment and Fight against Climate Change in order to ensure that a concrete approach to the implementation of these principles is taken.

In this regard, the Group condemns any form whatsoever of damage and/or deterioration and all breaches of legal environmental, building, town planning and anti-pollution requirements, all incorrect forms of waste disposal and even takes the measures necessary to reduce the impact of its own activities fostering an increase in awareness of environmental matters and sensitivity to these themes in line with the principles laid down in the Code of Ethics.

Furthermore, in the aforesaid Charter of Commitments, the Group has further stressed the need to take action in favour of effective prevention, management and, if possible, a reduction in impacts on the environment – both direct and indirect –, including in view of relevant legislative requirements and with the aim of contributing to the achievement of the goals of the UN Agenda 2030 for Sustainable Development.

In addition to the values and principles laid down in the Code of Ethics and the Charter of Commitments regarding the environment and climate change, the Group has also set forth and/or updated some company Policies with the aim of integrating these principles and guidelines into business processes. In this regard, in addition to the Group Sustainability Policy that provides for functional guidelines for integrating ESG factors into business processes to foster sustainable development, the Group defined and approved new company policies aimed at the overall management of environmental impact during the reporting period.

Among the various measures taken in this sphere is the framing of a Travel Policy, approved in November 2022, at the Parent Company and Direct Scope Companies, which has brought in guidelines for the management of employees' business trips based on achieving the greatest possible efficiency and reduction in CO₂ emissions.

To show the Group's concrete commitment to the reduction of environmental impacts and, in general, to countering climate change, it also as well to observe that strategy initiatives to this end are already to be seen in the 2022-2024 Sustainability Plan, directed at energy efficiency and decarbonisation in the Iccrea Banking Group's own properties.

These actions have already resulted in certain positive impacts, including the reduction of emissions and energy consumption related to company-owned properties, as a result of the efficiency and optimization interventions carried out, as well as Energy Management activities.

Specifically, during 2021, an intervention was activated to improve efficiency of the air conditioning system at the Lucrezia Romana office, which was completed in 2023 and involved the replacement of heat pumps and boilers fuelled by methane gas with high-efficiency heat pumps, reducing equivalent CO₂ emissions to zero (scope 1, associated with energy consumption, and scope 2, calculated through "market-based" methodology).

It is important to also note that, during the reporting year, certification in environmental management (ISO 14001) was obtained by BCC Solutions (as from 1 January 2023 it became BCC Sinergia following the merger with the Direct Scope Company Sinergia).

Among additional important initiatives in this area is the launch of a project, which will also continue during 2023, relating to the introduction of digital systems for customers to subscribe to products and services online ("signature room") and, therefore, aimed at a reduction in paper consumption, with consequent positive impacts on the environment.

Following the lines traced out in the Group's strategies approved in March 2022, the new Sustainability Plan – approved in March 2023 with a time horizon of 2023-2025 – contains further strategic environmental initiatives.

Standing out among these are:

- the Group will continue to reduce direct CO₂ emissions by acting not only on enhancing energy efficiency in its offices, but on converting its vehicle fleet to hybrid and electric cars;
- the Group will extend current sustainable mobility projects;
- the Group will intensify efforts to purchase energy from renewable sources, which already accounts for more than 86% of supplies anyway, and the use of certified paper.



Environmental impacts

Environmental impact means the impact of Group activities that cause the consumption of resources, the production of waste and the emission of harmful substances, with respect to which the Group undertakes to minimise the adverse effects of its operations and business and monitor progress.

In this area, in accordance with the commitments undertaken by the Group on this front, among the main initiatives, an important one is that BCC Solutions (from 1 January 2023 it became BCC Sinergia following the merger with the Direct Scope Company Sinergia) obtained a Certification for its Environmental Management System (or ISO 14001), which set down rules for the effective management of environmental issues in its organisational and processes system¹⁵.

With this system, the Company monitors and controls the environmental aspects of the work managed and makes a continuous improvement of its environmental performance by keeping energy consumption down, reducing emissions into the atmosphere, sorting waste for recycling, cutting down waste, for example by ceasing to use plastic (bottles, plates and cups) in the company canteen at the Lucrezia Romana office and plastic bottles in the automatic distributors in the offices that it is responsible for.

In this regard, in line with the requirements of the UNI EN ISO 14001:2015 standard, the Company has laid down and approved the Environmental Management System Rules, which describes the commitments, guidelines and implementing measures adopted by the Company in the field of environmental protection.

In terms of energy efficiency, the Group – with regard to the Lucrezia Romana property, the Group's registered office¹⁶ – obtained the GOLD level of LEED (Leadership in Energy and Environmental Design) certification¹⁷ in 2021 with the aim of putting in place a system that, through the measurement of monthly consumption of energy and water resources, the performance concerning the sustainable management of the building and the subsequent comparison with a benchmark building, gives the building a performance score comparable with local and international average. This periodic monitoring makes it possible to establish the initial performance level and to schedule and monitor improvements.

¹⁵ The buildings subject to certification are the offices owned by the Iccrea Banking Group (Lucrezia Romana, Milan Esterle and Revere).

¹⁶ At present the start of the LEED certification programme is also being considered for the Milan Esterle office.

¹⁷ LEED Certification for construction operations and maintenance (O+M) has been obtained for the Lucrezia Romana office.

In this area, work continued on the process of removing plastic from Group premises continued during 2022, including in line with the goals of the Sustainability Plan for the three-year period from 2022 to 2024 and in order to promote the adoption of good consumption practices. The project provided for the installation of more drinking fountains in the Rome and Milan offices and the distribution of flasks to all Group employees.

The following is a description of the materials used by the Group, in accordance with the provisions of the ABILab (Banking Research and Innovation Center) Guidelines for the banking sector.

GRI 301-1

MATERIALS USED				
Year	2022	2021	2020	% Change (2022-2020)
Material used by type (kg)				
Recycled cartridges for printers	921.16	345.43	0.00	0.00%
Printer cartridges	5,767.00	5,621.82	5,014.90	15.00%
Total cartridges	6,688	5,967	5,015	33.37%
Printer toner	21,474.27	22,814.40	23,694.24	(9.37%)
Recycled printer toner	3,167.12	4,009.82	1,660.14	90.77%
Total toner	24,641	26,824	25,354	(2.81%)
A3 Non-recycled paper reams	6,852.03	15,693.44	24,957.33	(72.55%)
A4 Non-recycled paper reams	618,905.36	934,040.35	1,439,604.85	(57.01%)
A3 Recycled paper reams	932.00	1,339.90	2,676.30	(65.18%)
A4 Recycled paper reams	167,246.01	202,512.19	204,696.55	(18.30%)
Total non-FSC-certified paper	793,935	1,153,586	1,671,935	(52.51%)
A3 Non-recycled FSC-certified paper reams	11,124.76	5,213.81	0.00	0.00%
A4 Non-recycled FSC-certified paper reams	666,090.57	613,444.38	0.00	0.00%
A3 Recycled FSC-certified paper reams	1,076.80	0.00	0.00	0.00%
A4 Recycled FSC-certified paper reams	86,867.53	0.00	0.00	0.00%
Total FSC-certified paper	765,160	618,658	0.00	0.00%
Total paper	1,559,095	1,772,244	1,671,935	(6.75%)
Total material used	1,590,425	1,805,036	1,702,304	(6.57%)

As regards materials used, there was no substantial increase in the aggregate use of printer toners and cartridges when the Group became fully operational again after the remaining restrictions connected with the pandemic were lifted. There was also a substantial fall in the use of paper.

Total material consumption decreased by about 6% from 2020 figures and by about 12% from 2021 figures. After going on to considering disaggregated data, the rise in the use of FSC-certified paper, especially the recycled type, compared to the previous reporting period was more than counter-balanced by a substantial fall in the overall use of uncertified paper.

As the data in the table below show, the Group's focus on using materials from recycling is confirmed.

GRI 301-2

RECYCLED MATERIALS USED				
Year	2022	2021	2020	% Change (2022-2020)
Material used (%)				
Recycled paper	16.43%	11.50%	12.40%	32.48%
Recycled toner	12.85%	14.95%	6.55%	96.23%



Climate change and transition to sustainable and circular economy

The Group is aware that, in order to facilitate the transition to sustainable and circular economy, it can exert a strong influence on the management of its carbon footprint, and thus on the operations conducted by its offices, on direct and indirect energy consumption, on Group personnel travel and on its own business, or in relation to financing and investing activities.

In this regard, the Group, which is conscious of the challenge of climate change, recently confirmed – and further set forth in the 2023–2025 Sustainability Plan – its undertaking to contribute to the attainment of its climate-related objectives and transition to sustainable and circular economy.

In this area, it intends – within the scope of ESG strategies for the next three-year period – to put customer support initiatives in hand, including commercial offers regarding green energy; this work was also contributed to by BCC Energia, the Group's Consortium dedicated to offering energy from renewable sources.



Furthermore, in view of Supervisory Authority expectations and stakeholders' increasing attention to the theme, the 2023-2025 Sustainability Plan requires work to start on the first calculation of the Group's carbon footprint baseline (Scope 3 of Portfolio) and the consequent formulation of strategies for taking action on the credit portfolio with an eye to keeping down and/or reducing GHG emissions¹⁸.

Another measure taken with an eye to paying increasingly greater attention to the management of climate-related and environmental themes is the reinforcement of the Group's network of services, consulting and support to its Companies and their customers.

This process is in being and takes the form of gradually enhancing the role played – within the Group – by certain Companies whose experiences over the past few years are becoming more and more important from the point of view of strategy and solid impact in the route to sustainable transition. Specifically, reference is made to:



BIT S.p.A. is the Group's UNI CEI 11352-certified Energy Service Company (E.S.Co.) that provides technical advisory services to the Parent Company, BCCs and key customers for investment projects in the renewable energy, energy efficiency, agricultural and agri-food sectors. The Company is a leader in the evaluation of energy efficiency projects in terms of financeability and sustainability and in establishing whether they are technically, economically and environmentally feasible and are likely to obtain clearance: BIT, therefore, is a valuable element in that it helps to make a push in the direction of energy transition.

As a specialist centre of competence whose worth is recognised by the market and in view of the rapid evolution of the market and customers' renewal of attention to ESG themes, BIT is also giving the Group stronger and stronger support with ESG factor inclusion, with the aim of planning and organising services and activities that heighten the ESG performance of the Affiliated Banks and corporate customers in the local areas where they provide services.

BIT offers the companies it serves specialist services and instruments for building up a personalised pathway: from energy efficiency to the construction of plants for the production of energy from renewable sources.

At a time when BCCs and companies are called upon, as an opportunity before it becomes an obligation, to put energy and environmental aspects that tend towards putting carbon neutrality at the centre of their action and reporting strategies, the specialist facilities that BIT offers in order to provide the instruments necessary for transition have become vitally important.

¹⁸ Carbon footprint, which is also known as GHG inventory, i.e., of Greenhouse Gases, is the measure that expresses the total greenhouse gas emissions in CO₂ equivalent.



Consorzio BCC Energia. The Group procures electricity and natural gas through BCC Energia Consorzio, which also operates added-value services in the energy sector.

BCC Energia counts 115 Companies and Cooperative Banks that are Members of the Group. Bringing together the Group BCCs and Companies in a single large purchasing force on the freemarket 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. Moreover, during a period in which there have been unprecedented trends in energy markets owing to the current geopolitical scenario, the BCC Energia Consortium has managed to soften their impact both by keeping a close watch on the procurement market and by seizing regulatory and legislative opportunities and concessions, such as, for example, tax credits.

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 the full CO₂ offset associated with natural gas.

The Consortium enables the Group also to profit from the potential of energy efficiency projects and the opportunity for the self-production of renewable energy, bringing to bear the specialist expertise that enables it to offer technological solutions, opportunities and incentives: this company, therefore, is a complete source of assistance for energy management, acting with a view to reducing the impact on the environment and energy expenditure.

On the other hand, for the BCCs and its corporate customers, the Consortium is also a companion in the transition to sustainable mobility, both with its mobility management service, aimed at optimising the staff's home-work commute plan, and its assistance in the installation of electric vehicle charging stations.

“Instruments for grown-ups for little ones” is the action philosophy of the Consortium, whose objective is to assist the Group’s BCCs and their corporate customers with a specialist energy and energy transition service, including in order to capture opportunities and mitigate risks.

It is also open to the Consortium’s Member companies and customers, who may join on the same conditions and use the same instruments as those that the BCC has chosen for itself; this is a strong competitive lever and also an advantage for the companies and customers themselves, typically SMEs that have no dedicated services of this kind in their own organisation.



BCC Solutions (From 1 January 2023 it became BCC Sinergia following the merger with the Direct Scope Company Sinergia).

The effective management of direct environmental impact is peculiar to BCC Solutions' business, which set up an Environmental Management System in 2022, aimed at achieving continuous improvement of its environmental performance, thus obtaining ISO 14001 Certification. The Environmental Management System applies, in fact, to all activities of that have influence and that cause or may cause any environmental impact, described as follows according to the corporate purpose: *"The management of the real estate assets of the Companies belonging to the Iccrea Cooperative Banking Group, guaranteeing the standards laid down for workplaces and executive offices in terms of quality, functionality, comfort, environment and safety (Facility and Energy Management, Space Planning, Global Services and related activities) and provision of procurement and back-office services."*

The abovementioned activities are carried out at the following sites operated by BCC Solutions (specifically covered by ISO 140001 certification):

- Via Lucrezia Romana 41/47, 00178 Rome;
- Via Carlo Esterle 9/11, 20132 Milan;
- Via Giuseppe Revere 14, 20123 Milan.

It is specified that the percentage of coverage of the three sites subject to ISO 14001 Certification is 70% - in terms of square meters - compared to the total perimeter of the buildings occupied by the Direct Scope Companies and operated by BCC Solutions.

In addition to the above, it should be also noted that the Group has undertaken certain further actions and commitments in relation to the environmental impact, which are also included in the Sustainability Plan, among which:

ENERGY CONSUMPTION EFFICIENCY AND OPTIMISATION

As mentioned above, the energy efficiency project for the air conditioning system at the Lucrezia Romana office was followed up during 2022, including in line with the requirements of the criteria for maintaining LEED certification; the project had begun as early as during 2021 and involved the decommissioning of gas-fired heat pumps. The energy efficiency project, which involves the complete replacement of natural gas boilers with high-efficiency heat pumps and the construction of a new underground heating and cooling plant, was completed in the first quarter of 2023.

GREEN MOBILITY

During 2022 a “sustainable mobility” feasibility study was conducted with an eye to a resulting gradual conversion of the vehicles in the Group fleet used as capital assets to full electric and full hybrid. At the end of the study, a plan was made to convert all existing contracts on their expiry. In detail, it is planned to convert no. 70 cars out of a total of 223 assigned to professionals performing commercial tasks by 2023.

During the reporting period, the Group also continued with its schemes for employees and in support of sustainable mobility in the form of arrangements for annual concessionary season tickets for the use of public transport run by the leading companies in Latium, Lombardy, Piedmont, Veneto, Liguria, Emilia–Romagna and Friuli–Venezia Giulia.

Finally, in order to raise awareness of the use of alternative and sustainable means of transport among professionals, 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, which employees can use for the home–work commute and leisure.

In 2022, a corporate car–pooling project structured in collaboration with Jojob Real Time Carpooling was put in place with the aim of optimizing travel by offering colleagues the opportunity to share a home–work commute. Corporate carpooling also makes it possible to reduce travel costs, vehicles on the road and pollution, with a view to environmental sustainability.



Performance and metrics

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.

As shown in the table below, 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.

GRI 302-1

DIRECT ENERGY CONSUMPTION BY SOURCE (GJ)				
Year	2022	2021	2020	% Change (2022-2020)
Type of source (GJ)				
From non-renewable sources	146,680	181,756	170,028	(13.73%)
From non-renewable source - Diesel	2,033.05	2,811.59	2,735.60	(25.68%)
From non-renewable source – Natural gas	144,647.02	178,944.41	167,292.23	(13.54%)
From renewable sources	6,946	4,914	4,431	56.73%
From renewable source – Solar energy	6,945.65	4,913.97	4,431.48	56.73%
For use of the company vehicle fleet	45,357	44,716	38,834	16.79%
Company vehicle fleet – Gasoline	5,502.54	4,657.80	3,496.76	57.36%
Company vehicle fleet – Diesel	39,315.38	39,891.63	34,882.28	12.70%
Company vehicle fleet – LPG	47.29	33.26	145.48	(67.50%)
Company vehicle fleet – Methane gas	492.13	133.03	309.19	59.17%
Total direct consumption	198,983	231,386	213,293	(6.71%)

During the reporting year, the Group recorded total direct energy consumption equal to about **198,983 GJ compared to 231,385 GJ** in 2021, with a total decrease of 6.7% compared to 2021. The downward trend is also confirmed by comparison with 2020, which showed a reduction of nearly 7% over the three-year period.

The consumption related to **non-renewable sources was 146,680 GJ** (down by more than 13% from 2020) while **that related to renewable sources was 6,946 GJ and a little more than 45,350 GJ was consumed for the use of the company fleet**. In general, total direct energy consumption showed a decrease both compared to previous reporting and compared to 2020, due largely to a reduction in natural gas consumption.

Furthermore, as reported in the table below, the Iccrea Group purchased and consumed **435,660 GJ** of electricity during the year, of which more than **86% (378,151 GJ)** came from renewable sources, confirming the growth trend related to the use of this source of energy supply (the incidence recorded in 2021 and 2020 had been 76% and 72%, respectively).

With regard to thermal energy consumption, which stood at 18,247 GJ in 2022, the ratio on the renewable component increased from 22% in 2020 to the current percentage of 34%.

INDIRECT ENERGY CONSUMPTION BY SOURCE (GJ)				
Year	2022	2021	2020	% Change (2022-2020)
Type of source (GJ)				
Electricity	435,660	446,923	441,824	(1.40%)
Non-renewable electricity	57,508.28	106,288.47	123,377.70	(53.39%)
Renewable electricity	378,151.45	340,634.37	318,445.85	18.75%
% incidence (non-renewable)	13.20%	23.78%	27.92%	(52.73%)
Incidence % (renewable)	86.80%	76.22%	72.08%	20.43%
Thermal Energy	18,247	18,523	19,451	(6.19%)
Non-renewable Energy	12,010.25	16,589.12	15,170.90	(20.83%)
Renewable Energy	6,237.15	1,933.93	4,280.03	45.73%
% incidence (non-renewable)	65.82%	89.56%	78.00%	(15.61%)
Incidence % (renewable)	34.18%	10.44%	22.00%	55.34%
Total indirect consumption	453,907	465,446	461,274	(1.60%)

As reported in the table below, the values on **direct and indirect energy consumption** recorded in 2022 showed an overall reduction compared to that recorded in 2021 and 2020.

TOTAL ENERGY CONSUMPTION INSIDE THE ORGANIZATION (GJ)				
Year	2022	2021	2020	Change % (2022-2020)
Type of consumption (GJ)				
Total direct consumption	198,983.07	231,385.68	213,293.02	(6.71%)
Total indirect consumption	453,907.14	465,445.89	461,274.48	(1.60%)
Total	652,890	696,832	674,568	(3.21%)

The table below shows the **energy consumption generated outside the organization**, i.e., those resulting from staff missions carried out by (own) car, train, and plane.

The full resumption of operations and business after the removal of pandemic-related restrictions is reflected in the data stated in the table below. In fact, there was an increase in public transport (trains and planes) against a limited growth in car use for travel.

GRI 302-2

ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION (GJ)				
Year	2022	2021	2020	% Change (2022-2020)
Type of consumption (GJ)				
Total consumption - Cars	18,173	18,274	17,173	5.82%
National trains	1,510.77	646.24	796.73	89.62%
International trains	0.03	0.00	0.17	(81.16%)
Total consumption - Trains	1,511	646	797	89.58%
Total consumption - Flights	4,061	1,705	2,019	101.16%
Total consumption (Cars, Trains, Flights)	23,745	20,626	19,989	18.79%

As envisaged by the Global Reporting Initiative, "energy intensity ratios defines energy consumption in the context of an organization"; in this regard, the "total number of Group employees as at 31 December 2022" was used as an objective parameter for the purpose of assessing "energy intensity" as stated in the ABI Lab Guidelines.

The following are the baseline data which, in confirming what has been reported above, show a reduction in energy intensity for consumption inside the organization with a slight growth for consumption outside the organization.

GRI 302-3

ENERGY INTENSITY - CONSUMPTION INSIDE THE ORGANIZATION				
Year	2022	2021	2020	% Change (2022-2020)
Consumption (GJ)	652,890	696,832	674,568	(3.21%)
Total employees (no.)	22,144	22,084	22,037	0.49%
Energy intensity	29.5	31.6	30.6	(3.68%)

ENERGY INTENSITY - CONSUMPTION OUTSIDE THE ORGANIZATION				
Year	2022	2021	2020	% Change (2022-2020)
Consumption (GJ)	23,745	20,626	19,989	18.79%
Total employees (no.)	22,144	22,041 ¹⁹	22,037	0.49%
Energy intensity	1.1	0.9	0.9	18.22%

As a result of the energy consumption reported above, the Group recorded greenhouse gas emissions of 11,934 tons of CO₂ equivalent during the year, with a decrease of more than 6% in the three-year period.

¹⁹ The figures reported for 2021 do not include consumption of the Group's Indirect Scope Companies.

GRI 305-1

DIRECT GHG SCOPE 1 EMISSIONS (tCO₂eq)				
Year	2022	2021	2020	% Change (2022-2020)
Type of emissions (tCO₂eq)				
From non-renewable sources	8,578	10,582	9,881	(13.19%)
From non-renewable source – Diesel	150.68	208.91	203.26	(25.87%)
From non-renewable source – Natural gas	8,427.21	10,372.72	9,677.49	(12.92%)
For use of the company vehicle fleet	3,357	3,321	2,881	16.52%
Company vehicle fleet – Gasoline	405.01	344.02	258.99	56.38%
Company vehicle fleet - Diesel	2,919.71	2,967.51	2,594.73	12.52%
Company vehicle fleet – LPG	3.14	2.20	9.62	(67.35%)
Company vehicle fleet – Methane gas	28.67	7.71	17.89	60.27%
Total emissions Scope 1	11,934	13,903	12,762	(6.49%)

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

As shown by the figures reported in the table blow, the focus on managing direct impacts on the environment led to a decline of more than 12.5% in Scope 2 climate-altering gas emissions in 2022 too, with positive impacts on the environment, regardless of the methodology that is considered.

INDIRECT GHG SCOPE 2 EMISSIONS – LOCATION BASED METHOD (tCO₂eq)				
Year	2022	2021	2020	% Change (2022-2020)
Type of emissions (tCO₂eq)				
Non-renewable electricity	4,173.43	8,245.52	10,211.01	(59.13%)
Renewable electricity	27,442.81	26,425.34	26,355.29	4.13%
Non-renewable energy	871.60	975.99	879.91	(0.94%)
Renewable energy	452.64	113.78	248.24	82.34%
Total emissions –Scope 2 Location-Based Method	32,940	35,761	37,694	(12.61%)

INDIRECT GHG SCOPE 2 EMISSIONS – MARKET BASED METHOD (tCO₂eq)				
Year	2022	2021	2020	% Change (2022-2020)
Type of emissions (tCO₂eq)				
Non-renewable electricity	7,329.11	13,821.38	16,690.26	(56.09%)
Total emissions Scope 2 – Market-Based method	7,329	13,821	16,690	(56.09%)

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.

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.

However, in contrast to previous years, and as a significant new element in the ESG performance reporting process, the Group is also reporting, for the first time this year, on **financed emissions, i.e., Scope 3 emissions related to its credit and investment portfolio**; for more details, reference should be made to the following discussion.

EMISSIONS FROM CONSUMPTION OUTSIDE THE ORGANIZATION – Scope 3 (tCO₂eq)				
Year	2022	2021	2020	% Change (2022-2020)
Emissions by type of vehicle (tCO₂eq)				
Total emissions – Cars	1,328	1,340	1,259	5.46%
National trains	79.10	34.21	41.71	89.64%
International trains	0.00	0.00	0.01	(76.86%)
Total emissions – Trains	79	34	42	89.61%
Short haul flights – economy class	32.97	12.34	17.85	84.72%
Short haul flights – business class	3.22	1.28	1.54	108.92%
Medium haul flights – economy class	167.44	82.44	90.03	85.98%
Medium haul flights – premium class	0.00	0.00	0.67	(100.00%)
Medium haul flights – business class	39.14	10.08	6.46	505.93%
Medium haul flights – first class	0.00	0.00	0.00	-
Long haul flights – economy class	35.66	16.40	19.58	82.12%
Long haul flights – premium class	1.81	0.00	0.00	-
Long haul flights – business class	10.14	0.00	8.23	23.18%
Long haul flights – first class	0.00	0.00	0.00	-
Total emissions – Flights	290	123	144	101.15%
Total emissions (cars, trains, flights)	1,698	1,497	1,445	17.45%

In 2022, total emissions that can be classified as Scope 3 and related to business trips amounted to 1,698 tCO₂eq, showing an increase of 13.4% compared to the previous reporting period and of 17.45% compared to 2020, as reported above, as a result of the resumption of normal work after the pandemic and the related use of collective transport.

GRI 305-4

The Group has enriched its disclosure for the relevant period 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.

ENERGY INTENSITY - SCOPE 1				
Year	2022	2021	2020	% Change (2022-2020)
Emissions - Scope 1 (tCO ₂ eq)	11,934	13,903	12,762	(7%)
Total employees (no.)	22,144	22,084	22,037	
Emission intensity	0.54	0.63	0.58	

ENERGY INTENSITY - SCOPE 2 MARKET BASED				
Year	2022	2021	2020	% Change (2022-2020)
Emissions - Scope 2 - Market based (tCO ₂ eq)	7,329	13,821	16,690	(56.09%)
Total employees (no.)	22,144	22,084	22,037	
Emission intensity	0.33	0.62	0.76	

ENERGY INTENSITY - SCOPE 2 LOCATION BASED				
Year	2022	2021	2020	% Change (2022-2020)
Emissions- Scope 2 - Location based (tCO ₂ eq)	32,940	35,761	37,694	(13.03%)
Total employees (no.)	22,144	22,084	22,037	
Emission intensity	1.49	1.62	1.71	

ENERGY INTENSITY - SCOPE 3				
Year	2022	2021	2020	% Change (2022-2020)
Emissions - Scope 3 (tCO ₂ eq)	1,697	1,497	1,445	16.88%
Total employees (no.)	22,144	22,041 ²⁰	22,037	
Emission intensity	0.08	0.068	0.066	

²⁰ The values reported in 2021 do not include the Indirect Scope Companies of the Group.

Financed Emissions

The Consolidated Non-Financial Statement 2022 provides for the reporting of the results of the first pilot exercise of calculation of the Group's Scope 3 financed emissions. As suggested by the Task Force on Climate-Related Financial Disclosures (TCFD) and the Carbon Disclosure Project (CDP), the calculation has been carried out by using the Partnership for Carbon Accounting Financials (PCAF) methodology in accordance with the guidelines of the latest report on "The Global GHG Accounting and Reporting Standard".

The Financed Emissions Standard provides detailed methodological guidance for measuring and disclosing GHG emissions in line with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard for investment activities, which are described by reference to Category 15 of the GHG Protocol.

Among the seven asset classes envisaged under the PCAF, the Group has taken account of real estate asset-backed loans, particularly "Mortgages" and "Commercial Real Estate"²¹ and the loans granted to the Group's companies – "Business Loans"²² – at 31 December 2022 in the calculation of portfolio emissions.

MORTGAGES AND COMMERCIAL REAL ESTATE

The following formula has been used to calculate the emissions associated with real estate asset-backed loans:

$$\sum_{b,e} \frac{\text{Outstanding amount}_b}{\text{Property value at origination}_b} \times \text{Estimated energy consumption from energy labels}_{b,e} \times \text{Floor area}_b \times \text{Average emission factor}_e$$

Specifically, from the databases made available by the PCAF, the emission factor in terms of tCO₂eq/m² has been derived from:

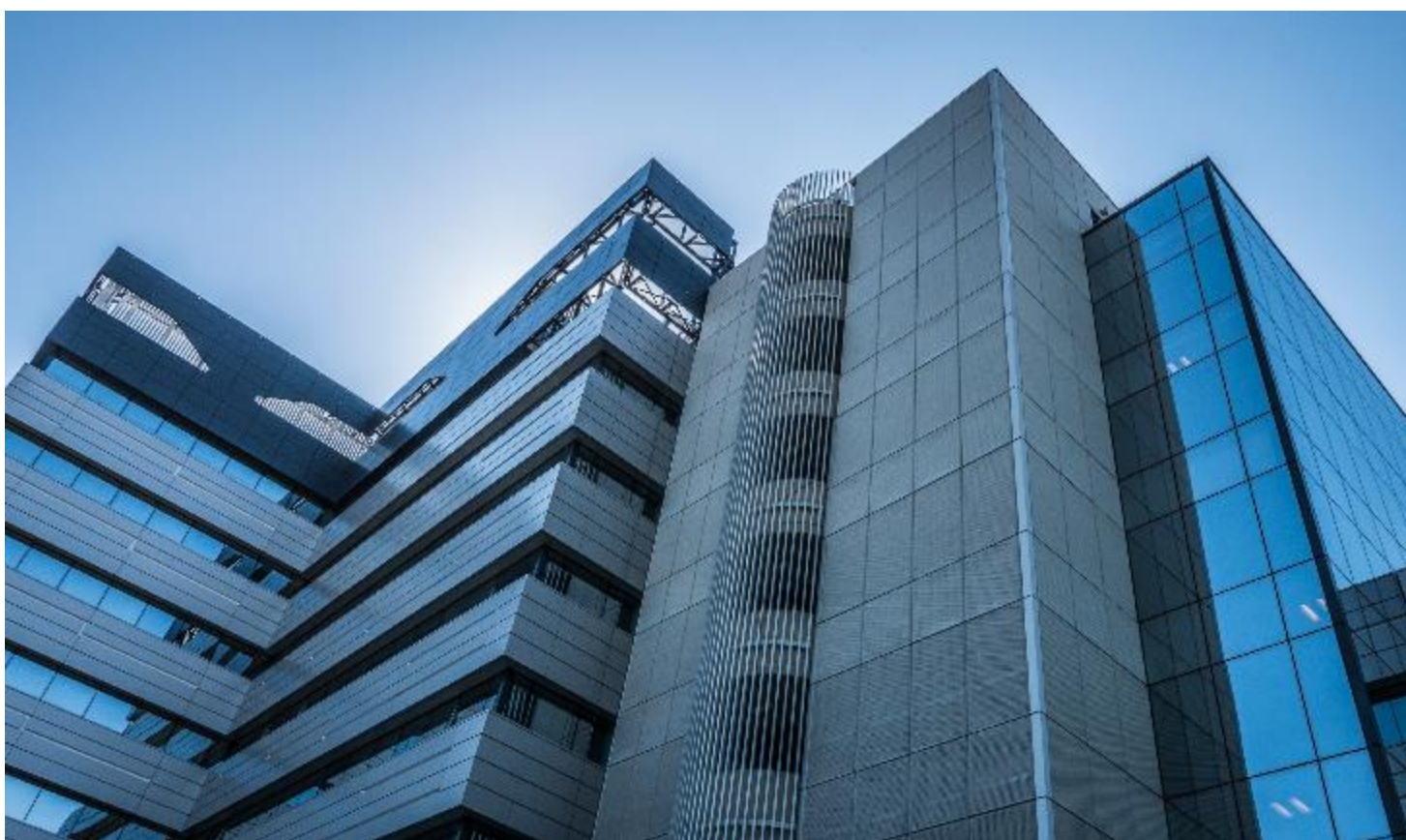
²¹ The exposures included in the calculation of financed emissions account for about 70% of the Group's related credit portfolios.

²² The exposures included in the calculation of financed emissions account for about 65% of the Group's related credit portfolios.

- Main intended use of the property;
- Climate area in which the property is leased;
- Energy performance as stated in the Energy Performance Certificate (APE).

Emissions have been calculated by working out the ratio of the value of the loan to the value of the property calculated at the time of the last appraisal conducted. The aforementioned ratio has been multiplied by the area of the properties and the PCAF emission factor. The result obtained is equivalent to about 1.7 million tons of CO₂ equivalent²³.

Financed emissions (millions of tCO ₂ eq)	Intensity (tCO ₂ eq/ €mil.)
1.7	36



²³ The figure for financed emissions has been calculated with reference to portfolios of loans and advances guaranteed by commercial and residential properties, excluding guarantees for which energy performance data cannot be applied (e.g., land, infrastructure, cemeteries, etc.).

BUSINESS LOANS

The following formula has been used to calculate emissions related to business loans:

$$\sum_c \frac{\text{Outstanding amount}_c}{\text{Enterprise value}_c} \times \text{Company emissions}_c$$

The emissions have been calculated by working out the ratio of the value of the loan to the total assets of the financed counterparty. The aforesaid ratio has been multiplied by the reported or estimated emissions for the counterparty (divided by the relevant Scope 1, 2 and 3 emissions). The result obtained is equivalent to about 20 million tons of CO₂ equivalent²⁴.

	Financed emissions (millions of tCO ₂ eq)	Intensity (tCO ₂ eq/€mil.)
Scope 1	1.1	39.2
Scope 2	1.5	51.4
Scope 3	17.4	599.1

COLLECTION OF INFORMATION AND DATA QUALITY

The main challenge for calculating financed emissions is to find quality data on GHG emissions of each counterparty and sector. The PCAF admits that it is difficult to bring precise data to light in order to make the calculation, and so it has prepared a data quality ranking with a Score from 1 to 5, where the more precise data have a score of 1 and those less reliable have a score of 5. The PCAF defines data quality on the basis of the methodology, as well as the origin and nature of the data used in the calculations.

In publishing these data, the Group wishes to take the first steps in calculating GHG emissions for the loan portfolio with the aim of extending and strengthening reporting based on increasingly robust and reliable data. With an eye to continuous improvement, the Group also undertakes to improve both the methodology for the data used and their quality in order to obtain more accurate results in its next reports, as well as to extend the scope of the calculation of financed emissions to other asset classes, such as financing for the purchase of motor vehicles and investments made through proprietary assets.

²⁴ The financed emissions figure has been calculated with reference to business loan portfolios, excluding exposures for which financial data or reported or estimated emissions are not available.

In order to estimate loan emissions, account has been taken of data available on the energy performance of properties given as security for the loans and the Scope 1, 2, and 3 emissions of the financed counterparties, sourced from the Group's management software and ESG data provider supplies.

The present limits on the availability of data have entailed approximations in calculations; for example, the application of general emission factors if the precise figure for the energy performance of a property is not available and then the estimated counterparty emissions have been used. In spite of the use of proxies and estimates, however, the data reported are an indication of the emissions financed by the Group that is helpful for understanding the extent of its contribution to climate change and for directing strategic decisions to improve the impact of Iccrea's business.

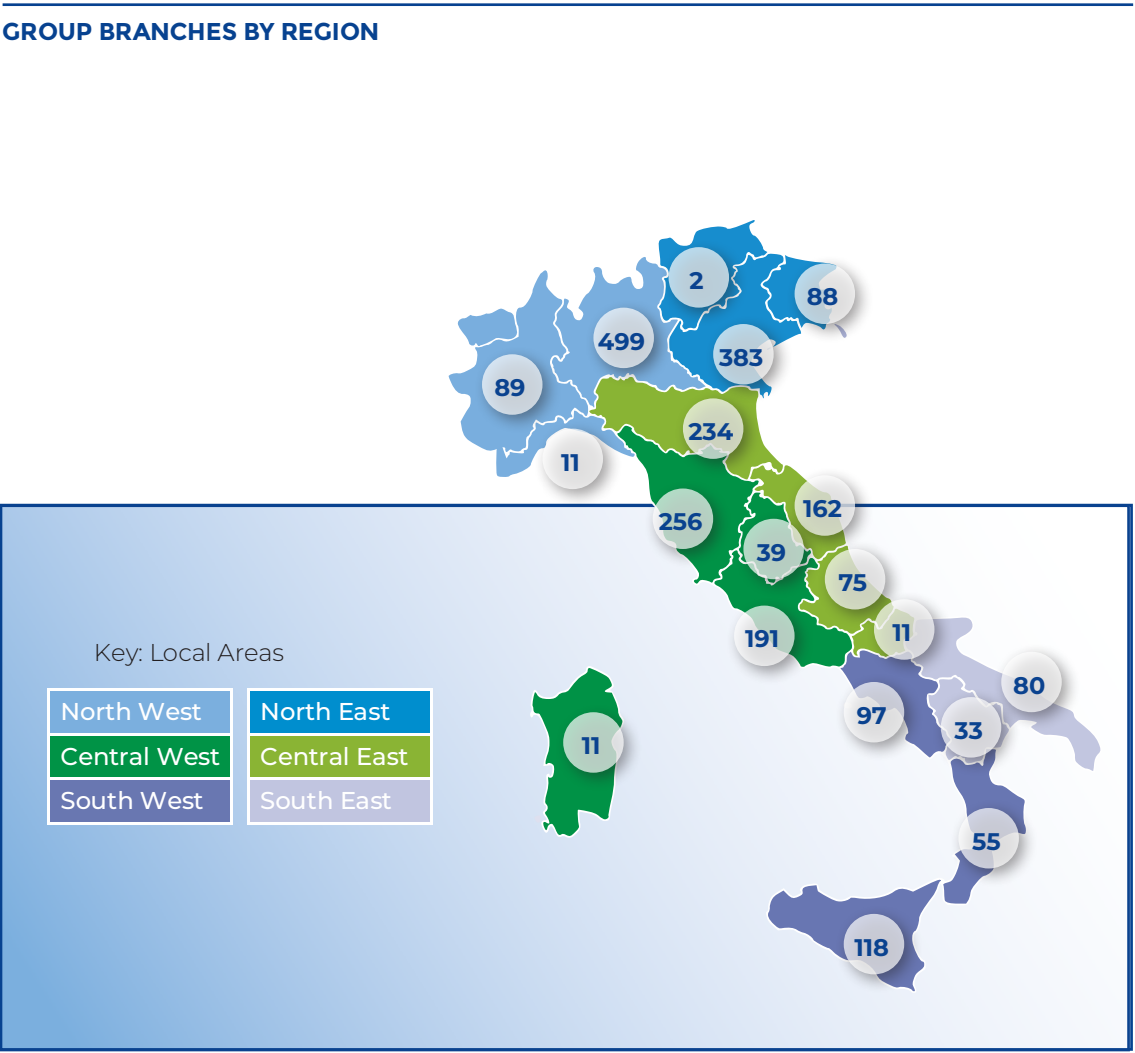


7. SUSTAINABILITY

The local network

G4 - FS13
GRI 2-1
GRI 2-6

The Iccrea Cooperative Banking Group is composed of 2,434 branches operated by 118 BCCs and Banca Sviluppo, with its present branch and operates exclusively in Italy. The breakdown of the Group’s branches by region is reported below.



More than 56% of the branches are located in Lombardy, Veneto, Tuscany and Emilia-Romagna, with a nationwide branch market share of 11.6%.

During 2022, the number of BCCs decreased by 10 (from 128 to 118, excluding Banca Sviluppo), due to seven merger transactions that involved 16 Member BCCs and one demerger transaction that involved 3 Member BCCs:

- merger of BCC di Massafra by incorporation into BCC di Taranto (giving rise to BCC di Taranto e Massafra);
- merger of Cerea Banca by incorporation into Banca di Verona e Vicenza (it maintained its company name);
- merger of BCC di Cittanova, BCC del Crotonese and BCC del Vibonese San Calogero e Maierato into BCC del Catanzarese (giving rise to Banca della Calabria Ulteriore);
- merger of BCC di Oppido Lucano by incorporation into BCC Spinazzola (giving rise to BCC Appulo Lucana);
- merger of BCC di Bergamo e Valli by incorporation into BCC di Milano (it maintained its company name);
- merger of BCC Mutuo Soccorso Gangi by incorporation into BCC S. Giuseppe delle Madonie (giving rise to BCC delle Madonie);
- merger of BCC San Michele di Caltanissetta e Pietraperzia by incorporation into BCC G. Toniolo di San Cataldo (giving rise to BCC G. Toniolo e San Michele di San Cataldo);
- demerger of ViVal Banca and consequent incorporation of two separate entities into Banca Alta Toscana Credito Cooperativo and Banca Centro – Credito Cooperativo Toscana-Umbria.

The local distribution of the 118 Group BCCs around the country is practically homogeneous (31% in Northern Italy, 38% in the Central regions and 31% in Southern Italy), being the result of a mission directed at the support of local communities. The only regions in which there are no offices of Group Banks are Aosta Valley, Trentino-Alto Adige, Liguria, and Umbria (however, some branches are present in the latter three regions).

In order to constantly 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 85 branches in 2022, 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 40 branches compared to December 2021.

The Iccrea Group is present with at least one branch in 1,680 (35.4%) of the 4,750 Italian municipalities served by banks; in 335 of these (equal to 20% 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 (392), while Tuscany is the first one in terms of incidence with respect to municipalities served by banks (58.7%).



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

MUNICIPALITIES SERVED BY THE GROUP					
Region	Municipalities with banking services	with ICBG branches	(%)	Municipalities served only by the ICBG	(%)
Lombardy	1,005	392	39.00%	96	24.49%
Veneto	465	266	57.20%	44	16.54%
Tuscany	247	145	58.70%	4	2.76%
Emilia-Romagna	305	120	39.34%	8	6.67%
Sicily	253	101	39.92%	33	32.67%
Lazio	191	97	50.79%	17	17.53%
The Marches	166	97	58.43%	14	14.43%
Campania	261	80	30.65%	33	41.25%
Calabria	117	52	44.44%	26	50.00%
Piedmont	458	63	13.76%	11	17.46%
Friuli-Venezia Giulia	152	60	39.47%	10	16.67%
Apulia	199	65	32.66%	3	4.62%
Abruzzo	126	55	43.65%	14	25.45%
Basilicata	73	31	42.47%	13	41.94%
Umbria	66	23	34.85%	3	13.04%
Molise	24	10	41.67%	5	50.00%
Liguria	109	11	10.09%	1	9.09%
Sardinia	261	10	3.83%	0	0.00%
Trentino-Alto Adige	248	2	0.81%	0	0.00%
Aosta Valley	24	0	0.00%	0	0.00%
Total	4,750	1,680	35.36%	335	19.94%

GRI 2-6

G4-FS6

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

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 Cooperative 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 2022, the proportion of consumer households was 39% 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.

In consideration of the above operations, the Group's operating income 2022 stood at Euro 5.1 billion in 2022.

Customer proximity is ensured by the localism that is a feature of BCCs' service model; owing to their cooperative vocation and together with the customised products of the Group that supports them, they play a precious part in providing support to local areas and communities as it can be inferred from the distribution of loans by geographical area.

As shown in the table below, the Group's loans showed an overall increase from Euro 93.9 billion to about Euro 95 billion during the observation period – despite the complexity of the geopolitical environment characterized by events that adversely affected both global and domestic economy.

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	28,091,629	29.5%	28.3%	29.7%	4.2%	25.1%
North West	25,442,043	26.7%	25.6%	26.9%	4.4%	23.6%
Centre	29,526,058	31.0%	29.3%	30.8%	5.7%	35.6%
South and Islands	12,130,289	12.7%	12.0%	12.6%	6.1%	15.7%
Total loans to customers at a.c.	95,190,019	100.0%	95.1%	100.0%	4.9%	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 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	37,375,114	39.3%	96.9%	40.0%	3.1%	24.6%
Primary sector	5,246,640	5.5%	95.8%	5.6%	4.2%	4.7%
Manufacturing activities	12,952,261	13.6%	95.7%	13.7%	4.3%	11.9%
Trade	9,820,090	10.3%	94.0%	10.2%	6.0%	12.5%
Real estate and construction	12,404,260	13.0%	88.8%	12.2%	11.2%	29.6%
Services and other	14,982,465	15.7%	95.0%	15.7%	5.0%	16.1%
Public administration	961,439	1.0%	100.0%	1.1%	0.0%	0.0%
Financial companies	1,447,749	1.5%	98.0%	1.6%	2.0%	0.6%
Total loans to customers	95,190,019	100.0%	95.1%	100.0%	4.9%	100.0%

In line with the previous report, **more than 85% of financing, as shown by the breakdown of loans, was granted to households and micro-Small and Medium-sized Enterprises (mSMEs)** in 2022. This confirms and strengthens the proximity to local communities and to the network of businesses of which the Group is an actual expression through the network of its BCCs. As already emerged from the double materiality analysis, for which reference should be made to Chapter 2, “Financial Support to Households and mSMEs” is one of the material topics that emerged, both as regards impact materiality and as regards financial materiality.

The figure is even more interesting when considered in light of the trends that have characterised – and still characterize – the international and domestic context due to the effect of the Russian-Ukrainian conflict and any related inflationary pressures.

FINANCIAL SUPPORT TO HOUSEHOLDS AND mSMEs						
Type of counterparty	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	94,228,579	99.0%	95.0%	98.9%	5.0%	100.0%
Consumer households	37,375,114	39.3%	96.9%	40.0%	3.1%	24.6%
Small and medium-sized enterprises	44,028,642	46.3%	93.9%	45.7%	6.1%	57.5%
Producer households	7,367,945	7.7%	93.7%	7.6%	6.3%	9.9%
Micro-enterprises, entities and associations	7,760,966	8.2%	93.2%	8.0%	6.8%	11.3%
Other SMEs	28,899,731	30.4%	94.1%	30.0%	5.9%	36.3%
Other non-financial companies	11,377,075	12.0%	92.9%	11.7%	7.1%	17.3%
Other financial companies	1,447,749	1.5%	98.0%	1.6%	2.0%	0.6%
Public administration	961,439	1.0%	100.0%	1.1%	0.0%	0.0%
Total loans to customers at a.c.	95,190,019	100.0%	95.1%	100.0%	4.9%	100.0%

Source: Consolidated Financial Statements at 31 December 2022.

Sustainable lending and financing

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 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, which turns into a different way of banking.

The Iccrea Group's mission has always been to encourage the economic growth of the areas in which it is present by giving financial support to households and economic operators' initiatives: every application for loan bears in itself economic growth and the pursuit of the mission proper to a BCC, and cooperative, mutualistic and local banks. This is in full compliance with the Charter of Values of Cooperative Banking and with the provisions of Article 2 of the Articles of Association of BCCs, which establishes the close link between the actions of BCCs and the sustainable development of the local areas in which they operate.

In this sense, "sustainability" is intimately slotted in the Group's "genetic" heritage and has always been realised in the attention that the Group pays to the households and SMEs of the local areas in which it is present, with the aim of building the common good.

This attention has always been of a social nature, in the sense of the pursuit of an improvement in its Members' moral, cultural and economic conditions, of cooperation, of educating people to save and provide for the future, of a propensity to search for social cohesion; and, to a greater and greater extent, also owing to developments in the legal framework and the renewal of market interest, of increasing attention to the environment.

Indeed, lending, also as an effect of EU Taxonomy, is increasingly directed at green purposes. Therefore, and as both social and environmental impacts are involved, the role of the Iccrea Cooperative Banking Group is still more important in giving priority to economic operators that, in relation to environmental, social and corporate governance factors:

- are mindful of responsible use of natural resources and effects on ecosystems;
- maintain adequate conditions of security, health, justice, equality and inclusion;
- generate income and employment in accordance with ethical principles and best governance practices.

The principles and guidelines that the Group adopts for the purpose of assessing environmental, social, and governance impacts of its customers' economic activities are regulated in the Group Policy on the Granting and Execution of Credit.

During 2022, the Group – also taking account of the developments in reference standards and practices for credit intermediation activities – carried out an initial update of the aforementioned Policy in order to integrate ESG metrics, and in particular climate and environmental issues, into in-house processes and foster their evolution in line with current requirements. In particular, a qualitative ESG questionnaire was prepared and made available to Group Companies for the assessment of counterparties with reference to environmental factors in order to integrate sustainability into the appraisal process. This solution – “first time adoption” – was implemented pending computer releases – the completion of which is expected in 2023 –, which will develop the Group's rules and applications in support of lending processes also considering ESG themes.

In addition to the criteria that serve to integrate sustainability into lending processes and the assessment of collateral, the lending Policy also describes activities and economic sectors that cannot be financed even if they are legal²⁵. This is an “*a priori* exclusion” strategy that consists in ruling out certain categories of would-be counterparties that operate in sectors deemed to be in breach of fundamental rules for the protection of human rights. In detail, the Group Policy makes explicit reference to the following production sectors:

- manufacture, distribution and marketing of weapons (with the exclusion of weapons for sporting or recreational activities);
- manufacture, distribution and marketing of equipment for betting, video-poker, and slot-machines;
- setting up and operation of gaming and betting halls;
- all sectors relating to pornography (e.g. sex shops, pornographic publications, etc.);
- We Buy Gold shops²⁶;

²⁵ 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.).

²⁶ For the purposes of this statement, this category does not include trading in precious objects such as goldsmiths and/or jewellers unless they primarily engage in gold buying activities.

- money transfers;
- management and administration trust companies that use omnibus accounts.

Lending with an ESG connotation – that is, having purposes that are social, respect the environment and the containment of CO₂ emissions, as well as the increase of instruments to protect against risks arising from climate change – is an element of ever-increasing relevance for the Iccrea Cooperative Banking Group.

In this sense and as specified in Chapter 2, devoted to sustainability strategies, the Strategic Plan that the Parent Company launched in March 2023 requires, over the period it covers, not only ever closer attention to social developments, also by measuring the Group's impact in this sphere using recognised scientific methodologies, but also a trend to increase the number of loans with an environmental impact and insurance policies to protect against physical risks to households and businesses.

Not only is it intended to intensify commercial activity on products with an environmental value that are already in the catalogue, but new lending products are to be created – Taxonomy-aligned – that may further expand the range and make it increasingly consistent with customer needs.

This section deals with products and services with environmental and social impact that the Group offers in the market.



Performance and metrics

With regard to the reporting of metrics, it is worth noting that the categories of products falling among the indicators relating to financing with a social and environmental impact have been reframed with respect to previous financial years, providing for survey clusters, which are, on one hand, more consistent with the Group's present operations and, on the other hand, in line with developments in the standards for the sector.

Total **social impact loans** disbursed by the Group stood at more than **Euro 8.4 billion** in 2022. The main items that make up the figure pertain, in the first instance, to the Group's operations with the Central Guarantee Fund and new loans ex art. 13 SME Fund, which, due to the disappearance of the pandemic emergency, showed a decrease compared to last year. On the other hand, there was an increase in certain types of loans – Consap-guarantee backed mortgages, subsidized loans with social purposes (including with the use of public funds) and Sabatini Interest grants –, including in relation to the trend in economic recovery recorded in 2022.

Furthermore, the 2022 survey included a major social impact initiative put in place by the Group to support social and economic development in Ecuador.

With regard to **environmental impact loans**, the amount disbursed in 2022 stood at **Euro 757 million** compared to Euro 467 million in 2021, showing an increase of about 62%.

The tables below report detailed data on social and environmental impact loans disbursed by the Group in 2022, as broken down by category of financing.

SOCIAL IMPACT LOANS

G4-FS7

SOCIAL IMPACT LOANS	
2022	
Type of financing (€)	Sum disbursed
Student loan	9,733,916
CONSAP guarantee-backed loans (first home soft loans)	1,675,398,621
Financing for adoptions (anyform, leases, loans, etc.)	65,000
Group operations with Central Guarantee Fund	4,232,681,842
Interest grants under Sabatini Act	536,638,524
Loans to the third sector	186,928,848
Subsidized loans with social purposes (including with the use of public/EU funds)	85,431,097
New loans - 90% guarantee (art. 1.2 of SACE Decree Law)	346,642,208
New loans ex art. 13 SME Fund	1,090,374,981
Social shock absorbers	1,034,000
Social microcredit (loans for a maximum amount of €/TH. 10)	893,909
Business microcredit	8,220,001
Low-amount loans	24,240,236
ISMEA (Institute of Services for Agricultural and Food Market)	204,431,119
Microfinanza Campesina	6,656,666
Total loans for products and services with social purposes	8,409,370,969

In continuity with what has been represented in previous reporting periods, the Group confirms its support for education and study. Student loans disbursed in 2022 amounted to approximately Euro 10 million. In this regard, the activity put in place by **BCC Credito Consumo** (as a Company specialising in personal loan solutions) for the support to Affiliated Banks and the operational management of StudioSì Fund financing²⁷.

²⁷ The Fund offers zero-interest loans to students residing in a Southern Italian region (those residents in other Regions who study in Southern Italian universities may, however, also benefit from these loans).

The CONSAP guarantee-backed²⁸ loans disbursed by the Group, which ensure support to young people and local areas on an ongoing basis, showed a slight increase compared to the previous reporting period. In 2022 disbursements increased by about 16% compared to the previous year, from Euro 1.446 billion to nearly Euro 1.7 billion.

Businesses also continued to be supported through Italian Central Guarantee Fund operations and contributions to interest under the Sabatini Act, the disbursements of which came to Euro 4.2 and Euro 0.5 billion, respectively, in 2022. The Group also continued to support agricultural businesses with loans backed by direct and subsidiary guarantees from ISMEA (the Italian Institute of Services for Agricultural and Food Market), the total disbursements of which came to more than Euro 204 million in 2022.

In line with the provisions of Article 2 of the BCCs' articles of association, the Group stands out for its commitment to supporting the third sector, an essential element of our economy. During 2022, loans were disbursed for an amount of nearly Euro 187 million, up compared to the values recorded in 2021.

This report also confirms that the Group is still near its local areas, households, micro and SMEs, making use of the new financing schemes created by legislation implemented to meet the pandemic crisis (guarantee provided by SACE and under Article 13 of the SME fund), the disbursements of which came to a total of more than Euro 1.4 billion in 2022.

Efforts also continued to be made steadily through microcredit instruments and small loans²⁹. The overall value of the loans disbursed in 2022 exceeded Euro 33 million.

The Group went on helping the categories most in difficulty in 2022. The payments for income support schemes (loans as advances on redundancy funds) exceeded Euro 1 million.

²⁸ The First-time Buyer Mortgage Guarantee Fund was set up in the Ministry of the Economy and Finance under Article 1, paragraph 48.c, of Law no. 147 of 27 December 2013; it eases the relationship between the citizen and the Bank by offering a public guarantee on a first-time buyer mortgage. Precedence in access to the Fund is given to priority categories such as, for example, young couples, one-parent family units and young persons under 36 years of age and a subsidised rate is applied.

²⁹ Low-amount financial transactions are those referred to in Article 6, paragraph 2.d), of the Decree of 6 March 2017, issued by the Minister of Economic Development, in agreement with the Minister of Economy and Finance, for an amount not exceeding Euro 25,000.00 for each final beneficiary, or Euro 35,000.00 if the application for guarantee is submitted by an authorised guarantor.

Microfinanza Campesina

The Group's "domestic" activities have been accompanied by support for growth initiatives in Ecuador for many years.

Under a Cultural and Financial Cooperation Agreement signed more than 20 years ago, the Group collaborates in the "Microfinanza Campesina" project, whose aim is to promote and spread the concept of cooperation in the form of mutualistic banking in the most disadvantaged areas of Ecuador, supporting the entire economic cycle to foster the development of resources and give work to the local inhabitants.

In this project, the Group is a partner of Banco Codesarrollo, an Ecuador bank that is a leader in solidarity finance, and the Fondo Ecuatoriano Populorum Progressio (FEPP), a private non-profit foundation formed in the 1970s under the inspiration of the social encyclical "Populorum Progressio". The understanding was recently renewed, and the Cooperative Banking Group signed the new "Quito Alliance" agreement on 11 November 2022. The purpose is to continue to offer this Andean population equitable financial products and services to create more human living conditions, contribute to the reduction of poverty and foster sustainable local development and financial inclusion by making use of solidarity finance and cooperative banking.

In 2022 the Group disbursed total loans of more than Euro 6.6 million in favour of Banco Codesarrollo and the FEPP Fund.

These resources have sustained the work of the Bank and the Fund, which, also through the EFL (*Estructuras Financieras Locales*, Local Financial Institutions) basic cooperatives, have carried out about 24,000 microcredit transactions in favour of "personas naturales" and households, helping to create over 10,000 jobs. 36% of the loans granted in 2022 were in the USD 2,000 to 5,000 bracket, showing that Banca Codesarrollo's portfolio mainly consists of small farmers, shopkeepers, artisans and other players in the people's and solidarity economy.

This Ecuadorian bank has a strong commitment to the promotion of equal opportunities and the inclusion of younger people in the world of work. 42% of the lending transactions carried out were in favour of female micro-enterprises (13,966 transactions for a value of USD 68 million) and 40% in favour of younger persons (a financed amount of more than USD 60 million). As regards jobs in the Codesarrollo Bank itself, 48% of the management positions in the institution are filled by women.

In 2010 "Crediecológico", which is a specific financial product intended exclusively for environmentally sustainable economic activities, was created to promote care of the environment and the fight against climate change.

The sums disbursed in 2022 exceeded USD 3.2 million, of which more than 80% is intended for agriculture and soil restoration.

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, Apulia, Sardinia and Sicily and in the 116 municipal districts of the earthquake area in Central Italy (Lazio, The Marches, 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 2022, 38 BCCs had concluded at least one transaction for a total of 1,134 transactions at the end of 2022, of which 401 during 2022 with an increase of more than 39% compared to the number of transactions in 2021 and with a total financed amount that totalled about Euro 45 million.

ENVIRONMENTAL IMPACT LOANS

G4 – FS8

The Iccrea Cooperative Banking Group is aware of the interdependence that exists between economic activities, ecosystems, resources and people, and for this reason it directs the creation of value for the benefit of all stakeholders such as customers, Members, suppliers, communities and future generations, thus contributing to economic and sustainable development in the medium to long term.

As mentioned above, the Group, also in view of the legislative framework in the matter, which, moreover, is still evolving, and Supervisory authority and market expectations, has started to take up projects that are targeted on the integration of climate-related and environmental factors into its strategies for development and, in particular, for lending.

In addition to the action that is being or has been taken on processes of identification, assessment and management of climate-related and environmental risks and the integration of these metrics into lending processes and the evaluation of collateral, other important strategies are those for limiting CO₂ emissions connected with the credit portfolio, which are implemented in many different ways starting from the first measurement of Scope 3 of portfolio.

Also important are the introduction of new financing products, the consequent arrival of a range of commercial proposals increasingly directed at environmental purposes, the delivery of customer assistance and support services designed to ease the way to access to public funds made available by the European, national and regional authorities and having environmental purposes, as well as a more and more intense relationship between the Parent Company and the BCCs that ensures that innovations – in terms of processes, instruments, strategies, products, etc. – are presented to customers in an increasingly practical and effective manner as they are brought in: in short, this is the crucial link in the attainment of the environmental objectives of the banking system, which is called upon to act in such a way as to direct financial resources towards those enterprises that decide to go up the road of green transition.

The table below shows data on the Group's disbursements from financing products that have a positive impact on the environment.

ENVIRONMENTAL IMPACT LOANS	
2022	
Types of financing (€)	Amount disbursed
Solar PV energy financing for businesses	69,939,514.70
Solar PV energy financing for private individuals	1,648,234.19
Wind energy financing for businesses	19,063,558.00
Hydroelectric energy financing for businesses	17,433,299.42
Biogas/biomethane financing for businesses	22,469,448.43
Energy efficiency financing for businesses	21,792,177.70
Energy efficiency financing for public bodies	50,000.00
Smart Mobility Financing for businesses	8,428,299.87
Environmental recovery financing	210,000.00
Housing redevelopment financing	101,477,084.36
Financing for natural disasters	83,749,385.26
Advances on tax credit - Ecobonus	410,598,342.69
Sustainability Linked Loan	8,000,000.00
Total loans for products and services with environmental purposes	764,859,344.62

Among the financing items reported in the table, substantial growth was recorded for the “Solar PV energy financing for businesses”, with a disbursed amount for the year rising from Euro 23 million in 2021 to about Euro 70 million in 2022, and for the “Solar PV energy financing for private individuals”, whose disbursements for the year amounted to more than Euro 1.6 million (in 2021 disbursements for this segment had amounted to Euro 0.2 million).

Further increase was recorded in loans for biogas/biomethane, which increased from Euro 4.7 million in 2021 to Euro 22.5 million in 2022, and in relation to those for “Energy efficiency financing for businesses”, which amounted to almost Euro 22 million during the reporting year compared to Euro 8.5 million recorded in 2021.

There was a slight decrease in loans to the wind energy sector, whose disbursements amounted to Euro 19 million in 2022 compared to Euro 54 million recorded in the previous reporting period, mainly due to the timing related to the development of construction sites. On the other hand, disbursements increased from about Euro 3.5 million in 2021 to Euro 17.4 million in 2022 with regard to the hydroelectric energy financing.

In the area of housing redevelopment, environmental rehabilitation and energy efficiency/eco-bonus, the total figure of loans disbursed in 2022 stood at about Euro 600 million.

Households and SMEs (Microcredit)

The Group's microcredit positioning is excellent: in fact, 38 BCCs were active in this field by the end of 2022, with about 2,000 microcredit loans to businesses running, backed by the appropriate section of the SME Guarantee Fund, for a countervalue of Euro 48.5 million.

Furthermore, 22 BCCs completed a total of 268 new transactions, for a countervalue of Euro 8.2 million during the year.

The Group BCCs have had two main agreements at their disposal for some time, which were signed by the Parent Company, whereby they carry out their financial inclusion transactions through microcredit:

- the agreement with the Italian Government Agency for Microcredit (signed in 2020), under which BCCs that intend to carry out microcredit transactions directly may avail themselves of the microcredit Tutors for the provision of mandatory ancillary services;
- the agreement with Permico (2021), the Italian leading operator specialising in microcredit. The agreement is intended to supplement the Affiliated Banks' direct loans, offering the possibility of signing bilateral agreements for putting forward the names of customers interested.

Furthermore, another master agreement was added in 2022, whereby BCCs based in The Marches Region can put forward to Fidipersona, which is another operator specialising in microcredit, the names of persons and enterprises worthy of support.

It is also to be pointed out that many Group BCCs are Members and partners of microcredit operators (including Permico and Fidipersona) operating in Italy, or of non-bank intermediaries specialising in microcredit, to which the names of potentially eligible persons, entities and projects are put forward.

The Banking Group has also signed a master agreement with the John Paul II National Anti-Usury Council in order to reinforce its BCCs' commitment to fostering financial inclusion, a mission that is historically included in the social purpose of cooperative banking. Under this master agreement, the activities of the various BCCs that already have agreements with local Foundations are coordinated to carry out projects of their own and institutional projects promoted and requested by the Prefectures that have local jurisdiction.



Finally, the Parent Company – in agreement with Federcasse – applied itself to encouraging its Member BCCs to join the “Microcredito di Libertà” scheme promoted by the Ministry of Equal Opportunities and the Family, ABI, Federcasse, the National Microcredit Agency (ENM) and Caritas Italiana, which supports loans in the form of social and entrepreneurial microcredit to women who have undergone gender-based violence. The aim of the memorandum of understanding is to foster – including through microcredit – the emancipation of women who are or have been victims of male violence from forms of economic subjugation, which may also arise or intensify if they report the violence they have suffered or if they leave the environment of financial support based on family or social relationships in which the violence has taken place.

In addition to the above, it is important to note the action taken by the Structured Finance and Business Consulting Organizational Unit, which deals with financing and advisory activities for enterprises, institutional investors and public administrations in the following areas:

- **Renewable energy**, mainly through the technical form of Project Finance to enterprises, SPVs, and institutional investors developing plants for the production of energy from renewable sources (wind, solar, and hydroelectric energy);

- **Infrastructure investments**, for the benefit of businesses and institutional investors operating:
 - in the integrated water system (e.g., pipelines, purification plants);
 - in the integrated waste cycle (e.g., collection, treatment, disposal of urban and industrial waste, biomethane production);
 - in the public transport sector (e.g., replacement and renewal of the vehicle fleet with engines with lower environmental impact, transport networks, digitization);
- **Social impact investments**, in the following areas:
 - Health care (e.g., hospitals, private clinics, nursing residences);
 - Social welfare services (e.g., elderly care, rehabilitation);
 - Sports (e.g., sports centers, municipal swimming pools);
 - Education (e.g., schools, universities).
- **Third-party Fund management**: responsibility for promoting and supervising the circulation, development, use and management of European Union funds, directed, among other purposes, at stimulating urban regeneration, improving energy efficiency to lower climate emissions, facilitating access to credit for SMEs wishing to be competitive and investing in higher education.

The operations mentioned above are carried out by Iccrea Banca, in collaboration with the BCCs in the area, which are often those that have originally fostered them or directly participate as part of the financing pool.

The Group has already been expanding its operations in these sectors for years, since it is considered to be one of its key activities, dealing as it does with the sustainable development of the areas in which it is present; moreover, these operations are in line with the purposes and the spheres of action of current European Union directives, including the NRRP.

The organization is structured as follows:

- **Project Finance Organizational Unit**: is mainly involved in structuring and granting Project Finance loans in sectors with positive environmental impact such as in particular:
 - financing of construction of plants for the production of energy from renewable sources (Green-Field Projects);
 - refinancing of plants for the production of energy from renewable sources (Brown-Field Projects), which are also subject to transaction on the secondary market.

The projects financed are characterized by interventions aimed at reducing CO₂ emissions related to power generation. The power plants under development are, in fact, to replace the most polluting power plants (coal, fuel oil, gas) operating in the country and in the process of being decommissioned.

In the infrastructures sector, a field in which there are fewer operations than renewable energy, priority is given to projects of environmental value in terms of the reduction of CO₂ emissions from freight transport (intermodal logistics platforms), improvement of town and city road systems (underground parking lots) and real estate facilities with a social function (e.g. university rectorate buildings).

- Corporate Finance Organizational Unit: closely follows the needs of undertakings operating in the sectors of local public services and, more generally, of the infrastructure requirements in the local areas in which the Group operates, through the tools of Corporate Finance in the areas of Waste Collection, Treatment and Disposal, integrated water service, social health and welfare sector, and local public transport, where present European legislation imposes obligations on operators in relation to the lowering of the average age of equipment and, consequently, to the CO₂ emissions into the atmosphere.

Finance is generally granted to construct facilities for recycling waste and transforming it into energy, to protect water as a resource in general and supply it to private and industrial users, to enlarge or build new healthcare facilities, to buy electromedical and diagnostic machinery and to render public transport as sustainable as possible.

- Public Finance Organizational Unit: works to help local communities by means of investments for urban regeneration and for meeting social welfare and educational needs. The works completed through the public leasing instrument are the construction of healthcare (e.g. hospitals and nursing residences) and sports facilities (e.g., swimming pools, sports centers, gyms), both through the renovation of existing buildings, often in a state of disrepair, and of recent properties and constructing schools, energy facilities and multi-purpose public buildings (e.g. public offices, parking lots).
- Third-party Fund Management Organizational Unit: is responsible for promoting and supervising the circulation, development, use and management of financing transactions, within the framework of local-European cohesion policies, particularly in favour of green transition and sustainable urban development. In detail, it manages European Union Funds aimed, among other purposes, at stimulating sustainable urban regeneration, and improving energy efficiency to lower climate-polluting emissions according to the CO₂ reduction targets set from

time to time by international authorities, facilitating access to credit for SMEs intending to be more competitive, and investing in higher education in order to narrow the gap between the average level of education in Italy and in the European and in the European Union, especially as regards Southern Italy. The unit is responsible for the management of four funds (financial instruments): J.E.S.S.I.C.A. (Joint European Support for Sustainable Investment in City Areas) Sicily and Campania, StudioSì and Fondo Emergenza Imprese Sicilia (FEIS).

Remaining in the sphere of initiatives with a social and climate-related impact pursued by Affiliated Banks throughout the country, as an example of the type of operation found in all the areas in which these banks are present, an important one is **that carried out in a pool with BCC Ravennate Forlivese Imolese and Riviera Banca in favour of the SEF Group operating in the sector of renewable energy.**

The loan, worth Euro 10.1 million, will enable the SEF Group to build 2 ground-mounted PV plants in the city of Oviglio (in the province of Alessandria) with a total capacity of 13.26 MW.

The plants, which are already under construction, have a total expected production of more than 20 million Kwh per year of electricity from photovoltaic sources and will be able to meet the energy needs of about 5,500 households. Over the 20 years of incentivized production, the CO₂ reduction effect produced will be equal to that of 7.2 million equivalent trees.

The project will also benefit the land, previously littered with exhausted quarries; it will now be used to the advantage of the local production environment.

The number of banks taking part in this operation confirms the strong synergy between the Member BCCs and the Parent Company's head office functions when it is a question of attaining targets for sustainable development in local areas and regeneration of no longer productive land.

The financing is the first in the **funding credit line provided, together with the Italian Cassa Depositi e Prestiti (CDP)**, for projects with an ESG connotation, which is added to other two facilities, dedicated to agriculture and tourism, **for a total of Euro 750 million to be invested in supporting local areas and communities.**

In this regard, it should be noted that in 2022 the Group signed an agreement with Cassa Depositi e Prestiti (CDP) to support access to credit for smaller Italian companies, increase sustainable investments and generate a positive impact on the environment in order to continue its action of supporting its corporate customers. In detail, the project – providing Euro 250 million in financing – is aimed at securing new finance, over a time horizon of up to 18 years, to SMEs and Mid Caps engaged in making

investments in areas such as energy production from renewable sources, energy efficiency, circular economy, sustainable mobility, and modernization of water networks.

It is part of a **broader understanding between the Group and CDP** for the promotion of joint initiatives in support of SMEs throughout Italy. The understanding, in fact, follows a first agreement signed in July 2020 for the support of undertakings in the agricultural and agro-industrial sectors and a second one, signed in November 2020, dedicated to entities operating in the tourism sector, thanks to two credit facilities worth Euro 250 million each, for a total of Euro 500 million. With this new agreement, the resources made available reached a total of Euro 750 million over the last three years, as mentioned above.

Another project with a significant environmental impact, within the framework of financing disbursed for the construction of PV plants, is the loan of Euro 5.7 million granted for the benefit of **ESI S.p.A**, a company active in the renewable energy market and listed on the Euronext Growth exchange in Milan. Iccrea Banca, BCC Factoring and BCC Provincia Romana participated in the transaction.



ESI will allocate the new financial resources to construct 6 PV plants on an EPC basis throughout the country, with energy generated for 25 MWp for a total counter-value of Euro 25.3 million.

The first two plants will be completed by the end of the year, will have an overall capacity of 16 MWp, a counter-value of Euro 12 million, and involve the installation of high-efficiency PV modules.

Finally, another important initiative carried forward by the Group in this period is the establishment and financing of an **Energy Community**. This transaction was promoted by BCC Calabria, which, in coordination with the Parent Company, financed the formation of the Critaro Solidarity Energy Community, in the Municipal district of San Nicola da Crissa in the province of Vibo Valentia.

One of the main benefits of forming an Energy Community is the reduction in CO₂ emissions that results from producing solar electricity instead of traditional fossil fuels. In fact, the plant over its conventional lifetime will produce a saving of CO₂ emitted of about 350 tons, or the amount of emissions that 584 trees would have absorbed.

With this project, which was the first one developed by the Iccrea Cooperative Banking Group, the Members, households and private individuals belonging to the Energy Community will gain about Euro 3,400 per year that this Renewable Energy Community ("REC") will distribute to the Members.

For an efficacious supply of energy to its users, 2 electrochemical accumulation systems (lithium batteries) with a capacity of about 16 kWh will also be installed in the PV plant, which is to have a capacity of about 67 kW. These accumulation systems will help to determine a level of virtual self-consumption: the proportion of energy that the plant feeds into the grid and is simultaneously used by the Members of the Energy Community and stored in the accumulation system amounts to about 60% of that produced.

This project has also been important as a signpost for future initiatives. In fact, a project in the Group's lines of ESG strategy is running that provides Affiliated Banks with a set of documents designed to ease the process of assessing the financeability of Energy Communities, which, also because of the novel legislation underlying their operations, have particular characteristics that have to be carefully considered when examining applications for loans.

Sustainable investments

G4-FS8

The Group considers it to be a priority to include environmental, social and governance (ESG) criteria in investment processes and the delivery of advisory services in order to strengthen the trust of investors and markets, heighten its reputation and oppose the conduct of practices and activities not deemed to be in line with its principles.

In fact, the inclusion of these factors is a way for the Group both to deal with sustainability risks that could, if not properly managed, undermine business performance and traditional risk categories, and to seize new opportunities that would otherwise be lost.

For example, the Group undertakes, in its investment decisions, to give priority to enterprises that adopt virtuous practices centred on using production methods that respect the environment, ensure inclusive working conditions and pay attention to human rights and the adoption of the best standards of corporate governance. The inappropriate conduct of business, in fact, may give rise to costs and risks not only for the enterprise itself but for the economic system as a whole and impinge, sometimes within a short time, on financial stability and economic growth.



By applying internationally recognised criteria and guidelines, the Group intends to ensure that issuers who operate in sectors that arouse particular concern as to sustainability themes, such as alcohol, gaming, tobacco, nuclear energy, and weapons, are excluded from its investable universe. Other grounds for exclusion from its portfolio are disputes of various kinds regarding the environment (toxic or polluting emissions, land exploitation, water exploitation), human rights, breaches of labour rights, fraudulent business management and invasive and/or aggressive practices with customers.

In order to pursue this objective, the Group Companies' purpose in monitoring the investable world with the help of third-party providers, is also to detect, assess and prevent or reduce any potential reputational risk arising from investments being used, in practice, in socially irresponsible sectors or sectors with a low ESG rating and/or involved in serious events that have entailed or could entail negative impacts in the areas of environment, human rights, labour rights, corruption, terrorism, etc..

To the traditional risk analysis and financial return techniques, the Group adds an analysis whose purpose is to survey issuers' sustainability policies, performance, practices and impacts, in order to avoid involvement, through investment activity, in Companies that are considered not in line with the Group's principles.

In this area, criteria, tools and activities are designed to identify, assess and monitor investments that are most exposed to social, environmental and corporate governance risks.

The Group's Sustainability Policy, as updated during 2022, includes a specific annex in this area, consisting of the Group's Guidelines on the integration of environmental, social and governance factors into the provision of investment services and more specifically:

- into decision-making processes related to the provision of portfolio management services;
- into the model of providing advisory services on investments or insurance investment products;
- within the framework of the management of the UCI and of the pension fund-related portfolio managed by BCC Risparmio & Previdenza, which is the Group's Asset Management Company.

The Group's Asset Management Company, BCC Risparmio & Previdenza SGR, integrates environmental, social and governance criteria into the investment processes relating to the portfolios under management. To this end, it has designed criteria, tools and activities to identify, assess and monitor those investments that are most exposed to sustainability risks, which mainly include:

- risks related to climate change, namely physical risk – both chronic and acute – and transition risk;
- risks from disregard for human, labour, and people's rights; risks related to controversial activities, fraud, and corruption.

This choice stems from the belief that integrating environmental, social, and governance factors into investment processes is a necessary element in pursuing sustainable performance over time, reducing the risk associated with the portfolios, and acting in line with the principles of integrity and transparency.

The analyses and evaluations carried out are differentiated according to the type of financial instruments (UCI, equities, and bonds) and are formalized according to an approach that is peculiar to the investment decision-making process adopted by the Asset Management Company.

The Asset Management Company uses data offered by providers of proven international standing that feed its proprietary methodology in order to select instruments in the investment universe.

Sustainability as regards investments in quotas or shares in UCI is assessed having regard to the target UCI's own investment policy, not only maximising the return/risk ratio but conducting a careful analysis of the existence of high social and environmental responsibility standards and good governance behaviour.

In addition to this, between the end of 2022 and the beginning of 2023, the Group – through BCC Risparmio & Previdenza – started on a project designed to strengthen its sustainable investment process by giving it a more solid structure and increasing the criteria for the valuation of assets, commencing with the integration of additional actions and indicators designed to assess the impact of the investments under analysis from the perspective of sustainability and key drivers of environmental and climate-related risks.

The Group intends to add possible considerations concerning the mitigation of the Principal Adverse Impacts (PAIs) on sustainability factors, as well as assessments in accordance with Regulation (EU) 2020/852 (EU Taxonomy), including with a view to the possibility of carrying out interventions with sustainable investment objectives. The Group also monitors the investable universe periodically, also with the help of specialised third-party providers, in order to check that the ESG performance of its own products is maintained.

Therefore, the Asset Management Company has designed portfolio solutions that can offer its customers a range of investment products and services that promote environmental and social characteristics and good governance practices (Article 8 of SFDR) with a view to managing and mitigating sustainability risks and their impact on key prudential risk categories. Specifically, during 2022 the Asset Management Company classified seven Asset Management Lines, the Open Pension Fund and two Mutual Funds as ethical and intends to continue expanding its range of products in accordance with Articles 8 and 9 of SFDR.

Furthermore, the Asset Management Company provides Affiliated Banks that offer a portfolio management service with the information regarding management lines in terms of sustainability that is necessary in order to ensure that the assets are correctly distributed and compatible with customers' requirements.

Affiliated Banks that provide a portfolio management service acknowledge that ESG factors are increasingly essential inputs in the overall assessment of economies, markets, sectors and business models. ESG factors are equally important when assessing long-term investment opportunities and risks for all asset classes, both government and corporate. Inclusion of ESG factors combines with classic financial analysis in the process of evaluating products to insert in managed portfolios, taking a more all-round view of investments able to generate better opportunities in terms of risk-return ratio for customers.

In recognising the importance and value of ESG themes, Affiliated Banks that provide a portfolio management service for their customers do so in line with a long-term sustainability perspective while integrating ESG criteria into their investment strategies and processes in parallel with the gradual enactment of legislation in the matter. The aim is then to ensure that investment activities as a whole are carried out in the exclusive interest of customers and with the goal of increasing the value of investments over time through a policy inspired by principles of social and environmental responsibility.

Performance and metrics

As shown in the table below, the Group's sustainable investments, including direct management, and placement and distribution activities, amounted to about Euro 7.9 billion with a level of invested assets of about Euro 1.9 billion in 2022.

SUSTAINABLE INVESTMENTS		
2022		
Type of investment (€)	Assets under management	Assets invested in the year
Investments under management in products according to Art. 8 and Art. 9	2,309,590,428.53	572,714,754.64
Total investments under management	10,439,177,396.60	1,795,662,503.68
Investment in advisory, administration and execution in products according to Art. 8 and Art. 9	5,576,786,433.79	1,355,126,997.00
Total investment in advisory, administration and execution	11,338,203,188.91	1,930,350,230.00

SUSTAINABLE INVESTMENTS		
2022		
Share of sustainable investments (%)	Assets under management	Assets invested in the year
Sustainable investments under management	22.12%	31.89%
Sustainable investments in advisory, administration and execution	49.19%	70.20%

The data pertain to the management and distribution activities carried out by the Group's Asset Management Company, BCC Risparmio & Previdenza, and also summarize the management activities implemented independently by four Affiliated Banks.

During 2022, more than Euro 1.9 billion were managed and placed in sustainable products according to Article 8 and Article 9 of SFDR, and, in total, Assets Under Management (AUM) in sustainable investments amounted to approximately Euro 7.9 billion at 31 December 2022, showing an increase of more than Euro 3.5 billion compared to the previous year.

With regard to the products and services managed by the Asset Management Company, this increase was generated through the following actions: i) implementation of a new ESG investment process dedicated to the management of all sub-funds of the "Fondo Pensione Aperto Aureo" open pension fund to which sustainability criteria were not applied previously; ii) establishment and commercial promotion of the new Sustainable fund according to Article 8, "Investiper Cedola Dicembre 2027"; iii) establishment and commercial promotion of the new investment line for Asset Management on an individual basis, "Bilanciata 10 Etica".

With regard to traded products, the increase was generated mainly through the following actions: i) definition, in agreement with the partner asset manager, and commercial promotion of the new fund according to Article 8, "RFN Smart Sostenibile", whose placement took place until February 2022; ii) transformation, in agreement with the partner asset manager, concerning the investment process of the new fund that became "Amundi Sentiero Sostenibile" according to Article 8, whose placement took place as from February 2022; iii) definition, in agreement with the partner asset manager, and commercial promotion of the new fund according to Article 8, "BlackRock TIME 2026", whose placement took place as from September 2022.

The aggregate ESG component of Assets Under Management stood at 37% of the total.

Sustainable finance

THE FIRST SOCIAL BOND ISSUE

In November 2021, Iccrea Banca S.p.A. formalized its Green, Social and Sustainability Bond Framework and subsequently placed, under the Euro 3 billion EMTN Program, its first Social Bond of Euro 500 million reserved for the institutional market and subscribed to by about 90 investors. The transaction was aimed at targeting the funds raised to small and medium-sized enterprises and households impacted by the Covid-19 emergency, as well as to small and medium-sized enterprises with fewer than 50 employees operating in regions with per capita income below the national average, and young and female entrepreneurs. A percentage of 80% of the proceeds was used to refinance loans that had already been disbursed while the remaining 20% was allocated to the disbursement of new loans. Following the issuance and in line with the relevant timeline, Iccrea Banca prepared a specific report (Impact Analysis) with the aim of highlighting the main impacts generated by the bond issue.

THE SECOND SOCIAL BOND ISSUE

Under the abovementioned EMTN Program and Green, Social and Sustainability Bond Framework, Iccrea Banca successfully concluded the issue of a second Social Bond on 12 January 2023, which was subscribed to by 125 leading domestic and international investors, for an amount of Euro 500 million. The main objective of the transaction is to support real economy and to support SMEs with up to 20 employees operating in economically disadvantaged areas. For this issue, a percentage of 70% of the proceeds was used to refinance loans that had been already disbursed while the remaining 30% was allocated to the disbursement of new loans. This transaction confirms the Group's attention to supporting the local areas and communities in which its banks are settled and operate.

8. SUSTAINABLE LOCAL DEVELOPMENT



Supporting sustainable local development is a primary element in Cooperative Banks' manner of providing banking services. Historically, the Iccrea Cooperative Banking Group has always pursued the aim of being the banking mover of sustainable and socially inclusive change in local community growth models in order to strengthen their social role in their areas of operation and of promoting a positive social impact and sustainable transition that leaves no one behind, through the network of its BCCs.

Sustainability is our history, it is part of the Group's identity card, finding its expression in Article 2 of the BCCs' Articles of Association, which makes reference to the Group's promotion of a *"responsible and sustainable growth in the local communities in which it operates."*

"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 Art. 2 of the standard Articles of Association of Affiliated Banks

Sustainability is our history but, above all, it is also our present and our future, since our objective, in the context of the sustainable transformation that is taking place, is to reaffirm the principles and values of Cooperative Banking and attention to the territory, to people and the local economy that have always distinguished us. Sustainability is not a choice but a principle that guides, and will always guide even more, the companies' strategy decisions because it is a linchpin of future economic and social growth.

Consistently with this, "supporting local growth" was a material topic in 2022 as well, according to the priorities indicated by the 2,703 stakeholders who took part in the survey to select the most important ESG topics for the Group.

The Group carried out a large number of projects in local areas in 2022 as confirmation of the efforts it makes in support of ESG issues.

Sustainable territorial development

RELATIONS WITH MEMBERS AND INSTITUTIONS

IBG-000-X

Working through its BCCs throughout the country, the Group operates in close liaison with local Communities, listening to their needs and promoting appropriate services, products and support initiatives as necessary for marking out their growth prospects.

This multi-stakeholder approach is mainly put in place through Committees that Affiliated Banks have established over the years to listen to the requirements of local Communities. These Committees play a significant part in the area because they perform functions as important representatives of the Affiliated Banks' social base and liaise on an ongoing basis between the requests and needs of Members, customers and all the other stakeholders and the products and services that the Banks offer. For this reason, these local Committees, together with the Members, are the "direct link" between Banks and the areas in which they operate.



In 2022 the Committees continued their work with the same passion and commitment as in previous years. In terms of numbers, the 2022 figure shows a 20% increase in the total of Committees compared to last year's figure.

Among the most numerous Committees are the Members Committee (39%) and Local Committees (34%).

TOTAL NUMBER OF COMMITTEES					
Type of Committee (no.)	2022	% of total	2021	2020	% Change (2022-2020)
Young Members	38	25%	36	38	0%
Members	57	39%	46	44	30%
Local Committees	50	34%	36	36	39%
Others	3	2%	3	2	50%
Total³⁰	148	100%	121	120	23%

Geographically speaking, the Young Members Committee continues to have a significant presence throughout the country, apart from the islands, especially in Central Italy.

BREAKDOWN OF COMMITTEES BY GEOGRAPHICAL AREA				
2022				
Committees by geographical area (no.)	Young Members Committees	Members Committees	Local Committees	Other Committees
North-East	10	33	6	0
North-West	3	3	13	0
Centre	19	12	31	3
South	6	8	0	0
Islands	0	1	0	0
Total	38	57	50	3

³⁰ The 2021 and 2020 figures have been restated with respect to the categories of Members and Young Members Committees in light of the updated indicator development process.

As shown in the table below, the number of Members belonging to the various Committees established are more than 2,200. Among the most numerous Committees in terms of composition is that of Young Members, which has confirmed a significant presence throughout Italy.

COMPOSITION OF COMMITTEES BY GENDER				
Year	2022	2021	2020	% Change (2022 2020)
Type of Committee (no.)				
Young Members	1,373	1,598	930	48%
Young Men	788	936	527	50%
Young Women	585	662	403	45%
Members	584	640	639	(9%)
Members Men	452	516	514	(12%)
Members Women	132	124	125	6%
Local Committees	291	375	381	(24%)
Local Committees Men	250	312	317	(21%)
Local Committees Women	41	63	64	(36%)
Others	28	18	12	133%
Others Men	18	16	12	50%
Others Women	10	2	0	-
Total³¹	2,276	2,631	1,962	16%

In 2022 the Young Members Committees (hereinafter also referred to as "YMCs") carried out a number of activities that generated a positive impact in local areas, which can be traced to the following areas of action:

- Culture and promotion of the territory with the aim of developing its traditions and protecting the environment;
- Training and development across the board with the purpose of enhancing young people's technical, professional and cultural competencies by arranging specialist training courses in various fields.

³¹ The 2021 and 2020 figures have been restated with respect to the categories of Members and Young Members Committees in light of the updated indicator development process.



With specific regard to the Lombardy region where the Group operates with 21 BCCs and about 500 branches, a number of projects and events were organized by Young Members Committees in support of social, cultural and environmental development. In that area, the YMCs actively involved 161 Young Members, 50.3% of whom were of the female gender. A total of 28 initiatives were carried out in 2022, mainly social/aggregative and educational in nature, but also pertaining to solidarity, entrepreneurship, environment and sports.

Finally, again in the Lombardy area, partly due to the large number of BCCs operating there, a Body - the Regional Network - to coordinate the various Banks' Young Members Committees was founded in 2022.

Financial education and inclusion

G4 - FS16

By Financial Education, in the area of both insurance and social security, we mean the process whereby people enhance their understanding of financial instruments and products and develop the competencies necessary to acquire greater awareness of the risks involved and the opportunities associated with financial transactions.

Consistently with the mission that has always distinguished Cooperative Banking, the Group intends to support the development of knowledge and competence, which are fundamentally important in order to reinforce active citizenship rights of the local communities in which it operates in the conviction that Financial Education:

- cannot be separated from the objectives of transition to sustainability and digitalisation as a pillar for the reinforcement of civil and informed awareness of the most important themes of the day, also in the light of the new scenarios on the horizon in the post-pandemic world;
- is complementary to school and university education, familiarising students with the labour market and preparing a new intake of future Members, Directors and contractors and consultants;
- puts young people in the best position to take informed decisions that correspond to their needs;
- facilitates inclusion, not only financially, but also socially.

The Group, therefore, considers Financial Education to be a vital activity for the development of its sustainability strategy, an instrument that makes the Company responsible and familiarises young people with the world of cooperative banking.

Consequently, the Group also strengthened and expanded its Financial Education initiatives during 2022, including through its BCCs while continuing its dissemination and training activities throughout the country.

Specifically, again during the reporting year, the Parent Company confirmed that it had joined – as an ordinary member – the “**Fondazione per l'Educazione Finanziaria e al Risparmio**” (FEduF, Foundation for Financial Education and Saving), established at the initiative of the Italian Bankers' Association (ABI). The main objective is to promote Financial Education, which is regarded as being essential to face the financial decisions that have to be made in life in an informed and mindful way.

It should be noted that membership in the foundation allows the Group Banks, which are already very active in their local areas in the field of Financial Education, to make use of the Foundation's services and support, and specifically:

- training packages prepared by the Foundation for training classes of students of all levels from primary to top higher secondary school classes;
- educational courses for the development of soft skills and career guidance (formerly school-to-work transition);
- training projects targeted at local communities.

Among the main projects developed by the Group is the participation in the **Global Money Week (GMW)**, the international event that has been organised by the OECD – *Organisation for Economic Co-operation and Development* – every year since 2012 with the aim of acquainting boys and girls from pre-school age onwards with the importance of acquiring the knowledge, ability and behaviours necessary to take financial decisions that correspond to their needs and possibilities.

As part of the 10th edition of GMW – held from 21 to 27 March 2022 – a seminar was organized regarding "*Educazione Finanziaria e creatività. L'Educazione Finanziaria attraverso l'arte e la musica*" in collaboration with Urbino "Carlo Bo" University and in particular the Yunus Social Business Centre (Law Department).

The event, mainly for Urbino University students, focused on the theme of communicating and spreading economic and financial themes through the instruments of music and art.

Finally, the Group took part in the "**Financial Education Month**", a programme of activities promoted by the Committee for the planning and coordination of Financial Education activities during the reporting year. The series of initiatives and events, free of charge and non-commercial, has taken place online all over Italy in October each year since 2018, its aims being to increase people's basic knowledge of insurance and social security questions and how to manage and plan their personal and family finances.

In this area, the Parent Company took part – for the second year in a row – in the month-long "October in BCCs" campaign, which offers information pills and free advice in the banks themselves regarding the four spheres of Financial Education: saving, protection, welfare and investment.

The campaign was carried out in 2022 with collaboration from Cattolica Assicurazioni and the Group's Asset Management Company, BCC Risparmio&Previdenza.

Among the main significant initiatives were:

- a review of the "*Educazione Finanziaria e creatività. L'Educazione Finanziaria attraverso l'arte e la musica*" seminar, with collaboration from Urbino "Carlo Bo" University (Yunus Social Business Centre – Law Department). Urbino University students were presented the project "*I dimenticati: l'Educazione Finanziaria attraverso l'opera lirica*", including a contemporary opera performance dedicated to social economy and sustainable finance issues among the forgotten;
- a "*Educazione Finanziaria: etica, cultura e crescita*" seminar with collaboration from the Department of Economics and Finance of Bari "A. Moro" University and targeted at about a hundred students to promote financial education through ethics, culture and growth;
- promoting, on the Financial Education site "October in BCCs" (<https://ottobreinbcc.gruppobccicrea.it/>), video tips dedicated to saving, welfare, protection and investment with the main purpose of raising awareness of financial issues among customers. Financial Education content, divided into its four spheres (saving, welfare, protection and investment), was gathered together on the site. Further information for each was provided in various formats: videos, texts and practical guides that can be downloaded.

The initiatives to promote financial inclusion also included the Group's participation – through 3 of its Affiliated Banks – BCC Ravennate Forlivese e Imolese, Emil Banca and Banca Centropadana – in the **European Microfinance Day** (<https://www.european-microfinance.org/activity/european-microfinance-day>), whose theme for the 2022 edition was "**Thriving in times of change, the voice of micro-entrepreneurs**".

This initiative was organised in collaboration with "PerMicro", with which Iccrea has had a master agreement for some time to help its Affiliated Banks with microcredit transactions and render access to credit easier for persons and entities who apply for loans to realise new business ideas or meet primary financial needs (housing, health and education) while being otherwise excluded from traditional channels owing to an inadequate credit history or because they are casual workers.

INITIATIVES TO PROMOTE FINANCIAL EDUCATION	
2022	
Number of initiatives (no.)	
Initiatives targeted at young people	125
Initiatives targeted at office workers	43
Initiatives targeted at migrants	21
Low-income initiatives	5
Other initiatives	92
Total initiatives	286

Finally, various initiatives were organized by the Affiliated Banks in local areas, which included some of the following main events:

- **“Sustainability Month.”** The project – launched by BCC Valpolicella Benaco Banca in September – involved holding certain educational and awareness-raising meetings regarding environmental protection and concern for social and governance issues. These meetings involved Members, customers, communities and schools in the local areas where the Bank operates. In addition, the Bank also intends to publish five issues that describe the fundamentals of the ESG Policy it has implemented and give details of the various activities it has undertaken and fostered in various spheres of action such as using less paper, improving energy efficiency in its offices and carrying out social and educational projects all over Italy, an example of which is the “Adozione di prossimità” project whereby a person can “adopt” a good cause”;
- **“Metto in conto il mio futuro”**, a project carried out by **Fondazione Tertio Millennio Ets** (established within Cooperative Banking) in collaboration with **FEduF** (Foundation for Financial Education and Saving) and five BCCs, four of which belong to the Iccrea Cooperative Banking Group (BCC del Garda, BCC Valpolicella Benaco Banca, Banca TeMa and Cassa Rurale e Artigiana di Castellana Grotte). In order to promote cooperative and mutual Financial Education, each Bank has arranged meetings with higher secondary school students in their areas to talk about cooperative banking, the civil economy, the value of saving and keeping a personal budget and even to enter into the merits of the payment instruments most used by younger people, but also gambling;

- “**Simulimpresa**”, a Financial Education project launched by Emilbanca, in collaboration with the *La Città del Ragazzo* Organisation, which was its creator. The project, which involved about 1,000 students, allowed the Bank to arrange specific educational and training events regarding the dynamics of the relationship between citizen and Bank and between enterprise and Bank. Furthermore, EmilBanca also provided remote assistance to all the classes involved in the project with regard to managing receipts and payments, the use of credit and finance and the Bank-enterprise relationship.

Finally, on this front, it is also worth mentioning the activities put in place by the Group's Asset Management Company. The Company has undertaken several initiatives aimed at raising awareness among both BCC consultants and end customers on the issue of sustainability by also availing itself of support from third-party partner companies. In this area, 29 meetings targeted at consultants were organized (with the participation of about 3,000 colleagues), as were 14 meetings targeted at 1,400 people, including Members and customers of the Affiliated Banks.

Other initiatives

IBG-000-Y

PROJECT FOR HELPING SMEs TO ACCESS EU FUNDS

Within the scope of the National Recovery and Resilience Plan (NRRP), the Group has set aside, together with its Member BCCs, an amount of Euro 2.5 billion to assist micro and small- and medium-sized enterprises (mSMEs) in their growth projects and help them to obtain access to the NRRP resources over the related term.

In order to enrich the NRRP further, the Iccrea Cooperative Banking Group has also concluded a master agreement with Fin Service (in the Finservice Group), a leading subsidised financing company, with the aim of supporting Italian companies in this specific area.

The NRRP project included the appointment of a dedicated Task Force in the Chief Business Officer Area, which coordinates projects to assist BCCs in the fields of tourism, agribusiness, structured finance, energy project, PPP, foreign operations, transaction banking and third sector. The objectives are to help in obtaining NRRP funding using a specialist consulting service and, if necessary, supplement companies' sources of financing with bank loans. The Group has also put a NRRP tender portal at the disposal of Member BCCs so that they can take the initiative with corporate customers, identifying their needs quickly and intervening to meet them.

PROJECT OF “SUPPORT TO mSMEs TOWARDS SUSTAINABLE TRANSITION”

The Group considers sustainability to be an opportunity to reaffirm Cooperative Banking principles and values; among the main initiatives carried out by the Group, an important one is the project to support mSMEs in their journey to sustainable development in line with the ESG strategies under the 2022-2024 Strategic Plan.

The purposes of this project are to assist, be close to and accompany mSMEs that are Group customers, which are the recipients of the new regulatory framework on ESG issues – both directly and indirectly –, in arousing their awareness of the impacts that transition will have on their business and ESG positioning, to suggest what action to take in order to make progress and also to provide support, including in financial terms.

The initiative developed involves a three-phase process.

Firstly, it is intended to take action to arouse customer awareness, always the driver for changes. The task will be performed by taking up different but parallel processes:

- organizing, in collaboration with BCCs, targeted events on the topic of "sustainability" and related impacts on businesses;
- proposing digital information pills;
- training employees to create professionals increasingly specialised in sustainability and also dedicated to customer relations.

The second phase in the project, which is its core, is providing customers with an instrument for the self-appraisal of their sustainability level, through qualitative and quantitative screening, with respect to ESG issues.

The appraisal will suggest the first actions to take in order to put in hand the process of change and of the improvement of ESG performance.

Finally, in the third phase, the Group intends to support its customers in actually taking what corrective measures are needed to heighten its reputation and its ESG metrics. Ultimately, therefore, the support and consulting service for enterprises aims both to help them to obtain European funding and to create specific financing products, in accordance with the current regulatory framework in terms of compliance with Taxonomy requirements, to serve as marketing levers for the green transition of Group customers.

PUBLIC HOUSING

Among the Group's main initiatives with a social impact, the most significant were those involving properties in social housing implemented as part of a broader project that saw in 2014 the establishment of a Social Housing Real Estate Fund, named **Fondo Iccrea Banca Impresa (the "IBI Fund")**.

The Fund was established through the funds granted by Cassa Depositi e Prestiti, which committed to invest an amount of almost Euro 60 million out of a total of about Euro 80 million through F.I.A. - Fondo Investimenti per l'Abitare, managed by CDP Immobiliare SGR - and by Iccrea Banca S.p.A. for an investment of Euro 20 million. The Fund is managed by InvestiRE SGR (a leading Italian operator in the management of real estate investment funds).

The social housing project, behind the SH Fund, consists of building 500 homes in Emilia-Romagna, Veneto and Lazio, with the objective of raising the number of affordable homes to let and for sale at fixed rents and prices, respectively, in support of and to supplement public housing problem policies.

Social housing is to be seen as a long-term investment to sustain those who cannot find a proper solution to their need for a home on the free market, even if they can afford a controlled rent. Apart from the financial aspect, the desire behind this type of initiative is to stimulate the creation of social environments in which resources are shared, also thanks to activities that encourage group initiatives and helping people in distress.

In this area, we must mention the "Molinella SH" project, which saw the construction of 44 flats in the Municipal district of Molinella (Bologna), 31 for long-term lease at a controlled rent and 13 for immediate sale, also at a controlled price. The buildings were constructed in line with modern anti-seismic and environmental sustainability criteria.

TERRITORIAL LOYALTY – LOCAL CASHBACK

In collaboration with various municipalities in the local area in which it operates and through the development of dedicated software applications, Credito Cooperativo Romagnolo has implemented various “Territorial Loyalty” projects aimed at:

- stimulating the sense of belonging to a certain community on the part of persons and activities;
- giving citizens incentives in the form of a cashback reward to spend in local shops giving local shopping a boost and stepping forward as an alternative to distant online retailers;
- involving Corporate entities, which share the values of the Community, in the circuit;
- building a virtuous circle with local authorities, trade associations and the best organised enterprises in the local networks, in which economic operators and citizens are linked by a reciprocal benefit, putting a circular mechanism under way that reinforces the community, creating new value, even in real terms.

Among the major projects are in particular:

- “*La vantaggiosa*”, a loyalty project between economic operators and the inhabitants of the Municipal district of Bagno di Romagna, winner of a “Prize for innovation in banking services” awarded by the Italian Bankers’ Association;
- “*IoSonoCesena Cashback*”, an innovative territorial cashback formula, implemented by the Municipal government of Cesena and the Bank in collaboration with the trade associations, CNA, Confartigianato, Confcommercio and Confesercenti;
- “*InsiemeConvieni*”, a cashback project implemented by BCC Romagnolo, which involves the operators in the municipal districts that have joined the Unione Rubicone e Mare consortium (Borghi, Cesenatico, Gambettola, Gatteo, Longiano, Roncofreddo, San Mauro Pascoli, Savignano sul Rubicone, and Sogliano al Rubicone).

EXPEDITION TO ANTARCTICA

In line with its ethical and cultural values, the Group was a partner in an expedition to Antarctica, which was carried out by Raiffeisen Capital Management and was aimed at recording the effects of global warming on our planet, and one of whose purposes was to assist in spreading and promoting sustainability culture, principles and values and enhancing awareness of climate-change phenomena.

The Group will make use of this mission, which was started at the end of 2022, took place in early 2023, and was documented on the spot in films, images and supporting scientific data, in order to continue with its work of educating customers and young students and arousing their awareness of environmental themes by organising events that, backed by scientific findings reported during the expedition, enhance the culture of Members, customers and future generations and bring them to take a greater and greater interest in these issues, as citizens and as investors.

Charitable donations and sponsorships

GRI 203-1

During the reporting year the Group made **donations of more than Euro 71 million**. A portion of the total, equal to over **Euro 33 million** (up by about 24% compared to the value posted in the previous year) consists of charitable donations and sponsorships, equal to Euro 19.7 million and Euro 13.4 million, respectively, for a total of about 18,000 projects.

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 38 million**.

As repeatedly pointed out, 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				
Year	2022	2021	2020	% Change (2022-2021)
Scope (€)				
Environment	75,250.00	96,586.74	79,327.58	(22.09%)
Church	3,176,996.38	2,179,023.25	1,909,622.71	45.80%
Culture	2,254,524.17	1,781,759.20	1,647,841.78	26.53%
Education	1,581,709.47	1,648,122.57	1,463,669.82	(4.03%)
Research	108,690.00	133,824.00	56,378.00	(18.78%)
Healthcare	3,022,542.73	2,190,825.58	6,392,879.37	37.96%
Solidarity	4,326,241.64	2,837,518.94	3,940,282.68	52.47%
Sports	1,066,965.38	1,006,399.60	682,050.98	6.02%
Local communities	4,152,858.45	3,476,919.90	2,512,966.19	19.44%
Total	19,765,778.22	15,350,979.78	18,685,019.11	28.76%

With regard to charity, there was an increase of about 29% compared to the value posted in the previous year. The areas of greatest change pertain to initiatives in the segments of Solidarity, Church, Culture and Local Communities.

NUMBER OF CHARITABLE INITIATIVES	
Year	2022
Scope (no.)	
Environment	89
Church	1,915
Culture	2,038
Education	643
Research	42
Healthcare	430
Solidarity	1,921
Sports	1,260
Local communities	1,883
Total	10,221



With regard to sponsorships, an increase of about 19% was recorded compared with the previous reporting year. Of particular note are the incremental changes in favour of the areas of environment, culture, sports and research.

SPONSORSHIPS				
Year	2022	2021	2020	% Change (2022-2021)
Scope (€)				
Environment	232,096.52	137,714.52	180,123.36	68.53%
Church	226,022.72	281,211.60	179,387.00	(19.63%)
Culture	2,875,436.04	2,357,443.47	2,020,723.54	21.97%
Education	287,102.65	329,350.08	285,274.50	(12.83%)
Research	29,490.00	15,520.00	6,306.00	90.01%
Healthcare	157,190.26	244,658.69	655,509.20	(35.75%)
Solidarity	328,179.58	415,387.43	511,593.05	(20.99%)
Sports	6,084,237.21	4,799,883.52	4,556,004.68	26.76%
Local communities	3,187,723.40	2,717,299.44	2,231,414.82	17.31%
Total	13,407,478.38	11,298,468.75	10,626,336.15	18.67%

NUMBER OF SPONSORSHIPS	
2022	
Scope (no.)	
Environment	70
Church	196
Culture	1,583
Education	161
Research	20
Healthcare	98
Solidarity	280
Sports	3,250
Local communities	2,088
Total	7,746

Innovation, digital transformation

IBG-000-4

The Group intends to develop and maintain sustainable growth of its business – in line with the ESG strategies designed in the Group's Strategic Plan –, including by leveraging the development and strengthening of its digital infrastructure.

Accelerating digital transformation by putting in place dematerialisation and digitalisation strategies is considered one of the main challenges for the Group in order to assist Banks and customers in their path to development.

Digitalisation and innovation in business channels are developed by implementing the following synergic models:

- **transactional model**, through the enhancement of digital channels based on the implementation of new functionalities and services (RelaxBanking Web and Mobile, Web and Mobile CartaBCC, public sites, ATM (Automated Teller Machine) and Contact Center);
- **relational model**, based on the integration of information collected through digital channels in order to enhance customers' knowledge of the assistance services that can be provided and, in general, customer experience;
- **distributive model**, through the placement of products and services – in self-arranged or assisted mode – and the management of the product/service sales cycle on digital channels in order to reduce the operational impact on branches and maximize the customer experience.

Below are the main projects and initiatives implemented in the digital sphere:

- **Signature room for remote transactions**, with the aim of introducing new digital systems for customers to subscribe to new products and services remotely by using a qualified electronic signature (QES).
- **Omnichannel Campaign 2.0 (Wave 2)** – evolution of the **Omnichannel Campaign** project implemented during 2021 – to increase knowledge of customers by collecting data and information using digital channels.
- **Mobile First**, a medium- to long-term digital transformation strategy of the Group, focused on enhancing the Group's Internet Banking (Relax Banking).

The main features developed during 2022 were aimed at:

- compliance with accessibility regulations;
- greater alignment with the Group's business strategies;
- reduction of fraud risk.

- **Contact Center and Telephone Banking**, with the objective of offering a multi-channel assistance service that responds to customers' needs more fully and exploits the entire commercial potential of channels of communication with customers.
- **Digital Payments**, in continuity with the programme already put in place during 2021, aimed at ensuring the evolution of the payment services offering for the Banks' customers.
- **BCC Innovation Festival**, projects aimed at supporting, through the involvement of the Banks, the economic development of the local areas in which they operate, stimulating technological innovation of customer companies and facilitating the implementation of business projects and ideas of young Members, customers, entrepreneurs and professionals.



This initiative, therefore, searches out the best entrepreneurial ideas in the field of innovation technology for start-ups and SMEs – – in accordance with the United Nations Agenda 2030 for Sustainable Development Goals (SDGs) – and also involves a procedure whereby winning companies are assisted to put the projects they have conceived in hand and develop them. With regard to the edition that took place during 2022, three innovative ideas were found (“Essicarino”, “Micro-sap” and “Oriental Italia”), which may be brought to fruition, also thanks to the financial contribution – amounting to about Euro 30,000 – given by the sponsor and partner companies in the initiative. The winning companies, moreover, may enjoy a facilitation in access to credit and will also be put into touch with possible investors and partners. The second edition of the Festival also took place during the year; like the first edition, this will not be limited to the ideas that were found worthy of support in order to approach the market, but also enterprises that have already started up and will be able to heighten their potential and broaden the scope of their efficacious dealings, both within and outside of the domestic market.

Finally, with regard to conforming to new legislation, plans continued to be made to strengthen defences against fraud on digital channels, in accordance with the provisions of PSD2 regulations.

Improving access to financial services for disadvantaged people

G4 FS14

Accessibility to digital channels is taken to be the capacity of IT systems to deliver services and provide information that can be made available, without any discrimination, also to those who need assistive technologies or special configurations owing to disability, including temporary disability.

Therefore, in accordance with the principles laid down in the Charter of Cooperative Banking Values, the Charter of Commitments to Human Rights, the Code of Ethics and the Diversity and Inclusion Policy, which require a responsible commitment and attention to social themes – with the aim, in particular, of ensuring the protection of human rights –, the Group has created a procedure for the management and development of digital channels according to accessibility standards so that it can offer services and information that is available to all its users without any discrimination. During 2022, work was performed on analyses and initial structural interventions on the Group's digital channels and, in particular, on websites, home banking, and ATMs.

In detail, the Parent Company commenced work on gradual upgrading of the Group Companies' websites during the reporting year, publishing the accessibility statement on these sites and on the “Relax banking” App, and therefore starting to adjust them to WCAG 2.1 (Web Content Accessibility Guidelines) accessibility standards so that its platforms can be used by persons with disabilities while also putting in place an Artificial Intelligence solution.

Further action is planned for the years 2023–2024 to improve and upgrade digital platforms in order to make them more accessible and available on the ATMs throughout the country, in addition to training sessions for Group employees.

Customer relations and satisfaction

IBG-002

In accordance with the values and principles laid down in the Group's Code of Ethics, based on collaboration, helpfulness, professionalism and transparency in business relations with customers, the Group pursues the aim of satisfying its Members and customers on an ongoing basis, attending to their requests and expectations and ensuring professional skill and proportionality.

The Group is also always sensible to the need to safeguard the quality of relations with these persons and to continuous improvement, and devotes its energies to these aims, as they are the indispensable prerequisites for the process of creating and distributing value.

Structured listening of Affiliated Banks as primary stakeholders and holders of relations with customers are a decisive way for the Parent Company to identify the critical factors in market success.

As a result, the Group has adopted a model that – through dedicated functions – measures customer satisfaction with Affiliated Banks and customers, and supports BCCs in delivering custom surveys for its customers.

In 2022, the main types of customer experience work done in order to act as an instrument for engagement with stakeholders were:

- customer satisfaction with General Managers of Affiliated Banks in order to measure to what extent the Banks are satisfied with the quality of the Group Companies' range of products and business as they perceive it;
- Affiliated Banks business contacts' vertical customer satisfaction in order to measure to what extent the Banks are satisfied with the range of products and services offered by the Direct Scope Companies and business units;
- cognitive questionnaires to seize new commercial opportunities and to promote specific products on both portfolio and prospective customers;
- "Voice of the Customer" project for customers to measure service level at some touch points such as CartaBCC assistance.

Supply chain

GRI 204-1

GRI 2-6

In the area of supplier management, company representatives and employees must imbue their relations with suppliers, outsourcer consultants and third parties with the utmost fairness and transparency, in line with the provisions of the Group's Code of Ethics and in compliance with applicable laws and regulations.

With specific regard to supplier management, the Group has put in place specific company rules aimed at designing the procurement process for goods and services, in accordance with the main external standards of reference.

The 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 selection and identification of suppliers shall be implemented in compliance with the law and applicable company rules and, in any case, their choice is based on a careful assessment of reliability and of technical and financial aspects on the basis of some criteria, such as, for example, product analysis, offer, price, technical and professional qualifications, competence and reliability, and quality of services.

In order to ensure effective management of the supply chain in terms of cost effectiveness and preference for local suppliers if possible, the Group commenced work on the Cost Excellence project, directed mainly at the BCCs, as early as during 2020. Specifically, the Cost Excellence Project, devised by the Group Central Purchasing Office, has standardised the processes of acquiring suppliers and preparing key purchasing criteria for some categories of commodity and has unified the process for the Affiliated Banks, with the aim of reducing the Group's external costs.

Moreover, in order to ensure that relations with suppliers and procurement policies create the conditions for fostering a form of economic growth that takes care to protect the environment and respect human rights, some activities related to supplier sourcing, supervision of compliance with the law, approval and monitoring have been centralised in the Parent Company.

Moreover, 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, which resulted in obtaining the LEED Certification for the Lucrezia Romana office. This Certification is an important first step, which required the formalization of, among others, policies concerning “green purchasing” and “green cleaning” in line with an approach that aims to consider environmental issues in the main processes associated with building management.

In an evolutionary perspective, in accordance with the ESG strategies set out in the Group's Strategic Plan, a specific project activity has also been planned to define and introduce ESG metrics in the supply chain, including in line with the legislative proposal set forth in the Corporate Sustainability Due Diligence Directive (CSDDD).

As shown in the tables below with regard to local supply³², 46.52% of the supply managed by BCCs is attributable to the Area of Operation (+10% compared to 2021), with local suppliers accounting for 53.42% out of the total.

The supply managed by the Group's Central Purchasing Office is attributable to Italian suppliers and/or suppliers from the European Union.

SPENDING ON LOCAL SUPPLIERS OF THE ICCREA GROUP'S BCCs				
Year	2022	2021	2020	% Change (2022-2020)
Spending on suppliers (€)				
Purchase from local suppliers	285,822,511.11	284,228,903.21	290,052,191.83	0.55%
Total purchases	614,865,865.71	664,751,176.36	722,523,952.88	(6.90%)
% of purchases from local suppliers	46.49%	42.76%	40.14%	9.29%

³² 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).

NUMBER OF SUPPLIERS OF THE ICCREA GROUP'S BCCs				
Year	2022	2021	2020	% Change (2022-2020)
Number of suppliers (no.)				
Total suppliers	131,969	169,707	163,594	(19.33%)
Total local suppliers	70,496	75,280	71,804	(1.82%)
% of local suppliers	53.42%	44.36%	43.89%	21.71%

INFORMATION ON THE SUPPLY CHAIN MANAGED BY THE GROUP'S CENTRAL PURCHASING OFFICE

2022	
Number of suppliers (no.)	1,204
Values of supplies from EU countries (€)	457,168,916
Value of supplies from non-EU countries (€)	2,102,631
Total value of supplies (€)	459,271,547

9. HUMAN RESOURCES



Employment

GRI 2-7

GRI 2-8

GRI 401-1

GRI 402-1

GRI 2-30

The Management, Human Resources Development, Training, and Change Management Organizational Units within the Parent Company's Human Resources Function are responsible for setting forth the guidelines addressed to the staff of the Parent Company and of the Companies in the Management and Coordination Scope and oversee their proper application.

All Affiliated Banks are entrusted with the management of employees throughout their careers. The Parent Company's Human Resources Function offers the Cooperative Credit Banks specific services, among which personnel selection, personnel management and development consulting and services in the areas of industrial relations, compensation and workforce planning are of note. In 2022, an Organizational Unit, "HR Services Promotion" was established in the Parent Company, with the purpose of providing Affiliated Banks with the above-mentioned HR services and gathering support requirements.

The Parent Company's functional chart provides, with regard to each perimeter that is assigned (Organizational Area/Reference Scope Company), for the appointment of the HR Business Partner (hereinafter "HRBP") who is the reference contact person for the management of Human Resources. With reference to specific population clusters (e.g., talents, professionals, management, specific professional communities, etc.), the HRBP works with the Organizational Units in identifying them and ensures the management and implementation of professional development actions in order to increase the value of human capital and the internal successor base. The HRBP also supports the Managers in the proper operation of performance management processes in their various stages of the MBO schemes' allocation and accounting processes and merit-based decisions in accordance with the Group's remuneration policies and practices.

At present, there are 10 HRBPs, of which 4 people are assigned to the management of the Parent Company's employees, 5 to the employees of the Direct Scope Companies, and 1 supports the management of the "Executive" cluster which includes the Directors of Affiliated Banks and the Parent Company and Direct Scope Companies' staff members belonging to Bands A and B of the managerial role classification system (banding system), adopted by the Parent Company as the reference framework for a consistent management of all processes related to Human Resources.

The company regulatory framework pertaining to the sphere of Human Resources management is extensive and structured into various policies and rules aimed at regulating any issue concerning relations with employees and their work within the organisation. Moreover, work commenced in 2022 on the drafting of a new Human Resources Development Policy, which will redesign the methods and principles according to which the Parent Company promotes the growth and professionalization of its workforce as a key and strategic asset for responding to market challenges and changes.

TALENT ACQUISITION, EMPLOYER BRANDING AND INTERNAL MOBILITY

In order to encourage the optimization of the professional skills available within the Group, the Mobility Center was established in 2020, which is the competence center of the Human Resources Function for activities related to the management of intercompany mobility.

Through the "Job Posting" process, the Mobility Center promotes "open positions" while establishing whether there are candidates who meet the professional requirements sought, throughout the entire Group scope, in order to enhance the available wealth of skills and favour employees' need for change and professional retraining. In liaison with the HR Business Partners, the Mobility Center also intervenes in the numerous organizational review processes/corporate operations affecting the Affiliated Banks, taking care of the evaluation of the professional skills of the resources involved through assessments and in-depth interviews, which contribute to the definition of professional retraining activities.

During 2022, the Parent Company supported the Banks BCC Comuni Cilentani e Buccino and BCC Provincia Romana in the post-merger activities of company staff enhancement, conducting an assessment of the skills and capabilities of 76 professionals, with the aim of creating the best organizational synergy in the two entities.

Since April 2022, the Mobility Center has also been in charge of search for and selection of the best professionals from the market and employer branding activities to enhance the Group's awareness & attraction on the labour market, through building partnerships with the major Italian universities.

In the area of employer branding, more than 40 events were held at local Universities (career days, monobrand speeches, case studies, etc.) from April to December 2022, with contributions from company brand ambassadors. With respect to market search and selection, more than 120,000 applications were handled, with 2,000 candidates interviewed for more than 200 new hires.

Employer branding activities were also carried out on the LinkedIn social media channel: in 2022, there were 36 out of a total of 198 (18%) organic content conveyed on LinkedIn related to this area and achieved an engagement rate of 4.71% (platform benchmark 2.5%), about 230,000 total views and 9,900 total interactions.

DEVELOPMENT PROGRAMMES

During 2022, the Parent Company's Human Resources Function oversaw the design and implementation of a set of development programmes targeting different groups of the company's population, with the aim of providing suitable tools for professional growth. These include the young talent programme, dedicated to 76 young people (38 male and 38 female) with the aim of enhancing, strengthening and developing the technical and soft skills of the employees involved, sharing the Group's values and developing a corporate culture of Diversity & Inclusion.

As part of the broader programme aimed at the enhancement of corporate talent, the Parent Company proposed a Programme dedicated to female talent with implementation of shadowing, mentoring and coaching courses aimed primarily at women with potential for professional growth. The sub-programmes implemented in 2022 are two:

- **Empowerment Programme**, which involved 27 resources (Middle Managers) in the first months of 2022 and was aimed at preparing candidates for a prospective managerial and/or resource coordination role, enriching the portfolio of managerial skills in order to constitute the possible reference group for the identification of new female staff to be appointed to positions of responsibility;
- **Coaching Programme**, which was intended for 11 women managers (3rd and 4th level middle managers) with potential for professional growth and was aimed at accompanying and supporting the person towards the development of their own potential and the improvement of performance. Coaching takes the form of a partnership between coach and coachee with the aim of fostering the latter's awareness about their own ways of thinking and acting, stimulating the commitment towards the achievement of growth goals, coaching learning capacity and the search for options for action that are more functional with respect to their goals, thereby improving the exercise of their role and performance.

PROFESSIONAL APPRAISAL AND 360-DEGREE FEEDBACK

The Group recognizes the key role of Professional Appraisal as an institutional process that contributes to the development of human resources and enables employees to gain awareness of their strengths and weaknesses, with a view to growth and performance improvement. The process commences at the beginning of the year with the Manager's appraisal of the Performance recorded in the previous year, planning the employee's objectives for the current year and the allocation of competencies; this is followed by the Feedback Interview in which the employee's fact sheet and training needs to be included in the requirements survey are shared.

In 2022, the Parent Company's HR Function worked on the design of a short-term incentive system for the staff members belonging to professional areas and middle managers, which will be directly linked to their Professional Appraisal with effect from the process conducted in 2023, thus ensuring the payment of incentives (if any) in 2024. At the same time as the Professional Appraisal, the "360-degree Feedback" process also takes place for self-assessment and sharing results with colleagues; this phase allows employees to self-assess their performance, request feedback from and give it to colleagues in their team, as well as to their Manager and, upon request, to any other colleague in the Group with whom they had the opportunity to collaborate.

FLEXIBILITY AND NEW CCNL

For the purposes of encouraging work-life balance, the Iccrea Banking Group recognizes forms of greater flexibility from an organizational perspective, with specific regard to the regulations on part-time work and agile work according to the new National Collective Labour Agreement (CCNL) signed on 11 June 2022.

With regard to the regulations on part-time work, the number of potential beneficiaries has been expanded by increasing the proportion compared to the previous ratio (from 1 unit for every 25 people in the workforce to 1 unit for every 20 people), regardless of the size of each Company.

With regard to agile work, an agreement with the trade unions was signed on 10 December 2022, which regulates this way of working, aimed at employees of the Parent Company, Direct Scope Companies and Affiliated Banks, to make additions to the provisions of the aforementioned National Collective Labour Agreement. At present a total number of 3,500 days per week is provided for more than 1,400 employees in the Parent Company and Direct Scope Companies.

The new National Collective Labour Agreement also recognizes greater flexibility, in terms of leave and/or expectations, for specific categories of workers, such as parents with children in difficult circumstances and frail workers.

OPERATIONS STRATEGY

In 2022, the key "Operations Strategy" project found its full implementation, which had been launched in 2019 in order to improve the group's operational efficiency through centralising back-office activities and services towards BCCs in a single Company. From March 2021 until the end of 2022, more than 200 employees from BCCs involved in substantial reorganization were given the opportunity to embark on a new career path and retrain within the Single Back-Office Hub. Each placement was preceded by technical-motivational interview and upskilling and/or reskilling training.

The Group's adoption of initiatives aimed at safeguarding employment and retaining talent within the organization is of strategic importance to the Banking Group.

Cooperative Banking is historically rooted in the social and economic environment in which it operates, and job creation contributes to loyalty through a mutual exchange of resources and opportunities. In addition, the ability to retain employees and create jobs can also have implications for customer-Bank relations. Employee loyalty is pursued through initiatives that contemplate the balance between work and personal and family life (work-life balance), professionalism development programmes, retraining opportunities that contemplate upskilling and reskilling, and institutional processes of professional appraisal.

At the end of the 2022 financial year, the Group consisted of 22,144 employees, with the female component reaching 42.61%. In line with what was reported in previous years, about 98% of the Iccrea Group's staff are employed under permanent contracts.

Compared with the previous reporting year, employees increased by 0.3% as a result of 1,348 new hires and 1,174 exits. Inbound turnover was thus higher than outbound turnover, standing at 6.1% and 5.3%, respectively.

For more details, reference should be made to the tables and charts below:

GRI 2-7

EMPLOYEES BY TYPE OF CONTRACT (FULL-TIME AND PART-TIME)															
Year	2022					2021					2020				
Type of employment (no.)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Full-time	12,569	7,807	0	0	20,376	12,599	7,726	0	0	20,325	12,719	7,649	0	0	20,368
Part-time	140	1,628	0	0	1,768	142	1,617	0	0	1,759	146	1,628	0	0	1,774
Total	12,709	9,435	0	0	22,144	12,741	9,343	0	0	22,084	12,865	9,277	0	0	22,142

EMPLOYEES BY TYPE OF CONTRACT (FIXED-TERM AND OPEN-ENDED)															
Year	2022					2021					2020				
Type of employment (no.)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Fixed-term contract	265	226	0	0	491	267	226	0	0	493	194	158	0	0	352
Open-ended contract	12,444	9,209	0	0	21,653	12,474	9,117	0	0	21,591	12,671	9,119	0	0	21,790
Total	12,709	9,435	0	0	22,144	12,741	9,343	0	0	22,084	12,865	9,277	0	0	22,142

EMPLOYEES BY TYPE OF CONTRACT (FIXED-TERM AND OPEN-ENDED) - % INCIDENCE															
Year	2022					2021					2020				
Type of employment (%)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Fixed-term contract	53.97%	46.03%	0%	0%	100%	54.16%	45.84%	0%	0%	100%	55.11%	44.89%	0%	0%	100%
Open-ended contract	57.47%	42.53%	0%	0%	100%	57.77%	42.23%	0%	0%	100%	58.15%	41.85%	0%	0%	100%
Total	57.39%	42.61%	0%	0%	100%	57.69%	42.31%	0%	0%	100%	58.10%	41.90%	0%	0%	100%

As shown by the figures in the tables below, although there is no significant change compared to the previous reporting period, there was an increase in the total number of Group employees in 2022 and in particular in the number of female professionals under full-time and open-ended employment contracts.

GRI 2-8

NON-EMPLOYEES					
2022					
Number of employees (no.)	Men	Women	Other	Not disclosed	Total
Non-employees	260	262	0	0	522
Total	260	262	0	0	522

The figure reported is mainly pertaining to the following categories of all non-employee workers controlled by the various Group Entities:

- Temporary workers;
- Interns and Trainees;
- Freelancers.

GRI 401-1

NEW HIRES															
Year	2022					2021					2020				
New hires by age group (no.)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Under 30	282	283	0	0	565	247	199	0	0	446	148	152	0	0	300
Between 30 and 50	347	249	0	0	596	388	258	0	0	646	336	234	0	0	570
Over 50	120	67	0	0	187	183	81	0	0	264	185	47	0	0	232
Total	749	599	0	0	1,348	818	538	0	0	1,356	669	433	0	0	1,102

RATE OF NEW HIRES															
Year	2022					2021					2020				
New hires by age group (%)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Under 30	49%	51%	0%	0%	50%	49%	41%	0%	0%	45%	38%	36%	0%	0%	37%
Between 30 and 50	5%	4%	0%	0%	5%	6%	4%	0%	0%	5%	5%	4%	0%	0%	5%
Over 50	2%	2%	0%	0%	2%	3%	3%	0%	0%	3%	3%	2%	0%	0%	3%
Total	5.9%	6.3%	0%	0%	6.1%	6.4%	5.8%	0%	0%	6.1%	5.2%	4.7%	0%	0%	5.0%

TURNOVER															
Year	2022					2021					2020				
Turnover by age group (no.)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Under 30	93	98	0	0	191	41	42	0	0	83	25	28	0	0	53
Between 30 and 50	244	181	0	0	425	302	206	0	0	508	250	167	0	0	417
Over 50	388	169	0	0	557	597	226	0	0	823	482	166	0	0	648
Total	725	448	0	0	1,173	940	474	0	0	1,414	757	361	0	0	1,118



TURNOVER RATE															
Year	2022					2021					2020				
Turnover by age group (%)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Under 30	16%	18%	0%	0%	17%	8%	9%	0%	0%	8%	6%	7%	0%	0%	7%
Between 30 and 50	4%	3%	0%	0%	3%	5%	4%	0%	0%	4%	4%	3%	0%	0%	3%
Over 50	7%	6%	0%	0%	6%	10%	7%	0%	0%	9%	8%	6%	0%	0%	7%
Total	5.7%	4.7%	0%	0%	5.3%	7.4%	5.1%	0%	0%	6.4%	5.9%	3.9%	0%	0%	5%

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 labour agreements (Article 11-*bis* and Article 22 of the National Collective Labour 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 Labour Agreement. An Organizational Unit (O.U.) for Industrial Relations, People Care and Personnel Administration has been specifically set up in the Chief Operating 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.

All employees of the Group perform their work on the basis of the current National Collective Labour Agreement of Cooperative Banking.

Diversity and Inclusion

In January 2022 the Group approved the **Diversity and Inclusion Policy** with the aim of laying down principles, guidelines and specific commitments in this area, with a view to developing organizational well-being and creating an inclusive leadership capable of enhancing any differences inherent in a business community of more than 22 thousand employees in a profitable fashion. The Policy confirms a formal commitment to achieving equal opportunity in all company processes that affect governance, management, training, development, remuneration, and performance appraisal policies and metrics in order to ensure equity at all stages of the employment relationship. As a confirmation of the concreteness of the commitment made on Diversity and Inclusion issues, the Policy envisages monitoring over time the actual implementation of the principles laid down therein, through a **set of monitoring KPIs**; these would help investigate and measure the organization's maturity trend about these issues, with specific regard to gender equality, by means of quantitative evidence. The measurement of the stated KPIs investigates such phenomena as the number of women in positions of responsibility, the distribution of incoming resources by gender and age, the distribution of the Group Companies' workforce by gender, and, again, the Gender Pay Gap.

The Human Resources Function conducts, on an annual basis, the measurement of the indicators stated in the Policy (divided into "mandatory" and "good practice") and, depending on the findings, designs the appropriate mitigation actions aimed at improving trends on compliance with the principles of Diversity and Inclusion laid down in the Policy.

The Diversity and Inclusion Policy is not only a tool to help meet regulatory obligations but provides for measures and guidelines aimed at promoting a corporate culture free of all forms of discrimination, creating an organization that recognizes the value of diversity and governs it effectively through inclusive policies, practices, processes, ethical and responsible actions, and inclusive communication, thus generating an accessible and respectful work environment.

The fact of reflecting the Policy in governance structures, business plans and business processes enables the creation of a culture marked by Inclusion as the responsibility and commitment of all people within the organization, regardless of their role.

The guiding principles set out in the Policy are made enforceable within specific Policies and/or Regulations, so as to design the most appropriate organizational tools in relation to key HR processes such as selection, development, training, succession, remuneration, and performance appraisal.

The Group has taken several actions to respond to the commitments made in the Diversity and Inclusion Policy.

INCREASE OF WOMEN IN LEADERSHIP POSITIONS

As part of its Sustainability Plan 2022-2024, the Group has formalized its commitment to narrowing the gender gap in senior roles by declaring its ambition to increase the number of women in organizational leadership positions by 10% by 2025 and making reference to data recorded at the end of 2022.

MEMBERSHIP OF ASSOCIATIONS AND INTERNAL COMMUNICATION CAMPAIGN

The Group is a member of two associations promoting Diversity and Inclusion: ValoreD and iDEE - the Association of Women in Cooperative Credit. The Human Resources Function's active participation in ValoreD's training courses has been a major milestone in the acquisition of awareness and the opportunity for discussion on issues of diversity and inclusion. In addition, membership has enabled the progress in a more extensive promotion of these issues through talks and initiatives targeted at all employees.

Together with iDEE, the Group has implemented several opportunities for meeting and discussion, which were also put in place via webinar to encourage the widest participation throughout the country, aimed at fostering the dissemination of the culture of diversity and inclusion while also emphasizing the effects of plurality of perspectives on strategic vision and business management.

Among the various events in which the Group has taken part are the programme on organizational well-being aimed at promoting reflections that can be translated into behaviours, facilitating the transformation of relationships within the organization; we must also mention the annual event organized by iDEE on Gender Equality in Cooperative Credit, in which the groups factor in the strategic development plans they have undertaken since their birth in 2019, and in which third-party professionals also take part, which also involved representatives from the Supervisory Authorities during the past three years.

During 2022, work continued on both training activities, with the involvement of departments from outside the Human Resources Function, and the internal communication campaign to publicize and remind people of the events, held mostly in the form of Webinars and Virtual Talks, on the topics of gender equality, parenting, family act, discrimination and the value of diversity. The Parent Company is also among the Banks supporting the "D&I in Finance" Project promoted by the Italian Bankers' Association (ABI), which was created to strengthen the actions taken in banking and financial sectors and other business entities in favour of inclusion, equity and enhancing diversity; the aim was also to offer Banks, insurance companies, institutions and other businesses moments of in-depth study on the correlation between the culture of diversity and accessibility and strategic and business levers.

Iccrea Banca also adheres to the Charter of "Women in banking: enhancing gender diversity" promoted by the Italian Bankers' Association (ABI) in 2019. The Charter is a tool available to businesses to support their commitment to equal opportunities, in line with what is also provided for in current legislation. The goal pursued by ABI is to further strengthen the value of gender diversity, recognizing it as a key resource for development, sustainable growth and value creation in all companies.

STORIES AND WRITERS IN YOUR COMPANY

It is the Parent Company's People Engagement project that features books and their stories, male and female writers, and independent bookstores, and aims to bring people in the Group closer to the world of reading to create an enlarged, cross-sector community.

"Diversity & Inclusion" was the theme of the plan put in place in 2022 to develop reflections on gender diversity, parenting, racial diversity, sexual orientation, social conditions with the ultimate goal of promoting a corporate culture free of all forms of discrimination.

INCLUSION JOB DAY

On 30 June 2022, the virtual edition of Inclusion Job Day was held, which is an event that favours the opportunity for people in the Group with different abilities to come together, demonstrating that the centrality of the person is one of our founding values, in the implementation of the principles laid down in the Group's Charter of Commitments on Human Rights.

GRI 405-1

EMPLOYEES BY CATEGORY AND AGE GROUP															
Year	2022					2021					2020				
Category of employees (no.)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Executives	346	29	0	0	375	366	28	0	0	394	379	27	0	0	406
Under 30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Between 30 and 50	52	7	0	0	59	49	5	0	0	54	53	5	0	0	58
Over 50	294	22	0	0	316	317	23	0	0	340	326	22	0	0	348
Managers	4,893	1,774	0	0	6,667	4,738	1,647	0	0	6,385	4,720	1,592	0	0	6,312
Under 30	3	1	0	0	4	3	3	0	0	6	4	4	0	0	8
Between 30 50	1,895	818	0	0	2,713	1,663	682	0	0	2,345	1,683	687	0	0	2,370
Over 50	2,995	955	0	0	3,950	3,072	962	0	0	4,034	3,033	901	0	0	3,934
Office staff	7,470	7,632	0	0	15,102	7,637	7,668	0	0	15,305	7,766	7,658	0	0	15,424
Under 30	577	552	0	0	1,129	505	483	0	0	988	384	414	0	0	798
Between 30 and 50	4,466	5,110	0	0	9,576	4,543	5,119	0	0	9,662	4,847	5,365	0	0	10,212
Over 50	2,427	1,970	0	0	4,397	2,589	2,066	0	0	4,655	2,535	1,879	0	0	4,414
Total	12,709	9,435	0	0	22,144	12,741	9,343	0	0	22,084	12,865	9,277	0	0	22,142

EMPLOYEES BY CATEGORY AND AGE GROUP - % DISTRIBUTION															
Year	2022					2021					2020				
Category of employees (%)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Executives	92.27%	7.73%	0%	0%	100%	92.89%	7.11%	0%	0%	100%	93.35%	6.65%	0%	0%	100%
Under 30	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Between 30 and 50	88.14%	11.86%	0%	0%	100%	90.74%	9.26%	0%	0%	100%	91.38%	8.62%	0%	0%	100%
Over 50	93.04%	6.96%	0%	0%	100%	93.24%	6.76%	0%	0%	100%	93.68%	6.32%	0%	0%	100%
Managers	73.39%	26.61%	0%	0%	100%	74.21%	25.79%	0%	0%	100%	74.78%	25.22%	0%	0%	100%
Under 30	75.00%	25.00%	0%	0%	100%	50%	50%	0%	0%	100%	50%	50%	0%	0%	100%
Between 30 and 50	69.85%	30.15%	0%	0%	100%	70.92%	29.08%	0%	0%	100%	71.01%	28.99%	0%	0%	100%
Over 50	75.82%	24.18%	0%	0%	100%	76.15%	23.85%	0%	0%	100%	77.10%	22.90%	0%	0%	100%
Office staff	49.46%	50.54%	0%	0%	100%	49.90%	50.10%	0%	0%	100%	50.35%	49.65%	0%	0%	100%
Under 30	51.11%	48.89%	0%	0%	100%	51.11%	48.89%	0%	0%	100%	48.12%	51.88%	0%	0%	100%
Between 30 and 50	46.64%	53.36%	0%	0%	100%	47.02%	52.98%	0%	0%	100%	47.46%	52.54%	0%	0%	100%
Over 50	55.20%	44.80%	0%	0%	100%	55.62%	44.38%	0%	0%	100%	57.43%	42.57%	0%	0%	100%
Total	57.39%	42.61%	0%	0%	100%	57.69%	42.31%	0%	0%	100%	58.10%	41.90%	0%	0%	100%

During 2022, the number of staff members increased from 22,084 to 22,144, the distribution between men and women remaining substantially stable in the three categories of contract with respect to which a positive trend is shown in the female component, particularly with respect to the categories of middle managers aged between 30 and 50 and office workers aged under 30.

No incidents of discrimination were recorded during 2022.

Equal opportunities and remuneration

GRI 2-19

GRI 2-20

The Iccrea Cooperative Banking Group intends to pursue, also through the application of its Remuneration and Incentive Policies, initiatives aimed at spreading a corporate culture oriented towards attention to ESG issues.

In particular, the Group's plan that sees a gradual integration of ESG criteria into short-term incentive schemes, formalized as a commitment under the 2022-2024 Sustainability Plan, further strengthens the correlation between variable remuneration and strategic actions related to sustainability issues and consistent with a sound and prudent management of ESG risks associated with environmental issues, inclusive corporate culture and gender neutrality, sustainable finance and the development of green lending lines.

The Iccrea Cooperative Banking Group recognizes that the remuneration system is determined on the basis of the position held by each staff member, areas of responsibility, merit, results and the overall quality of the contribution they give to company performance; therefore:

- ensures the neutrality of pay schemes (both fixed and variable remuneration) with respect to elements of diversity;
- ensures fairness and equal opportunity for every employee in terms of career advancement and pay increases.

The Group has adopted a remuneration system aimed at attracting, motivating and enhancing the value of people according to principles of fairness, transparency and correctness. Specifically, it is committed to ensuring equal treatment in terms of remuneration and benefits, regardless of elements of diversity such as gender, sexual orientation, age, ability, race, language, religion, political opinions, and personal or social conditions.

As stated in the Policy, we make use of benchmark analyses on remuneration that are conducted by specialist Consulting Firms, by using a structured methodology that allows the measurement of comparable positions within different organisations, and that are therefore gender neutral by their nature, with a view to setting the remuneration of middle management and top management resources in both hiring and career advancement phases.

GENDER PAY GAP

In accordance with current regulatory requirements (37th updated version of Circular 285), the Board of Directors of each Group Company carried out, as early as from 2022 with regard to the 2021 financial year, an analysis on "gender neutrality of remuneration policies", identifying the main causes of the gender pay gap and any appropriate corrective action.

INCENTIVE SYSTEM

The Group Remuneration Policies promote the design of formalized short-term incentive systems, which, among other things, aim to:

- reward performance by supporting the culture of results through the enhancement of the value of collective and individual goals that are assigned;
- apply transparency criteria through the link between assigned objectives, quantitatively or qualitatively measurable, and the results of the variable bonus that is paid, through schemes that are or can be set in advance;
- enhance organizational behaviour/exercise of the Group's distinctive capabilities, rewarding those that support the development of the values of Cooperative Banking;
- move towards the principle of budget achievement, adopting the principle of coverage and self-financing of the bonus pool.

During 2022, the Human Resources Function worked on the design of a short-term incentive system for the staff members in professional areas and middle managers, which will be directly related to the Professional Appraisal as from the process of the year 2023.

The enhancement of the value of people and the principle of excellence based on the recognition of merit are set forth in the Group's Remuneration and Incentive Policies, as well as in the Code of Ethics. The Policies, which are designed in compliance with regulatory requirements, are inspired by the principles of merit by rewarding distinctive contributions and ensuring a close relationship between recognition and results that are achieved and risks that are taken, the principle of fairness both inside and outside the organization, and the principles of gender equality and sustainability.

In order to ensure ever-increasing pay equity, the Banks may adopt remuneration policies in favour of the less-represented gender with effect in the short term, avoiding or compensating for disadvantages in professional careers (as allowed by the relevant legislation on the matter).

The adoption of such policies, together with further actions from an operational and communication perspective, is necessary in the presence of a gender pay gap in order to enable breaking the “glass ceiling”, which prevents or hinders the possibility for female gender to grow in the professional sphere. In the medium to long term, the combined effect of these measures may thus enable the achievement of equal opportunities, generating a change even at the baseline level, in the organizational positioning of women while stimulating healthy competitiveness towards the achievement of common corporate goals.

The table below shows the breakdown regarding the ratio of annual remuneration of the highest-paid individual within the organization to the median values of annual total pay of all employees.

GRI 2-21

ANNUAL TOTAL PAY RATE			
Year	2022	2021	2020
Annual total pay rate	20.15 %	25.51 %	23.56 %

Remuneration values are recognised on a cash basis with respect to employees on the payroll as at 31 December of the reporting period, considering the definition of annualized total remuneration as follows:

- **Total Remuneration** means the sum of Fixed Remuneration and Variable Remuneration, where:
- **Fixed Remuneration** means the sum of annualized cash values paid in the analysis period related to the clusters: GMP (Gross Monthly Pay), other fixed remuneration (e.g., function allowance, hardship allowance, on-call allowance, seniority bonus, etc.), meal vouchers, overtime, fringe benefits, and daily allowance;
- **Variable Remuneration** means the sum of cash values paid in the period under analysis related to the clusters: one-off payment, performance bonus, MBO, annual bonus for executives, early retirement incentives, incentive bonuses (Art. 50), settlement agreements, entry bonus, stability pacts (and non-competition agreements).

The general criteria of Remuneration and Incentive Policies are accessible to all personnel. The criteria on which performance appraisals are based are clear and predetermined, and the decision-making process is adequately documented and made transparent to each stakeholder.

The data relating to the Group's Gender Pay Gap are reported below³³.

GRI 405-2

GENDER PAY GAP – BASIC SALARY %			
Year	2022	2021	2020
Category			
Executives	80.81%	76.24%	68.95%
Managers	92.75%	91.85%	92.14%
Office staff	97.62%	95.30%	94.34%

GENDER PAY GAP – TOTAL SALARY %			
Year	2022	2021	2020
Category			
Executives	79.03%	76.21%	69.71%
Managers	91.94%	91.49%	91.48%
Office staff	96.71%	93.88%	93.32%

With respect to the categories of "Office staff" and "Managers", the figures showed an improving trend in the gender pay gap over the three-year observation period, at the level of both basic and total pay, which stood, in fact, at 97.62% and 92.75% (for basic pay) and 96.71% and 91.94% (for total pay), respectively, in 2022.

The improving trend over the three-year observation period was confirmed with regard to the category of "Executives" as well. The figure stood, in fact, at 80.81% (for basic pay) and 79.03% (for total pay) in 2022.

The improvement trend as a whole can be attributed to increased attention to Diversity and Inclusion issues in the various management processes (selection, training and development, salary review, etc.), the launch of targeted initiatives aimed at a gradual reduction in the gender pay gap, and the dissemination of a corporate culture marked by "neutrality" and "meritocracy."

³³This indicator is calculated on the number of paid employees as at 31 December 2022.

People Care

GRI 403-6

GRI 401-2

Since 2019, the Group has established a specific structure with the purpose of developing a system of assistance and care targeted at employees. The purpose of the Executive Management, Welfare, HR Innovation Organizational Unit is to promote people's well-being and improve work-life balance.

The new National Collective Labour Agreement (CCNL) for the banking sector, which was signed on 11 June 2022, and the union agreements signed with the relevant counterparties, constitute the main regulatory sources of the schemes provided for in the Welfare package.

The actions of the Executive Management, Welfare, HR Innovation O.U. are guided by the concept of "personal care": the psychological and physical well-being of the employee is achieved through the company's offer of services and projects to reconcile private life and work. The employee, as a member of the community, is placed at the center of all Welfare projects and activities, with the aim of generating positive effects on the social and environmental areas in which the employee operates.

The Welfare system constitutes a key element of the Employee Value Proposition, to be understood as the total sum of everything that people experience and receive as part of their employment relationship with a company. A welfare package that guarantees the well-being of employees through measures such as support for work-life balance, parenting, physical health and mental well-being, makes it possible to reduce employee turnover, promotes employee loyalty, and increases the possibility of attracting talent from the market.

The Group plans to pay a portion of employees' salaries to two institutions. The first one is the National Pension Fund (*Fondo Pensione Nazionale*), which is increasingly oriented towards sustainable investments (in September 2022, the Fund was in fact subject to a transformation of sub-funds with a conversion of investments into products under Art. 8 of SFDR), 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. 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 dependents in their households.

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.

The new National Collective Labour Agreement provides for an increase of 0.5% in the contribution to the National Health Insurance Fund, of which 0.35% will be borne by the Bank and 0.15% by the worker. There also was an increase in the payment to the Pension Fund: against an increase of 0.1% borne by the worker, the Bank will pay a contribution of 0.2% for workers hired before 2000 and 0.3% for those hired after 2000.

Below are some initiatives that were implemented for the benefit of employees during 2022 in the area of Welfare:

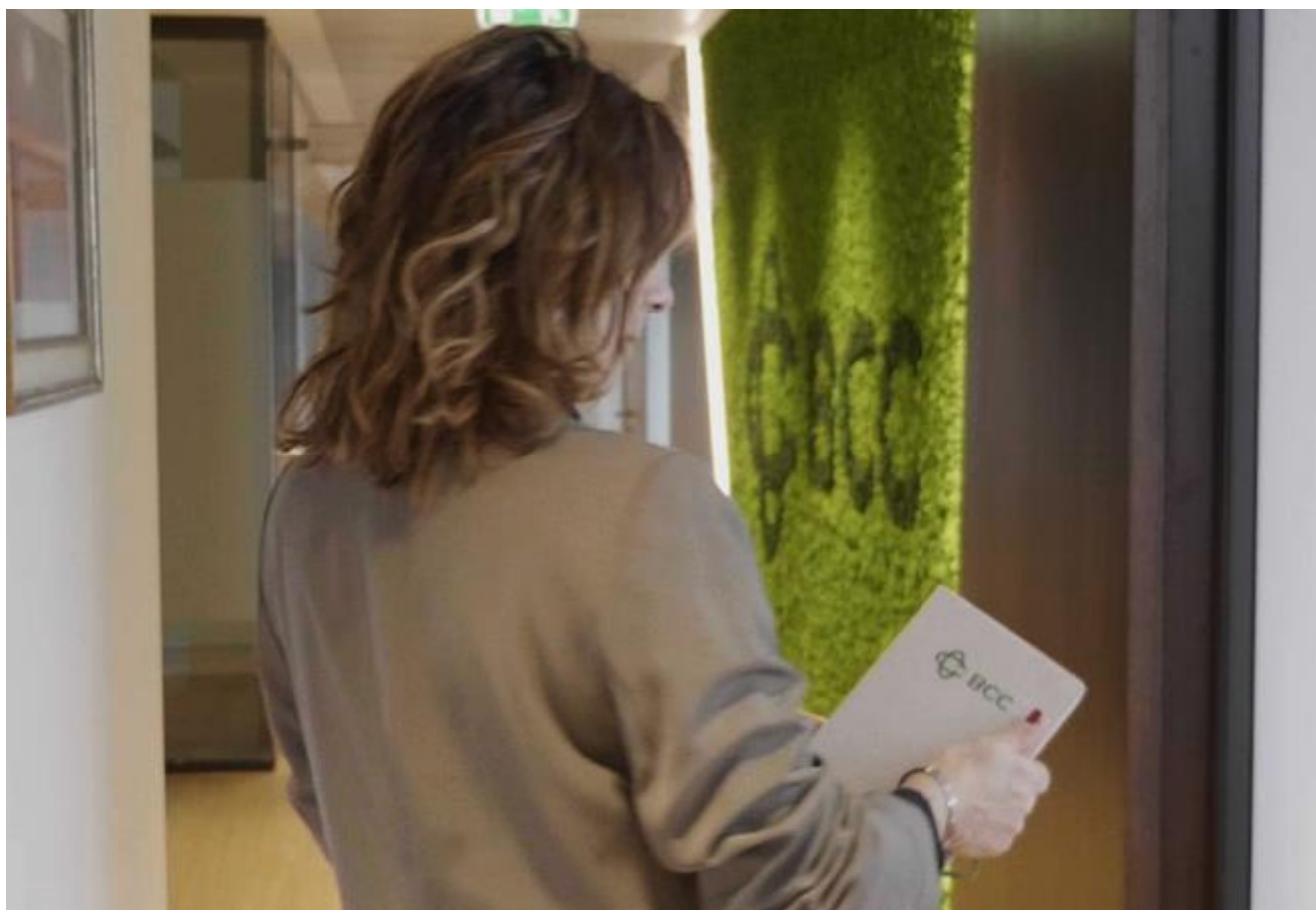
- **Performance Bonus Conversion.** Employees who can convert their Performance Bonus, in compliance with current legislation, have the option to allocate the converted portion into a dedicated Welfare platform (PerBene Account), thus consequently taking advantage of the tax benefits provided for in the Regulations in force. With the welfare credit, it is possible to purchase goods and services directly on the platform and claim reimbursement for specific categories of expenses stipulated in the regulations (e.g., education and training, family care, transport, leisure, healthcare, travel, etc.). In 2022, about 30% of total employees converted their Performance Bonus to Welfare.
- **Agreements.** The relevant portal offers employees the opportunity to benefit from a wide range of contracted services and products, which are available on a dedicated platform, as well as to purchase contracted insurance services, with the advantage of being allowed to pay insurance premiums in instalments at zero interest rates.
- **Company nursery.** The company nursery, which is located near the Rome head office, is reserved exclusively for the children of employees working at the Lucrezia Romana executive office and can accommodate up to 30 children aged between 3 and 36 months. The related cost provides for subsidized monthly contribution fees from the employee. 26 registration applications were recorded in 2022.
- **Psychological Support Service.** The free-of-charge 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. The service also provides special parenting support, i.e., help to accompany parents who find themselves struggling and experiencing difficulties in their role.

It is accessible to colleagues in all Group offices via Skype, thus offering the opportunity to use the service without being required to be present. In addition, awareness-raising activities are conducted with video pills on family and parenting issues.

- **Projects for the benefit of employees' children.** The postgraduate Orientation Project, in collaboration with Talents Venture, is dedicated to the daughters and sons of employees facing the important choice at the end of secondary school. The project aims to provide the tools and information required to make an informed college or career decision in line with their skills, future aspirations and demands from the labour market. The Group also promotes IMUN, a UN General Assembly simulation project, which is conducted entirely in English and aimed at children of employees enrolled in high school. Thirty places are made available to the children of employees, and for the two most outstanding students, the Group offers a scholarship to participate in the MUNERs in New York, the global UN simulations.
- **Italian Red Cross (*Croce Rossa Italiana*) - Blood donation.** Every year, blood collection days are organized in collaboration with Italian Red Cross at the Rome office.
- **Vaccination campaign.** The Group confirms its great interest in prevention activities and the state of health of its employees through the flu vaccination campaign organized for all staff members.
- **Agreements with Health Centers.** It is an awareness-raising and prevention project under agreements with a network of medical centers, distributed throughout the country, for the purpose of encouraging medical examinations and health screening at subsidized rates.
- **Transport and mobility:**
 - **Local Public Transport subscriptions subject to agreements.** The employees can apply for annual concessionary tickets for public transport managed by major regional carriers through the Mobility Portal.
 - **Company shuttles.** In Rome and Peschiera Borromeo, there is a company shuttle service that connects the offices with the main railway and underground stations.
 - **Electric bikes.** In order to raise 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 for employees at the Rome and Milan offices.

The goal is to encourage sustainable mobility through electric bicycle travel for both home-work commute and leisure, consequently improving the quality of life and the environment.

- **Company carpooling.** In 2022, a company carpooling service was activated, which is a project designed in collaboration with Jojob with the aim of optimizing travel routes by offering colleagues the opportunity to share the home-work commute. The exchange and relationship between colleagues are encouraged through the possibility of registering for a community programme. In addition, company carpooling makes it possible to reduce travel costs, vehicles on the road and, therefore, pollution, with a view to environmental sustainability.
- **Partnership with the Carabinieri Corps.** The ever-present partnership with the Carabinieri Corps allows the Group's commitment to primary social issues, such as gender violence, Financial Education, and elderly fraud, to be enhanced.
- **Plastic Free Project:** in line with the objectives of the Sustainability Plan and with the intention to encourage a more conscious lifestyle, the project, which is oriented to eliminate plastic from company premises, is 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 flasks to all the Group employees. As at 31 December 2022 work had been completed on the installation for a total of 9 water dispensers.
- **Parenting project – Parents who are born, parents who grow.** It is a 12-month training programme that transforms parenting into soft skills and professional growth, which can be used through a dedicated digital platform developed by Lifeed. The project is targeted at 100 moms and dads with children from 0 to 18 years old, with access being also available to their partners. The goal is to enhance parenting as a fundamental moment in their life in order to gain skills that can also be used within the work environment, thus creating greater cohesion and interchange between work and private life. In 2022, the Parent Company was awarded the title of Caring Company intended for companies that invest in enhancing the value of their people and their life experiences and that recognize diversity and caring as fundamental values for expressing the potential of each person.



- **Wellbeing For Good/Mindfulness.** The Mindfulness programme is part of the larger project dedicated to employee well-being and health, both physical and mental. It is a step-by-step training in meditation and mindfulness, moving from knowledge of Mindfulness and techniques to use, to actual practice, with effects on self-regulation and health. All employees may enjoy mindfulness meetings through the BCC Iccrea Group-branded Wellbeing for Good platform, which is dedicated to the promotion of well-being from a holistic perspective and better work-life balance.

In the Group, there is no differentiation in the perception of company benefits between full-time employees and employees under part-time or fixed-term contracts.

Staff enhancement

GRI 404-2

Training plays a key role in the achievement of business objectives and the development of Human Resources, representing for the Group:

- a tool to support company strategies, necessary to affect individual and collective behaviour in a positive manner within the scope of the activities that each person carries out in their own organizational context;
- a support for the professional growth of human resources to secure the quality of "performance" and "service" targeted at customers from inside or outside the organization;
- a response to the need to be increasingly competitive in the market, including through the growth of its company resources.

In order to promote compliant behaviour within the different Companies, the Parent Company has issued the "Group Personnel Training Policy" whereby it sets out guidelines on continuous professional training for its staff members.

The Parent Company is responsible, for all Scope Companies, for identifying mandatory training needs (complying with rules applicable both inside and outside the Group organisation), which individual Companies must include in their Training Programmes.

For this purpose, the Control Functions and the Functions responsible for the scope or subject matter of the Parent Company are called upon, on an annual basis, to identify, for the subsequent financial year, the subjects to be included in the Training Plan, as well as the company strategies and the internal and external context of reference.

The following must be specified against each subject identified:

- any applicable regulations;
- subject matter of training;
- key issues to be considered;
- target audience;
- timing of implementation, deadlines, frequency of training.

Upon the renewal of the Federcasse National Collective Labour Agreement, which was signed on 11 June 2022, the social partners also approved an increase in the number of training hours promoted, from 50 to 60 hours per year per employee.

TYPES OF TRAINING

In compliance with the "Group Personnel Training Policy", each Group Company prepares the annual Training Plan whereby it organizes mandatory training based on the instructions given by the Parent Company and supplements it with other training courses (technical/specialist, behavioural, IT, etc.) necessary for skills development and professional growth.

Training courses can be delivered by company Group staff or third-party providers and through different modalities such as, for example, classroom training, e-learning, coaching, on-the-job training, tutoring, etc..

The following are some significant training projects that took place in 2022.

ESG INITIATIVES ACROSS THE GROUP

Certain ESG-related training initiatives were designed and delivered according to the commitments defined in the Sustainability Plan. The objective was to adopt, at the various levels of the organizational structure, the new regulatory framework on sustainability that implies the integration of ESG factors and risks into business processes. The following target audiences were, therefore, involved:

- company representatives (Members of the BoD, Members of the Board of Statutory Auditors and General Managers of the Companies) in distance classroom mode;
- the Group's employees, reached extensively through an e-learning training product;
- personnel performing investment services for whom modules (in e-learning) have been provided with a view to sustainable development applied to financial activities, ESG factors and behavioural finance, and the impact of climate change on risk assessment, governance, and the insurance market.

In addition, work commenced on a programme for all representatives of the Parent Company and the Direct Scope Companies aimed at learning more about crimes related to Legislative Decree 231 of 2001 and to Anti-Corruption regulations, as well as on the design of a course on Human Rights usable in e-learning mode, which will see delivery in 2023.

ICCREA BANCA AND DIRECT SCOPE COMPANIES INITIATIVES

The 2022 Plan, prepared on the basis of requests submitted upon surveying training needs but also on the basis of any additional needs that arose during the course of the year, has been divided into the following areas:

- "Behavioural training", focusing on issues related to the effective approach to one's job for the improvement of work performance;
- "IT training", focusing on the advanced use of computerised tools;
- "Foreign language training", aimed at deepening the knowledge of the English language, provided for 275 people, considering the increasingly international environment in which the Group operates and the professional needs of employees;
- "Technical-specialist training", which accounts for the largest part of the 2022 Training Plan and which saw a particular emphasis on training in the areas of Lending, Organization, IT and Anti-Money Laundering;
- "Mandatory Training", which, in addition to the relevant initiatives already put in place in previous years and as such present in the Training Plan, also considered new topics, including ESG issues, Cybersecurity, and operational risks.

BCC INITIATIVES

At the Affiliated Banks, work was also intense and focused specifically on mandatory training, in accordance with regulatory developments, and training dedicated to staff members who perform duties in the sales department.

Within the scope of mandatory training, we must mention the action in the area of Anti-money Laundering with specific regard to due diligence and audits to be performed in foreign operations.

With regard to training for staff members in the Group's sales department, the Parent Company has designed a specific training programme, which is based on three key pillars: compliance with the Group's new service and distribution model and with projects of full potential for business development; development of skills and role competencies; and recognition of the Group in its relationship with customers and Members.

Training is structured into three areas: the Private Customer Managers' programme, started at the end of 2020; the Business Customer Managers' programme, started at the end of 2021; and lastly, the Affluent Customer Managers' programme, started in 2022. In 2022 the Managers' Training Programme courses were attended as follows:

- 300 colleagues in the Private Customer Managers' Programme;
- 469 colleagues in the Business Customer Managers' Programme;
- 266 colleagues in the Affluent Customer Managers' Programme.

Finally, a 4-day training course has been prepared for Wealth management staff members, which is aimed at preparing for the EFPA Italy ESG Advisor certification examination.

JOB MAP

In 2020, work commenced on the mapping of professional families, which covered both the Direct Scope and the sales staff operating at the Banks in local areas, with a focus on the roles in the Lending and Sales areas; following the assessment of skills, appropriate programmes for retraining, consolidation and/or acquisition of new skills were adopted to enable the development of resources in line with the Group's new organizational and business needs. At the end of 2022, the mapping was restarted to survey the remaining professional families, totalling no. 15: HR & Organization, Communication & Marketing, Business Development & Product Innovation, Services & Sales Network, Legal & Corporate Affairs, IT & Information Security, Risk, Audit, Compliance & AML, Administration & Tax, Planning & Management Control, Extraordinary Operations, Procurement, Logistics & Services, and Data Business Operation. Work will continue on the project throughout 2023 and will aim to design the roles pertaining to each family, and any related training and development programmes.

The ongoing refreshing of company know-how is a highly strategic requirement in the relevant industry and has an impact on the entire Group. The ability to increase and enhance the skills of employees can have implications for customer relationships and thus the customer experience as a whole.

The past pandemic has called for an enhancement of digital tools to be used to deliver training. At present, training activities can therefore make more pervasive and functional use of platforms, which, based on the Moodle application, serve both as a repository of educational resources available to the employee, and as a tool to deliver (allowing attendance via tablet and mobile devices as well), report and monitor the training carried out across the Group.

HOURS OF TRAINING PROVIDED BY CATEGORY OF EMPLOYEES															
Year	2022					2021					2020				
Category of employees (no.)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Executives	8,551	835	0	0	9,386	8,450	1,212	0	0	9,662	7,221	790	0	0	8,011
Managers	263,447	89,029	0	0	352,476	259,912	82,930	0	0	342,842	219,404	72,216	0	0	291,620
Office staff	414,157	411,281	0	0	825,438	420,165	395,185	0	0	815,350	374,424	355,133	0	0	729,557
Total	686,155	501,145	0	0	1,187,300	688,527	479,327	0	0	1,167,854	601,049	428,139	0	0	1,029,188

AVERAGE NUMBER OF HOURS OF TRAINING PROVIDED BY CATEGORY OF EMPLOYEES															
Year	2022					2021					2020				
Category of employees (no.)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Executives	25	29	0	0	25	23	43	0	0	25	19	29	0	0	20
Managers	54	50	0	0	53	55	50	0	0	54	46	45	0	0	46
Office staff	55	54	0	0	55	55	52	0	0	53	48	46	0	0	47
Total	54	53	0	0	54	54	51	0	0	53	47	46	0	0	46



The tables below show the data on feedback provided to employees in relation to professional career development processes.

GRI 404-3

NUMBER OF EMPLOYEES THAT RECEIVED REPORTS ON THE RESULTS AND ON CAREER DEVELOPMENT															
Year	2022					2021					2020				
Category of employees (no.)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Executives	62	8	0	0	70	56	5	0	0	61	47	3	0	0	50
Managers	2,219	784	0	0	3,003	2,056	735	0	0	2,791	1,850	617	0	0	2,467
Office staff	2,720	2,822	0	0	5,542	2,463	2,567	0	0	5,030	2,321	2,577	0	0	4,898
Total employees	5,001	3,614	0	0	8,615	4,575	3,307	0	0	7,882	4,218	3,197	0	0	7,415

NUMBER OF EMPLOYEES THAT RECEIVED REPORTS ON THE RESULTS AND ON CAREER DEVELOPMENT - % DISTRIBUTION															
Year	2022					2021					2020				
Category of employees (%)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Executives	18%	28%	0%	0%	19%	15%	18%	0%	0%	15%	12%	11%	0%	0%	12%
Managers	45%	44%	0%	0%	45%	43%	45%	0%	0%	44%	39%	39%	0%	0%	39%
Office staff	36%	37%	0%	0%	37%	32%	33%	0%	0%	33%	30%	34%	0%	0%	32%
Total	39%	38%	0%	0%	39%	36%	35%	0%	0%	36%	33%	34%	0%	0%	33%

Occupational health and safety

GRI 403-1

GRI 403-2

GRI 403-3

GRI 403-4

GRI 403-5

GRI 403-7

GRI 403-8

In the area of Occupational Health and Safety, and as far as the Direct Scope Companies³⁴ are concerned, the Group has chosen to organize itself according to a well-defined model – a single Occupational Health and Safety Management System, pursuant to Legislative Decree no. 81 of 2008 – aimed at ensuring the achievement of the Group's relevant objectives, seeking, through the structuring and definition of the Management System, to maximize benefits with a view to continuous improvement.

This management system complies with the national UNI (Italian Standardization Body)– INAIL (Italian Institute for Insurance against Accidents at Work) guidelines 2001, with certification of compliance by a third party. On-site inspections are carried out each year to verify compliance with Management System requirements and procedures, as are also random inspections where Iccrea staff members are present.

The achievement of the UNI-INAIL Unified Certification in Health and Safety and the adoption of an Occupational Safety Management System (SGSL) has the objective of providing safe and healthy workplaces, preventing work-related injuries and illnesses, and proactively improving OHS-related performance.

The Group model adopted provides for the involvement of the following positions/roles:

- all positions regulated by Legislative Decree no. 81 of 2008 (see below);
- the Intercompany Committee, with responsibility for standardizing and directing the activities pertaining to Occupational Health and Safety at each Company joining the Group Management System.

³⁴ The Companies that have joined the Occupational Health and Safety Management System are as follows: Iccrea Banca, Iccrea BancaImpresa, BCC Cre.Co., BCC Ge.Cre., BCC R&P, BCC Lease, BCC Solutions, BCC SI, BCC Factoring, BCC Servizi Assicurativi, Banca Mediocredito FVG, Banca Sviluppato.

In this area, it is in charge of coordinating and verifying the implementation of the rules and action plans shared by all Companies in order to ensure the proper application of the Occupational Health and Safety System guidelines and compliance with the relevant regulations;

- an Occupational Health and Safety Management System Manager in each Company, appointed by the Board of Directors and formally identified within the Company. Each appointed Manager oversees the Management System of their Company in order to maintain the certification of compliance with the UNI-INAIL guidelines.

With the aim of ensuring and maximizing management and operational effectiveness and achieving efficiencies and synergies of competencies within the Health and Safety Management System, some specific activities have been outsourced to BCC Solutions³⁵:

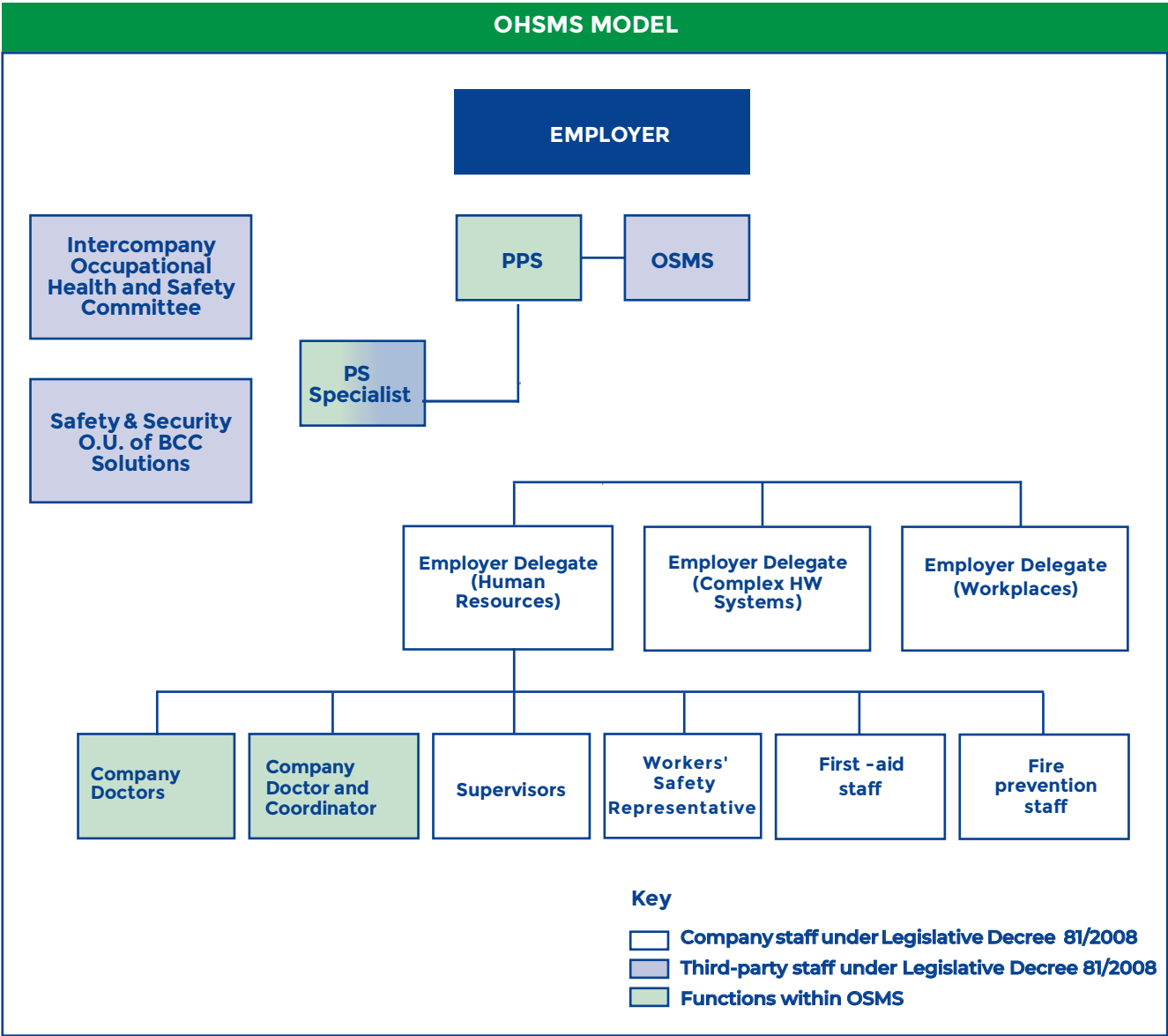
- Specialist Compliance Unit for the regulatory matrices "Occupational Health and Safety" and "Environmental Protection" for the purposes of managing the risks of non-compliance in occupational safety and environmental protection;
- the operational management related to the performance of activities aimed at ensuring and improving the levels of occupational health and safety, including all legal obligations required by Legislative Decree no. 81 of 2008 to be borne by each Company joining the Occupational Health and Safety Management System.

The certification of compliance with UNI-INAIL guidelines covers all employees of Legal Entities that have entrusted the management of Occupational Health and Safety issues to BCC Solutions.

The number of workers covered by the system is 100% of the employees of the Legal Entities that have entrusted the management of Occupational Health and Safety issues to BCC Sinergia.

³⁵ From 1 January 2023 it became BCC Sinergia following the merger with the Direct Scope Company Sinergia.

The Occupational Health and Safety organizational chart of each Company joining the Management System is structured according to the following operational model:



The Group model adopted as part of the Occupational Safety Management System aims to set out duties and responsibilities for all those involved.

Specifically, the Model requires the Board of Directors of each Company to appoint:

- the **Prevention and Protection Service Manager** (in Italian “RSPP”), having heard the Workers' Health and Safety Representative. The Manager collaborates with the Employer in the identification and assessment of risks to the safety and health of workers, providing for the inspection of workplaces and audits on the work performed by workers, in order to identify hazards and proceed with the preparation of the Risk Assessment Document (DVR), to be submitted for evaluation and approval by the Employer;
- the **Occupational Health and Safety Management System Manager** (in Italian “RSGSL”), who is responsible for promoting the application of the Management System in their company organisation while providing support to all company functions on the proper application of the regulations governing Occupational Health and Safety;
- **two Delegates:**
 - a manager for activities that can be delegated in the area of supervision of occupational health and safety risks pertaining to Human Resources Management³⁶;
 - a manager for activities that can be delegated in the area of supervision of overall risks associated with occupational health and safety, excluding those pertaining to Human Resources Management, such as, for example, identifying hazards, implementing prevention and protection measures, and managing the contractors' work at the various company offices and sites;
- the **Company Doctor**, who is responsible for ensuring that work is performed in a healthy environment, according to processes that do not compromise the state of health of workers. The Company Doctors' work in local areas is coordinated by the Coordinator Company Doctor;
- the **Supervisor**, who is responsible for overseeing working activities and ensuring the implementation of the instructions they have received while monitoring their proper execution on the part of the workers;
- the **Workers' Safety Representative**, whose main role is to enable workers the opportunity to actively participate in the system of risk assessment and prevention in the environment in which they work.

³⁶ These include: the appointment of the Company Doctor, the appointment of Company Doctors working throughout the country, the appointment of Supervisors, the appointment of designated Workers, and the planning and management of training and health surveillance.

Within the framework of the Management System, workers are responsible for their own health and safety and that of any other persons in the workplace, who might be impacted by the effects of their actions or omissions, according to their training, and the instructions and means provided by the Employer.

All employees undergo health surveillance, and all risks are assessed in the Risk Assessment Document (DVR), and priorities for action are considered according to the type of risk.

The Risk Assessment Document identifies any possible hazard in a workplace and is used to assess the probability of occurrence of a harmful event to workers, calculate the amount of the damage that may result, and suggest concrete prevention and protection measures. The main types of hazards associated with a typical office work may be:

- physical hazards (radiation, electrical malfunction, high noise, etc.);
- ergonomic hazards (inadequate workstations, poor lighting, etc.);
- psychological hazards (verbal abuse, bullying, discrimination);
- hazards related to work organization (excessive working hours, no breaks from work, etc.).

Given the work activities performed and the tasks of the workers operating within the specific organization of the Iccrea Cooperative Banking Group, these are very limited risks, and the most significant ones are associated with the use of video display terminals (VDTs), which involves visual and postural fatigue, microclimate and/or lighting.

The Group has also provided specific training according to the provisions of current relevant legislation (Article 37 of Legislative Decree no. 81 of 2008), which requires the employer to provide sufficient and appropriate health and safety training to all employees.

In this regard, mandatory training courses for workers are structured divided into two distinct stages:

- **General training:** it 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;
- **Specific training,** it deals with the specific risks associated with the tasks (VDTs) 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.



Training is then structured in a special way for the Workers' Safety Representative (RLS) (basic course and annual refresher courses) and for the Safety Manager.

Finally, work-related stress is assessed regularly in order to identify any critical issue and elements of attention on which to take action with a view to improvement with regard to work organization or psychological discomfort.

The data on accidents at works are reported below with regard to employees and non-employees, which were recorded during the observation period³⁷.

³⁷ It should be noted that the injury rate is calculated on the basis of 1 million hours worked.

INJURY RATE															
Year	2022					2021					2020				
Employees (%)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Death rate due to accidents at work	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rate of serious accidents at work (excluding deaths)	0	0.09	0	0	0.03	0	0.09	0	0	0.28	0	0	0	0	0.07
Rate of recordable accidents at work	1.45	1.28	0	0	1.38	2.87	6.00	0	0	4.11	0	0	0	0	2.75
Hours worked (no.)	17,188,822.7	11,725,239.5	0	0	28,914,062.2	17,744,535.5	11,666,316.3	0	0	29,410,851.8	24,326,057	16,759,509	0	0	41,085,566
Non-employees (%)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total
Death rate due to accidents at work	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rate of serious accidents at work (excluding deaths)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rate of recordable accidents at work	0	0	0	0	0	49.81	28.87	0	0	37.46	4.32	6.06	0	0	4.95
Hours worked (no.)	251,726.8	218,382	0	0	470,108.8	240,907.7	346,332.3	0	0	587,240	1,158,404.9	660,382	0	0	1,818,783

INJURIES																
Year	2022					2021					2020					
Employee s (no.)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	
Deaths	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Serious accidents	0	1	0	0	1	0	1	0	0	1	1	2	0	0	0	3
Recordable accidents	25	15	0	0	40	51	70	0	0	121	51	62	0	0	0	113
Total	25	16	0	0	41	51	71	0	0	122	52	64	0	0	0	116
Non- employees (no.)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	
Deaths	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Serious accidents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recordable accidents	0	0	0	0	0	10	12	0	0	22	5	4	0	0	0	9
Total	0	0	0	0	0	10	12	0	0	22	5	4	0	0	0	9
Overall total	25	16	0	0	41	61	83	0	0	144	57	68	0	0	0	125

In 2022, 41 accidents at work were recorded, showing a reduction compared to the previous reporting period.

GRI 403-10

OCCUPATIONAL DISEASES (EMPLOYEES)																
Year	2022					2021					2020					
Employees (no.)	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	Men	Women	Other	Not disclosed	Total	
Deaths due to occupational diseases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recordable cases of professional diseases	0	1	0	0	1	4	3	0	0	7	0	0	0	0	0	0
Total	0	1	0	0	1	4	3	0	0	7	0	0	0	0	0	0



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 of 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 non-employees no cases of occupational diseases were recorded during 2022.

ANNEX



Methodological note

GRI 2-3

GRI 2-4

GRI 2-5

STANDARDS APPLIED AND MUTUALISTIC INDICATORS

The Consolidated Non-Financial Statement (hereinafter also referred to as the "CNFS") of the Iccrea Cooperative Banking Group (hereinafter also referred to as the "Group"), prepared in accordance with Article 4 of Legislative Decree no. 254 of 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, and the results 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.

The Group put in place a system to collect and process data through the use of a dedicated software during the current reporting period. The implementation of the tool has made it possible to ensure the traceability and quality of qualitative and quantitative information it has collected, as well as to automate the processing of data and the preparation of related summary tables and to create a historical archive of information and its related supporting evidence, thus creating a database useful for it to be shared and consulted, including on the part of Member BCCs and the Audit Firm.

Within this document, some corrections have been made to data and information from previous editions of the Iccrea Cooperative Banking Group's CNFS in order to incorporate amendments and additions in processing methodologies and procedures. All adjustments have been clearly marked within the document.

The CNFS is drawn up pursuant to Legislative Decree no. 254 of 2016 and the information has been defined by taking the "GRI Sustainability Reporting Standards 2021" as a methodological reference, which is issued by the Global Reporting Initiative ("GRI Standards or GRI"), a leading international association in the development of standards for sustainability reporting. The content of the CNFS is presented according to the "in accordance with" reporting option of the GRI Standards and refers to the Group's performance for the financial year ended 31 December 2022.

Furthermore, where appropriate, the indications of the GRI G4 Financial Services Sector Disclosure have been applied to give further evidence of some peculiar features of the financial sector. In order to facilitate the retracing of information within the document for readers, the GRI Content Index is available on page 317.

This document constitutes the fourth edition of the Group's CNFS since its incorporation in March 2019 and, therefore, provides comparative data from the previous three financial years.

The information provided in non-financial reporting reflects the basic concepts of impact, material topics, due diligence, and the interests of stakeholders and is guided by the reporting principles set forth in *GRI Standard 1 Foundation*:

- Accuracy
- Balance
- Clarity
- Comparability
- Completeness
- Sustainability context
- Timeliness
- Verifiability

The process of reporting non-financial information summarises, at the inception stage, the identification and prioritisation of ESG issues, with the dual purpose of contributing to the design of company strategies and focusing on the issues (including "sub-topics") of greatest interest in representing the Group's performance to key stakeholders. For CNFS 2022, the process aims to reflect significant regulatory changes³⁸ and renewed attention from the market and supervisory authorities³⁹ through the transition to the so-called **Double Materiality Analysis**, which was carried out in accordance with the GRI Universal Sustainability Reporting Standards (2021 version) and according to the EFRAG⁴⁰ guidelines in order to prepare the Group for the adoption of the Corporate Sustainability Reporting Directive (CSRD) approach that will be required as from the 2024 financial year.

³⁸ On 30 June 2022, the European Commission published the Corporate Sustainability Reporting Directive (CSRD) as a consequence of the revision process of the Non-Financial Reporting Directive (NFRD). The Directive includes numerous new elements with the common goal of improving disclosure on ESG issues and increasing the flow of capital to sustainable activities throughout the European Union.

³⁹ ECB's letter about an analysis of gaps in climate-related and environmental risk disclosure of 21 January 2023.

The topics covered within the CNFS are those that, as a result of a Double Materiality analysis and assessment, have been considered to be material, since they reflect:

- the major impacts generated directly or indirectly by the Group on the environment and society as a whole (inside-out perspective);
- the major impacts that sustainability issues have or could have on the economic and financial performance of the Group (outside-in perspective).

For more details, reference should be made to the paragraph on "Double Materiality Analysis" in this document.

As from the current reporting period, the Group has also started a process of quantifying the emissions financed through its business activities, such as, for example, disbursement of loans and investments (Scope 3 emissions, category 15 GHG Protocol); for more information, reference should be made to the paragraph on "Financed Emissions."

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 Cooperative 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 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) 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.

⁴⁰ In January 2022, the European Financial Reporting Advisory Group published, at the request of the European Commission, the draft guidelines for double materiality analyses: "Double materiality conceptual guidelines for standard-setting", as further supplemented by the draft "ESRS 1 General requirements."

- **IBG 000-X:** attention to the Members. The organization is asked to provide information regarding the main activities carried out during the year in order to ensure the development of the communities residing in its area of competence while considering the Local Committees as a fundamental instrument of discussion between the community and the BCCs. Banks are therefore required to indicate whether such Committees exist in their area of competence, as well as their composition and related types. In addition, this indicator requires reporting on the presence or absence of customer satisfaction with Members.
- **IBG 000-Y:** overview of initiatives. The organization is asked to report on the projects carried out in local areas in 2022 (excluding sponsorships and charities), dividing them between local/regional and national initiatives.

Finally, the CNFS 2022 reports the findings emerging from the analyses conducted according to the requirements laid down in Article 8 of Regulation (EU) 2020/852 of 18 June 2020 (EU Taxonomy) and Delegated Regulations (EU) 2021/2178 and 2021/2139. The calculations related to the eligibility indicators and information required by Article 10 of Regulation (EU) 2021/2178 refer to the FINREP supervisory reporting produced on 14 February 2023 and covering the financial year ended 31 December 2022. The evidence and a description of the underlying methodologies are provided in a dedicated paragraph of this document (page 311).

SCOPE OF THE STATEMENT

For the purposes of the CNFS, the scope of the "Iccrea Cooperative 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 scope 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 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 no. 254 of 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 (13) and Indirect (2) Scope Companies – as explained in Chapter 1 –, and the Affiliated BCCs (118). Any exception in relation to the scope 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.

AUDIT PROCESS

The 2022 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 329.

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".

CONTACTS

For more information and details on the contents of the Statement, contact the Group Sustainability & ESG Strategy O.U., at the following address: ESG@iccrea.bcc.it

Table under Legislative Decree 254/2016

MATERIAL TOPIC	GRI	SCOPE OF LEGISLATIVE DECREE 254/2016
Climate change and transition to sustainable and circular economy	302-1 – Energy consumption within the organization 302-2 – Energy consumption outside of the organization 302-3 – Energy intensity 305-1 – Direct (Scope 1) GHG Emissions 305-2 – Energy indirect (Scope 2) GHG Emissions 305-3 – Other indirect (Scope 3) GHG emissions 305-4 – GHG emissions intensity	Environmental issues
Supply chain	204-1 – Proportion of spending on local suppliers	Social issues
Sustainable lending and financing	Finance products (ex GRI G4 - FS7 and GRI G4 - FS8)	Social issues
Human rights	406-1 - Incidents of discrimination and corrective actions taken	Social issues
Diversity and inclusion	405-1 – Diversity of governance bodies and employees	Personnel-related issues
Financial education and inclusion	GRI G4 - FS-14 – Initiatives to improve access to financial services for disadvantaged people GRI G4 - FS-16 – Initiatives to enhance Financial Literacy	Social issues
Environmental impact	301-1 – Materials used by weight or volume 301-2 – Recycled input materials used	Environmental issues
Sustainable investments	Investment products (ex GRI G4 - FS7 and GRI G4 - FS8)	Social issues

MATERIAL TOPIC	GRI	SCOPE OF LEGISLATIVE DECREE 254/2016
Fight to corruption	<p>205-1 - Operations assessed for risks related to corruption</p> <p>205-2 – Communication and training about anti-corruption policies and procedures</p> <p>205-3 – Confirmed incidents of corruption and actions taken</p>	Anti-corruption
Governance and decision-making processes	<p>207-1 – Approach to tax</p> <p>207-2 – Tax governance, control and risk management</p> <p>207-3 – Stakeholder engagement and management of concerns related to tax</p>	Governance
Occupational health and safety	<p>403-1 – Occupational health and safety management system</p> <p>403-2 – Hazard identification, risk assessment, and incident investigation</p> <p>403-3 – Occupational health services</p> <p>403-4 – Worker participation, consultation and communication on occupational health and safety</p> <p>403-5 – Worker training on occupational health and safety</p> <p>403-6 - Promotion of worker health</p> <p>403-7 – Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</p> <p>403-8 – Workers covered by an occupational health and safety management system</p> <p>403-9 – Work-related injuries</p> <p>403-10 - Work-related ill health</p>	Personnel-related issues
Equal opportunities and remuneration	<p>405-2 – Ratio of basic salary and remuneration of women to men</p>	Personnel-related issues

MATERIAL TOPIC	GRI	SCOPE OF LEGISLATIVE DECREE 254/2016
Value creation and financial strength	201-1 – Direct economic value generated and distributed 207-4 – Country-by-Country Reporting	Governance
Business ethics, transparency and integrity	206 -1- Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Governance
Households and SMEs	GRI G4 - FS-6 – Percentage of the portfolio for business lines by specific region and by sector	Social issues
Innovation, digital transformation	IBG-000-4 – Digitization and innovation services	Social issues
Employment	401-1 – New employee hires and employee turnover 402-1 – Minimum notice periods regarding operational changes	Personnel-related issues
People Care	401-2 – Benefits provided to full-time employees that are not provided to temporary or part-time employees	Personnel-related issues
Customer privacy and cybersecurity	418-1 – Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social issues
Customer relations and satisfaction	IBG-000-2 - Customer satisfaction survey	Social issues
Relations with Members and Institutions	IBG-000-X – Attention to Members	Social issues
Staff enhancement	404-1 – Average hours of training per year per employee 404-2 – Programs for upgrading employee skills and transition assistance programs 404-3 – Percentage of employees receiving regular performance and career development review	Personnel-related issues

MATERIAL TOPIC	GRI	SCOPE OF LEGISLATIVE DECREE 254/2016
Sustainable local development	IBG-000-Y – Overview of initiatives	Social issues
	GRI G4 - FS13 – Access points in low- populated or economically disadvantaged areas	
	203-1 – Infrastructure investments and services supported	

EU Taxonomy - 2022

Qualitative disclosure

INDEX

European Taxonomy for sustainable activities	311
Eligibility disclosure	312
Voluntary disclosure	314
Indicator calculation methods and background information	315
Consolidation scope and data limitation	315
Indicator calculation method (Turnover-based and CapEx-based)	316

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES

In June 2020, the Council and the European Parliament adopted Regulation (EU) 2020/852 (Taxonomy Regulation), aimed at establishing a framework to reorient capital flows towards sustainable investments. The goal of the EU Taxonomy is to promote comparability for businesses and investors and help market players establish a common language for identifying sustainable activities, thereby mitigating the risk of "greenwashing."

As defined by Regulation (EU) 2020/852, an activity shall qualify as environmentally sustainable if:

- contributes substantially to one or more of the six environmental objectives set out in Article 9 of the Taxonomy Regulation:
 - 1) climate change mitigation;
 - 2) climate change adaptation;
 - 3) the sustainable use and protection of water and marine resources;
 - 4) the transition to a circular economy;
 - 5) pollution prevention and control;
 - 6) the protection and restoration of biodiversity and ecosystems;

- does not significantly harm (DNSH) any of the abovementioned environmental objectives;
- is carried out in compliance with the minimum safeguards;
- complies with technical screening criteria that have been established by the European Commission.

On 4 June 2021, Delegated Regulation (EU) 2021/2139 (Climate Delegated Act) was adopted, which provides the list of eligible economic activities and the related technical screening criteria with reference to the first two environmental objectives, i.e. climate change mitigation and adaptation (in Annex I and Annex II attached to the Climate Delegated Regulation, respectively) while it is noted that the Delegated Regulation on the remaining four environmental objectives has not yet been adopted to date.

On 6 July 2021, Delegated Regulation (EU) 2021/2178 (Disclosure Delegated Act) was introduced, which lays down provisions on the presentation of information to be disclosed by financial and non-financial undertakings regarding the methodology used for disclosure according to the EU Taxonomy.

ELIGIBILITY DISCLOSURE

The European Taxonomy provided for a phased-in entry into force of the disclosure requirements; therefore, financial undertakings are required to report, from 1 January 2022 to 31 December 2023, the share of economic activities that are eligible under the Taxonomy in total assets.

Eligible activity

Eligible economic activity means an activity that falls within the scope of the descriptions reported in the Climate Delegated Regulation (Reg. (EU) 2021/2139), regardless of whether these activities meet the technical screening criteria or meet the minimum safeguards.

As required by Article 10.3 of the Delegated Regulation (EU) 2021/2178, financial undertakings subject to the eligibility scheme are required to disclose:

- the proportion in their total assets of exposures to Taxonomy non-eligible and Taxonomy-eligible economic activities;
- the proportion in their total assets of the exposures to central governments, central banks and supranational issuers;
- the proportion in their total assets of derivatives;
- the proportion in their total assets of the exposures to undertakings that are not obliged to publish non-financial information under the Non-Financial Reporting Directive (NFRD);
- with regard to credit institutions, the proportion of their trading portfolio and on demand inter-bank loans in their total assets;
- the qualitative information accompanying the reported indicators referred to in Annex XI.

It is to be understood that the eligibility disclosure is a measure of the share of consolidated assets in which environmentally sustainable activities are potentially present and is not a measure of the actual green exposures of the Iccrea Cooperative Banking Group.

In the 2021 CNFS, the Group reported the proportion of eligible economic activities in total assets, in terms of turnover. It should be noted that estimates were used in the absence of precise data for the 2021 financial year, since it was the first year of the entry into force of Taxonomy.

With regard to 2022, too, the disclosure provided by the Iccrea Cooperative Banking Group under the EU Taxonomy is based on Delegated Regulation (EU) 2021/2139, which, to date, provides for the identification of eligible activities with respect to only the first two environmental objectives: climate change mitigation and climate change adaptation. Unlike the previous year, eligibility indicators will be presented for the first year with a dual view in terms of turnover (Turnover-based) and capital expenditure (CapEx-based) as a result of the availability of data published by counterparties.

SPECIFIC EXPOSURES UNDER ART.10.3 OF DELEGATED REGULATION (EU) 2021/2178

Indicators relating to eligible and non-eligible exposures	Value to total gross assets	Value to total covered assets	Gross book value [€/mil.]
Exposures in eligible activities on the basis of capital expenditure	17.3%	26.7%	€ 30,566.26
Exposures in eligible activities on the basis of turnover	17.3%	26.8%	€ 30,606.42
Exposures in NON-eligible activities on the basis of capital expenditure	47.4%	73.3%	€ 83,799.22
Exposures in NON-eligible activities on the basis of turnover	47.4%	73.2%	€ 83,759.07
Exposures to central governments, central Banks and supranational issuers	35.3%	54.6%	€ 62,438.10
Exposures in derivatives	1.1%	1.7%	€ 1,891.82
Exposures to undertakings not subject to NFRD	30.7%	47.5%	€ 54,343.71
Total assets	100.0%	N/A	€ 176,803.59
Of which trading portfolio and on demand inter-bank loans	0.2%	N/A	€ 306.40
Of which covered assets	64.7%	100.0%	€ 114,365.49

VOLUNTARY DISCLOSURE

On a voluntary basis, the Iccrea Cooperative Banking Group has chosen to extend the perimeter of analysis to include exposures to undertakings not subject to NFRD and non-EU Companies, making use of proxies and estimates. Specifically, with reference to undertakings not subject to NFRD, eligibility was verified through reconciliation of sector codes with NACE codes set out in the annexes attached to Delegated Regulation (EU) 2021/2139 with reference to each economic activity.

Indicators relating to eligible and non-eligible exposures	Value to total gross assets	Value to total covered assets	Gross book value [€/mil.]
Exposures in eligible activities on the basis of capital expenditure	30.0%	46.3%	€ 52,956.29
Exposures in eligible activities on the basis of turnover	30.1%	46.6%	€ 53,286.41
Exposures in NON-eligible activities on the basis of capital expenditure	34.7%	53.7%	€ 61,409.20
Exposures in NON-eligible activities on the basis of turnover	34.5%	53.4%	€ 61,079.08
Exposures to central governments, central Banks and supranational issuers	35.3%	54.6%	€ 62,438.10
Exposures in derivatives	1.1%	1.7%	€ 1,891.82
Total assets	100.0%	N/A	€ 176,803.59
Of which trading portfolio and on demand inter-bank loans	0.2%	N/A	€ 306.40
Of which covered assets	64.7%	100.0%	€ 114,365.49

INDICATOR CALCULATION METHOD AND BACKGROUND INFORMATION

Scope of consolidation and data limitation

The preparation of the disclosure about the eligibility of consolidated assets with respect to the requirements of the European Taxonomy is based on the prudential scope of consolidation of the Iccrea Cooperative Banking Group at 31 December 2022. The consolidation complies with the undertakings' supervisory reporting under Regulation (EU) No. 575/2013 of the European Parliament and of the Council and Commission Implementing Regulation (EU) 2021/451 (FINREP).

It should be noted that the preparation of this disclosure represents the interpretation conducted on the information available to date shared by the European Authorities and intends to comply, as much as possible, with the previously mentioned regulatory framework, as well as with the guidance and clarifications provided in the relevant FAQs published by the European Commission. However, future clarifications that can provide more accurate definitions regarding regulatory interpretation are not ruled out.

Total assets are given by total gross assets resulting from FINREP as at 31 December 2022 related to the prudential supervisory scope of the Iccrea Cooperative Banking Group, while covered assets are given by total gross assets, net of exposures to central governments, central Banks, and supranational issuers and the trading book.

Indicator calculation method (Turnover-based and CapEx based)

In general, for exposures in non-financial counterparties subject to the NFRD requirement, reference was made to what was published in each non-financial statement (in terms of Turnover and CapEx), while for retail exposures (e.g., property loans/purchases of vehicles), eligibility is determined in binary terms, i.e., the exposure is considered for the entire eligible or non-eligible value.

Specifically, eligibility indicators for corporate counterparties were developed as follows:

- for non-financial counterparties (publishing a Turnover and a CapEx indicator, respectively), exposures were weighted against eligible CapEx indicators;
- for financial counterparties, exposures were calculated on the basis of the overall eligibility indicator.

The European Taxonomy is still under development and the information needed to govern the relevant operational drivers is still limited. Despite a gradual entry into force of regulatory obligations, the Iccrea Cooperative Banking Group is preparing to use the principles of the European Taxonomy in its strategy, as well as in setting its objectives, designing its products, in its processes, or in its relationships with customers and other stakeholders. In particular, in view of the entry into force of the alignment disclosure requirements, and in view of the robustness and level of recognition of the Taxonomy's technical screening criteria, the Group has started the integration of its metrics (covered assets, eligible exposures, and GAR) into its credit offering programming and planning activities. The Group's goal is, therefore, to capitalize on the new reporting requirements as a strategic driver and guideline for current and upcoming projects.

GRI content index

Version divided into Material Topics

Statement of use

The Iccrea Cooperative Banking Group prepared the 2022 Consolidated Non-Financial Statement in accordance with GRI Standards for the period from 1 January 2022 to 31 December 2022.

GRI 1 used

GRI 1: Foundation 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			Omitted requirements	Reason	Explanation
General Disclosure					
GRI 2: General disclosure 2021	2-1 Organization al details	17			
	2-2 Entities included in the organization’s sustainability reporting	17			
	2-3 Reporting period, frequency and contact point	301			
	2-4 Restatements of information	301			
	2-5 External assurance	301			
	2-6 Activities, value chain and other business relationships	20, 203, 206, 257			
	2-7 Employees	261			
	2-8 Workers who are not employees	261			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			Requirements omitted	Reason	Explanation
	2-9 Governance structure and composition	73			
	2-10 Nomination and selection of the highest governance body	73			
	2-11 Chair of the highest governance body	73			
	2-12 Role of the highest governance body in overseeing the management of impacts	95			
	2-13 Delegation of Responsibility for managing impacts	73			
	2-14 Role of the highest governance body in sustainability reporting	95			
	2-15 Conflicts of interest	73			
	2-16 Communication of critical concerns	154			
	2-17 Collective knowledge of the highest governance body	95			
	2-18 Evaluation of the performance of the highest governance body	73			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			Requirements omitted	Reason	Explanation
	2-19 Remuneration policies	275			
	2-20 Process to determine remuneration	275			
	2-21 Annual total compensation ratio	277	2-21b	In view of the updated reporting GRI Universal Standards 2021, it is noted that it is not possible to collect historicized data related to interim changes in remuneration. It is therefore not planned to report on the requirements of indicator 2-21b.	
	2-22 Statement on sustainable development strategy	38			
	2-23 Policy commitments	24			
	2-24 Embedding policy commitments	24			
	2-25 Processes to remediate negative impacts	154			
	2-26 Mechanisms for seeking advice and raising concerns	145			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			Requirements omitted	Reason	Explanation
	2-27 Compliance with laws and regulations	153			
	2-28 Membership associations	27			
	2-29 Approach to stakeholder engagement	43			
	2-30 Collective bargaining agreements	261			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	49			
	3-2 List of material topics	49			
Climate change and transition to sustainable and circular economy					
GRI 3: Material Topics 2021	3-3 Management of material topics	185			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	190			
	302-2 Energy consumption outside of the organization	192			
	302-3 Energy intensity	193			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	194			
	305-2 Energy indirect (Scope 2) GHG emissions	194			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			Requirements omitted	Reason	Explanation
	305-3 Other indirect (Scope 3) GHG emissions	195			
	305-4 GHG emissions intensity	196			
Supply chain					
GRI 3: Material Topics 2021	3-3 Management of material topics	257			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	257			
Sustainable lending and financing					
GRI 3: Material Topics 2021	3-3 Management of material topics	210			
GRI G4: Financial Services Sector Disclosures	Finance products (ex FS7 - FS8)	214, 218			
Human rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	176			
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	274			
Diversity and inclusion					
GRI 3: Material Topics 2021	3-3 Management of material topics	270			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	80			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			Requirements omitted	Reason	Explanation
Financial education and inclusion					
GRI 3: Material Topics 2021	3-3 Management of Material topics	240			
GRI G4: Financial Services Sector Disclosures	G4 - FS14 Initiatives to improve access to financial services for disadvantaged people	255			
	G4 - FS16 Initiatives to enhance financial literacy	240			
Environmental impact					
GRI 3: Material Topics 2021	3-3 Management of material topics	182			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	183			
	301-2 Recycled input materials used	184			
Sustainable investments					
GRI 3: Material Topics 2021	3-3 Management of material topics	227			
GRI G4: Financial Services Sector Disclosures	Investment products (ex FS7 - FS8)	214, 218, 227			
Fight to corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	145			
GRI 205: Anti- corruption 2016	205-1 Operations assessed for risks related to corruption	145			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			Requirements omitted	Reason	Explanation
	205-2 Communication and training about anti- corruption policies and procedures	149			
	205-3 Confirmed incidents of corruption and actions taken	No incidents of corruption were confirmed during the reporting year.			
Governance and decision-making processes					
GRI 3: Material Topics 2021	3-3 Management of material topics	73			
GRI 207: Tax 2019	207-1 Approach to tax	163			
	207-2 Tax governance, control, and risk management	163			
	207-3 Stakeholder management and management of concerns related to tax	163			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	290			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	290			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			Requirements omitted	Reason	Explanation
	403-2 Hazard identification, risk assessment, and incident investigation	290			
	403-3 Occupational health services	290			
	403-4 Worker participation, consultation, and communication on occupational health and safety	290			
	403-5 Worker training on occupational health and safety	290			
	403-6 Promotion of worker health	279			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	290			
	403-8 Workers covered by an occupational health and safety management system	290			
	403-9 Work-related injuries	296			
	403-10 Work-related illness	297			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			Requirements omitted	Reason	Explanation
Equal opportunities and remuneration					
GRI 3: Material Topics 2021	3-3 Management of material topics	275			
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	278			
Value creation and financial strength					
GRI 3: Material Topics 2021	3-3 Management of material topics	35			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	35			
GRI 207: Tax 2019	207-4 Country-by-Country Reporting	170			
Business ethics, transparency and integrity					
GRI 3: Material Topics 2021	3-3 Management of material topics	145			
GRI 206: Anti- competitive behavior 2016	206 -1 Legal actions for anti-competitive behaviour, anti- trust, and monopoly practices	145			
Households and SMEs					
GRI 3: Material Topics 2021	3-3 Management of material topics	220			
GRI G4: Financial Services Sector Disclosures	G4 - FS6 Percentage of the portfolio for business lines by specific region and sector	206			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			Requirements omitted	Reason	Explanation
Innovation, digital transformation					
GRI 3: Material Topics 2021	3-3 Management of material topics	252			
Other internal indicators	IBG-000-4 Digitization and innovation services	252			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	261			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	261			
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	261			
People care					
GRI 3: Material Topics 2021	3-3 Management of Material topics	279			
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	279			
Customer privacy and cybersecurity					
GRI 3: Material Topics 2021	3-3 Management of material topics	157			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	161			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			Requirements omitted	Reason	Explanation
Customer relations and satisfaction					
GRI 3: Material Topics 2021	3-3 Management of material topics	256			
Other internal indicators	IBG -000-2 Customer satisfaction survey	256			
Relations with Members and Institutions					
GRI 3: Material Topics 2021	3-3 Management of material topics	236			
Other internal indicators	IBG-000-X Attention to Members	236			
Staff enhancement					
GRI 3: Material Topics 2021	3-3 Management of material topics	284			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	288			
	404-2 Programs for upgrading employee skills and transition assistance programs	284			
	404-3 Percentage of employees receiving regular performance and career development reviews	289			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			Requirements omitted	Reason	Explanation
Sustainable territorial development					
GRI 3: Material Topics 2021	3-3 Management of	236			
Other internal indicators	IBG -000-Y	245			
GRI G4: Financial Services Sector Disclosures	G4 - FS13 Access points in low- populated or economically disadvantaged areas	203			
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	249			

Independent Auditors' report on the Consolidated Non-Financial Statement

In accordance with 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.

Financial statements as at 31 December 2022

Iccrea Banca S.p.A.

Independent auditor's report on the Consolidated Non-financial Statement in accordance with article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018

Year ended on 31 December 2022

Independent auditor's report on the Consolidated Non-financial Statement in accordance with article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018 (translation of the original report issued in Italian*)

To the Board of Directors of Iccrea Banca S.p.A.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of Gruppo Bancario Cooperativo Iccrea and its subsidiaries (hereafter the "Group") for the year ended 31 December 2022 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 7 April 2023 (hereafter the "CNFS").

Our review does not extend to the information set out in the section "Annex 3 | *EU Taxonomy – 2022 – Qualitative disclosure*" of the CNFS, required by article 8 of European Regulation 2020/852.

Responsibilities of the Directors and Board of Statutory Auditors for the Non – financial Statements

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.

Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional *behaviour*. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

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. analysis of 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. analysis and assessment of the identification criteria for the reporting scope, in order to check their compliance with the Decree;
3. comparison of the financial information reported in the CNFS with that reported in the Group's Consolidated Financial Statements;
4. understanding of the following matters:
 - business and organisational model of the Group, with reference to the management of the matters specified by 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.

With reference to those matters, we checked the above against the disclosures presented in the CNFS and carried out the procedures described in point 5.a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information disclosed in the CNFS. Specifically, we held interviews and meetings with the management of Iccrea Banca S.p.a. and its Affiliated Banks selected (*Banca 2021, Banco Fiorentino, Banca della Marca*). We performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the CNFS.

Moreover, for material 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 Affiliated Banks: *Banca 2021*, *Bcc Banco Fiorentino* and *Bcc Banca della Marca*, which were 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 work performed, nothing has come to our attention that causes us to believe that the CNFS of Gruppo Bancario Cooperativo Iccrea for the year ended on 31 December 2022 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards selected.

Our conclusions on the CNFS of Gruppo Bancario Cooperativo Iccrea do not extend to the information set out in the section "Annex 3 | *EU Taxonomy – 2022 – Qualitative disclosure*" of the CNFS, required by article 8 of European Regulation 2020/852.

Rome, 20th April 2023

Mazars Italia S.p.A.

Olivier Rombaut
Partner – Registered auditor

(Signed on the original)

() This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

