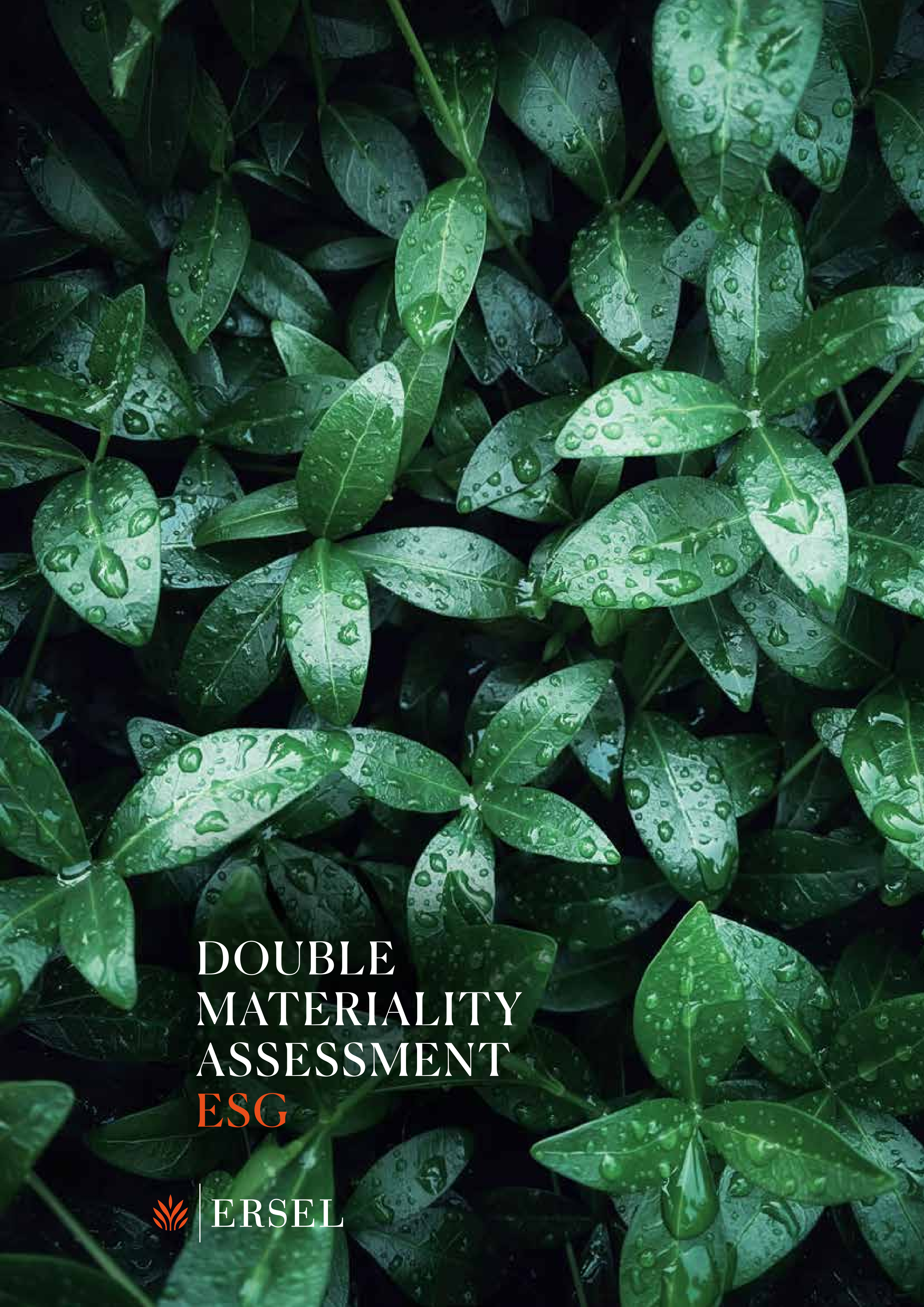


DOUBLE MATERIALITY ASSESSMENT ESG

ERSEL

Summary

1. Note methodological

In 2023, the Group conducted its first **double materiality assessment**, as a preliminary exercise with a view to future alignment with the disclosure requirements of the **European Corporate Sustainability Reporting Directive (CSRD)** and the related **European Sustainability Reporting Standards (ESRS)** issued by delegated acts of the European Commission.
The action taken reflects the Group's commitment to prepare for future regulatory developments in sustainability, thereby demonstrating proactivity in adhering to changing regulations.

2. Materiality Assessment

2.1 Introduction

Materiality assessment is the tool through which a company or a group identifies strategic issues, in terms of positive and/or negative - potential and/or actual - impacts
- for the organisation itself, for the environment and for the communities in which it operates. Recent years have witnessed a gradual evolution of the materiality assessment process implemented by the different categories of market players. The growing attention by stakeholders to environmental, social and governance (ESG) factors has in fact rendered traditional reporting inadequate for understanding the true state of integration of sustainability issues in different organisations. From this need, a new model of analysis has emerged that combines assessments of the external risks to which a given organisation might be exposed with an evaluation of an impact analysis of its processes on the environment and external society.
Back in 2019, the European Commission's Guidelines on the Disclosure of Climate-Related Information had already introduced the concept of '**Double Materiality**', i.e. the consideration of the impact produced by an organisation's activities on the external environment (so-called 'Impact Materiality') and, conversely, the impact that external phenomena - environmental, social and governance - can generate on the organisation itself (so-called 'Financial Materiality').
This concept has become central in the **European Corporate Sustainability Reporting Directive (CSRD)** that came into force in January 2023, and is applicable to the Group Ersel from the financial year 2025.
The concept of Double Materiality promotes an integrated approach that goes beyond single financial or impact materiality. This new perspective offers a unified solution that recognises the value of both financial and non-financial dimensions in identifying issues relevant to the organisation:

- **Impact materiality** (*inside-out*): perspective according to which the organisation pays attention to the impacts, positive and negative, actual and potential, that its activities may determine on the environment and external communities;
- **Financial materiality** (*outside-in*): perspective according to which the organisation considers the main risks and opportunities arising from the management of a given sustainability issue, and the impact these might have on its financial performance.

The Group, with the aim of complying with the new regulatory requirements in the area of Non-Financial Disclosure, conducted an initial double materiality exercise in 2023, which will be repeated over the next years, with a view to full compliance with the CSRD requirements and adaptation to the relevant European Sustainability reporting standards (ESRS).

2.2 Sector analysis and benchmarking

The preparation of the materiality assessment (double materiality) was characterised, in a first phase, by a sectoral analysis, carried out with the aim of identifying the environmental, social and governance issues that are most relevant for the Group, considering the activities carried out, the business relations, the sustainability context in which it is inserted and the expectations of stakeholders. This analysis was further enriched by a benchmarking activity carried out on some of the Group's competitors, with the aim of identifying the best market practices adopted by the main reference peers, in order to understand the position of other players and the trends relevant to the financial market in terms of sustainability.

The analyses described above led to the development of a short-list of topics potentially relevant to the Group, divided into environmental, social and governance topics. In detail, a total of 17 issues were identified, subdivided as follows:

Table 1. List of potentially material topics

Field of reference	Topics
Environment	• Climate Change • Responsible consumption of natural resources • Sustainable products • Responsible supply chain
Social	• Protection of Human Rights • Responsible Marketing and Transparent Communication • Management and development of human capital • Innovation • Employee Health and Safety • Diversity & Inclusion • Community support • Financial inclusion • Customer satisfaction
Governance	• Business ethics and integrity • ESG risk management • Group solidity and creation of shared value • Cybersecurity

2.3 Stakeholder Engagement

As part of the activities aimed at identifying material, the Group identified a group of stakeholders considered to be representative of those topics who in various ways influence or are influenced by the Company's decisions on sustainability factors.

Figure 1. Overview of the Group's Stakeholder Engagement activities

Internal Stakeholders

- Top Management

External Stakeholders

- Shareholders
- Territories and communities
- Scientific Community

These stakeholders were subsequently involved in stakeholder engagement activities divided into two main stages:

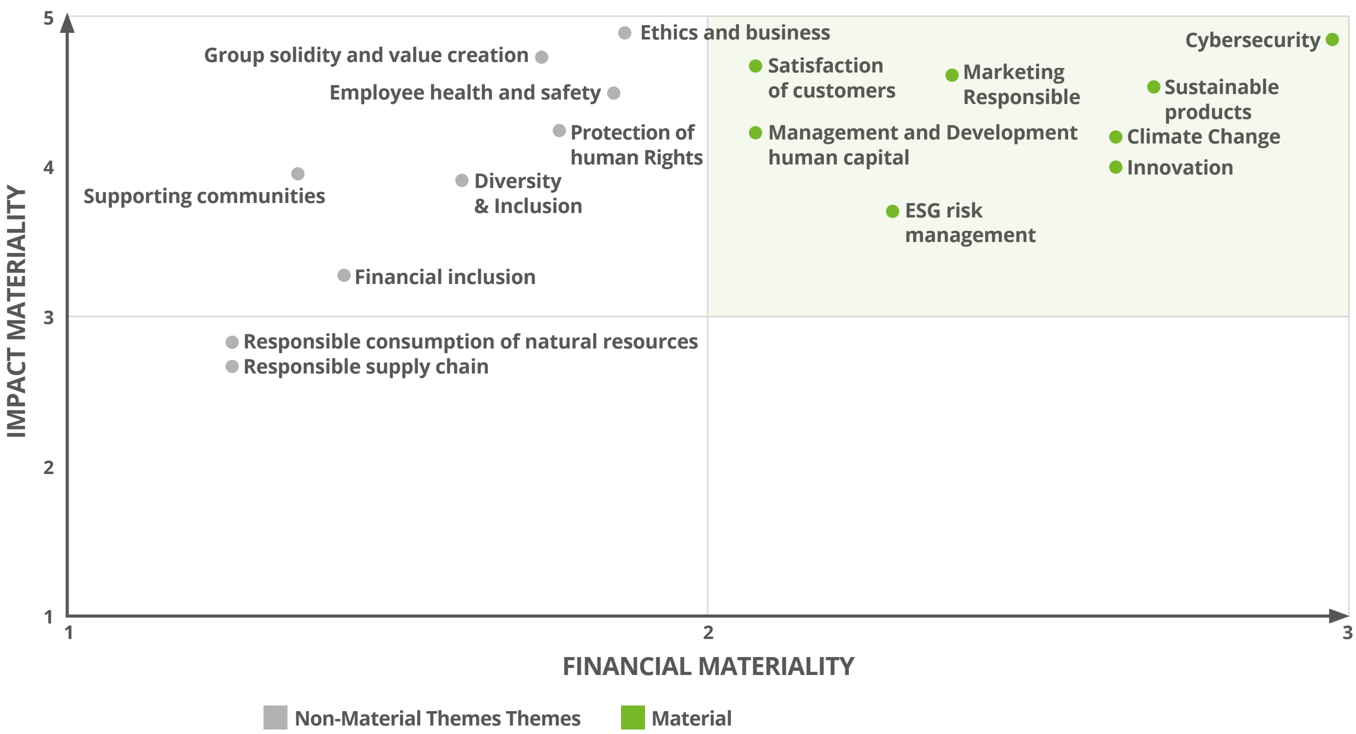
Delivery of a questionnaire: in this first phase, stakeholders were asked to be involved in the assessment to complete a questionnaire evaluating the be involved ESG issues previously identified. Through the use of this tool, those involved provided a qualitative assessment with respect to the ESG criteria identified in the analysis and benchmarking phase, taking into account the dual assessment perspective envisaged in the context of double materiality ("inside-out" and "outside-in").

Conduct of interviews: following the completion of the questionnaire, the topics deemed to be of greatest sensitivity to the Group are further investigated in special interviews with the organisation's internal contacts.

2.4 Construction of the double materiality matrix

A graphical representation of the Group's double materiality matrix is provided below, indicating the most relevant topics that emerged according to the dual perspective of analysis considered - material and financial. The material topics for the Group are shown within the green quadrant, located in the upper right-hand corner.

Figure 2. Representation of the Ersel Group's double materiality matrix



From the analysis conducted, it emerged that the Group's stakeholders express an increasing attention towards topics related to environmental, social and governance aspects.

With regard to environmental aspects, the Group is committed to developing mechanisms for measuring and managing the associated risks, seeking to align itself with the growing level of expectations placed on the consideration of these topics by both supervisory authorities and stakeholders. From a social point of view, Ersel is committed, through its initiatives, to contributing to improving the wellbeing of the community by placing within care for people and the planet in their strategic choices.

In general, since its origins, the Group has promoted an approach aimed at supporting the development of communities, i.e. the social and cultural realities with which the Group relates in the normal course of its business activities, and not only. Ersel is characterised by being one of the most active institutions in the social and cultural field within its territory, promoting events aimed at supporting the community, and actively participating in cultural initiatives organised by various territorial bodies.

In addition, through the establishment of the two Foundations, Paideia and Renzo Giubergia, the Company continues to constantly renew its commitment to supporting others and enhancing initiatives aimed at promoting Italy's artistic and cultural heritage. Ersel's commitment in both the social and environmental fields is well reflected in the materiality exercise carried out, being fully reflected within the topics considered material by the main internal and external stakeholders involved in the assessment.

Lastly, the materiality assessment confirms the growing importance the Group attaches to governance relating to sustainability factors. In this area, Ersel has implemented numerous innovations aimed at empowering top management and the Group's main internal stakeholders on the monitoring of ESG criteria and risks, particularly through the definition and formalisation of the roles and responsibilities assigned to the Sustainability Committee and the ESG Working Group.

The topics considered material for the Ersel Group are listed below, in order of relevance:

Table 2. Description of material topics for the Ersel Group

Material Themes	Description
Cybersecurity	Ensure the protection of company, customer and third-party information and data from unauthorised or accidental changes, loss and unauthorised disclosure.
Sustainable products	Group's ability to develop a product and service offering that is distinctive compared to competitors and capable of integrating ESG criteria into its selection activities investments and capable of contributing to environmental or social objectives.
Climate Change	Initiatives promoted by the Group in the area of energy efficiency and the use of renewable energy sources in order to ensure the progressive reduction of GHG emissions by the group as well as Scope 3 emission monitoring activities of the Banking Book and funds produced by the SGR.
Innovation	Diversification and updating of services offered to customers through the adoption of innovative technological tools to ensure greater accessibility, efficiency and quality in the services provided.
Responsible marketing and transparent communication	Adoption of a communication model aimed at informing customers clearly and comprehensively about the products and services offered and the relevant contractual conditions, facilitating their understanding and making informed choices, in compliance with the law.
Human Capital Management and Development	Ensuring concrete personal and professional development opportunities for employees, enhancing individual potential and improving the company's competitiveness, while maintaining the ability to attract talent through transparent and meritocratic talent management policies.
Customer satisfaction	Ability to improve customer satisfaction with the aim of building customer loyalty and attracting new business opportunities, and handling any complaints/litigation.
ESG risk management	Structured risk management model aimed at identifying, assessing and managing risks and uncertainties related to climate change and environmental and social risks, which could have an impact on the ability to generate value in the long term.

Environmental Social Environmental/Social Governance

2.5 Impact analysis related to material topics (risks and opportunities) and related mitigation actions

In relation to the material issues outlined, the Group has proceeded to identify and map the positive and negative impacts that can be directly linked to the aforementioned issues. This exercise was conducted with t h e aim of identifying the possible consequences that the Group's activities could generate on the environment and external society, while considering the direct or indirect impacts that could influence the Group's economic-financial situation.

The results of the analysis, including details of current and potential mitigation actions, that the Group is developing with the aim of reducing the negative impacts associated with relevant sustainability issues are reported below.

2.5.1 Cybersecurity

Positive Impacts	Negative Impacts
• **Acceleration of business transformation**, i.e. the process through which the Group seeks to rapidly adapt to market changes, new technologies and changing customer needs through the adoption of strategies aimed at improving the organisation's operational efficiency, innovation, flexibility and overall competitiveness. • Dissemination of a **corporate culture aimed** at **innovation**, data protection and the correct use of information systems.	• **Vulnerability of computer systems** due to a failure to manage innovation and digital transformation processes. • **Breach of IT systems** and loss of data, confidential business information and violation of the privacy of customers and third parties.

Types of risk	Mitigation actions
• **Operational risk**: operational losses resulting from data breach, procedural malfunctions and inadequate management of customers' personal data, and interruptions in the provision of services. • **Reputational risk**: data and information breaches with potential reputational or other data protection events.	Current Actions • The Group adopts **an IT protection system characterised by an integrated approach** based on four main phases: *(i) monitoring*, carried out by qualified personnel and state-of-the-art technological tools, including those based on machine learning; *(ii) prevention*, by means of organisational and technological tools aimed at preventing the occurrence of adverse scenarios; *(iii) response*, through the use of specific procedures to be implemented upon the occurrence of a specific security incident; *(iv) continuous evolution* in relation to changing threats and advancing technologies.

Types of risk	Mitigation actions
	• **Periodic review of business continuity procedures** in relation to new organisational models and new risk scenarios to which the Group is exposed. • **Adoption of an IT risk governance policy** updated annually. • **Adoption of new technologies to increase IT security** safeguards such as the network traffic monitoring, *Data Loss Prevention* systems, next-generation anti-malware alongside traditional antivirus software, geographical redundancy of processing sites, multiple copies of data backup sets. • **Annual audits**, carried out with the support of specialised external companies, to monitor **vulnerabilities and possible gaps in the IT systems** the Group has in place. • **Provision of** dedicated **training courses** via online platforms and phishing simulation tests aimed at verifying the awareness of information system users on cybersecurity issues.

2.5.2 Sustainable products

Positive Impacts	Negative Impacts
• **Diversification of the portfolio** by reducing the overall risk for investors. • **Reducing environmental impact** by promoting projects and initiatives that contribute to environmental sustainability. • **Access to new markets including emerging sectors** related to renewable energy and green technologies. • **Financial innovation** and reduction of reputational risks.	• **Variable profitability** caused by constantly changing regulations that can negatively impact costs and revenues. • **Complexity** that reduces the accessibility of this type of product, as a greater understanding on the part of investors is required. • **Exposure to the risk of non-compliance with regulations.**

Types of risk	Mitigation actions
• **Market risk**: volatility and financial losses caused by tied products to specific areas of sustainability that could easily be influenced by market factors (i.e. utilities). • **Compliance risk**: misalignment of products with the regulations governing them. • **Reputational/legal risk**: due to non-compliance of products with policies/regulations that regulate them, resulting in a loss of customer confidence and possible exposure to litigation.	Current Actions • **Transparent disclosure** of the selection criteria and sustainability objectives pursued by the products marketed; in this regard, the Group submits documentation on products classified Art. 8 ex SFDR, published in a dedicated section of the website, **to regulatory compliance audits** by the Control Functions, and an audit by an external consulting company specialised in sustainability issues. • **Constant monitoring of sustainable investment strategies** by the Risk Management Function, to verify compliance with the criteria and guidelines defined within the Group's sustainability policy, as well as the criteria of binding defined for each individual product. Regular updates are provided to the Board of Directors on the basis of a report by the Risk Management Function. • **Financial education of internal and external stakeholders through** the provision of special training modules by external lecturers and the use of e-learning platforms (i.e. Linkedin Learning). The Group has also been active for years in the field of financial education with projects aimed at disseminating culture in the economic-financial sphere such as, for example, Ersel Academy, the Ersel Podcasts available on all major platforms, which include episodes dedicated to sustainable investments and in-depth reports by the Advisory Department. • **Sector analyses** carried out with the support of a specialised consulting company.

Types of risk	Mitigation actions

	• **Portfolio diversification** with the aim of mitigating risks from investments in sensitive sectors; in this sense, portfolio diversification activities are the basis of the management policies adopted by the Group's Asset Management Companies, both in terms of product range diversification and investments related to individual products.
	• The Group has appropriate **policies in place to govern activities related to sustainable investments** such as:
	  • *ESG Sustainability Policy*
	  • *Responsible Asset Management Investment Policy*
	  • *Investment policy responsible for financial services*
	  • *Regulation of the Sustainability Committee and ESG Working Group*
	More details can be found in Chapter 3.
	• **The Group started quantifying Scope 3 Category 15** (Scope 1 and Scope 2) **emissions** for the SGR's products following the guidelines for calculating the WACI (Weighted Average Carbon Intensity) provided by the TCFD (Task Force on Climate-Related Financial Disclosures).
	• **Periodic audits by the Compliance Function** in relation to ESG issues, aimed at ensuring constant alignment with regulatory requirements and adequate disclosure of products with ESG characteristics. The planning of compliance activities includes regular monitoring of ESG compliance and targeted assessments of specific products.

2.5.3 Climate Change

Positive Impacts	Negative Impacts

• **Adoption of GHG emission reduction strategies** through the definition of an energy efficiency strategy.
• **Adoption of GHG Scope 3 emission metrics** and monitoring of the emission footprint of the Banking Book and SGR products.
	• Direct GHG emissions generated by the company, the source of which is owned or controlled by the company (Scope 1) and indirectly, generated by energy purchased and consumed by the company (Scope 2).
	• Monitoring **GHG** emissions **indirect Scope 3**:
	  ◦ for securities in the **Banking Book following the** approach outlined by the PCAF (Partnership for Carbon Accounting Financials);
	  ◦ for **asset management** products by following the WACI (Weighted Average Carbon Intensity, Task Force on Climate-Related Financial Disclosures).

Types of risk	Mitigation actions
• **Strategic risk**: caused by the loss of competitiveness vis-à-vis competitors due to a reduced offer of products and/or services aimed at to support the transition to sustainable economies that meet customer needs. • **Operational risk**: losses caused by potential damage to Group buildings and infrastructure due to the occurrence of extreme climatic phenomena. • **Reputational risk**: loss of image in relation to a misalignment with group environmental commitments.	Current Actions • The Group conducted **market studies** to understand the methodologies adopted in the analysis **of customer needs and orientations with regard to sustainability factors** in the completion of the Mifid questionnaire. • The Group promotes and supports a culture of environmental appreciation and respect, through **activities of raising awareness of their employees towards sustainable resource use** and proper waste disposal. In addition, initiatives have been promoted to encourage the **reduction of plastic use** and collection differentiation, and **increasing digitisation in communications has** also been promoted to **reduce the use of paper**.

Types of risk	Mitigation actions
	• **The Group began quantifying Scope 3 Category 15** (Scope 1 and Scope 2) **issues** for two types of assets in the **Banking Book**: Government Securities and Corporate Securities and for the **asset management** side. The aim is to improve coverage and monitor values. The approach used for the two metrics, Banking Book side, follows the guidelines provided by the PCAF (Partnership for Carbon Accounting Financials) while for the asset management side it follows the for the calculation of WACI (Weighted Average Carbon Intensity) provided by the TCFD (Task Force on Climate-Related Financial Disclosures). • The Group has **prioritised the** calculation of **Scope 3 Category 15** emissions as they account for more than 70% of total emissions (Scope 1+ Scope 2 + Scope 3) (source: SBTi (Science Based Targets Initiative) for a financial institution.

2.5.4 Innovation

Positive Impacts	Negative Impacts
• **Gaining a competitive advantage** through the **development of innovation processes** for digital transformation and the promotion and financing of research and development projects.	• **High costs** due to innovation in processes and systems, which could result in a higher cost per customers and consequently in reduced profitability for the Group.

Types of risk	Mitigation actions
• **Operational risk**: business disruptions caused by malfunctions of IT systems, or to operating systems and online applications used by the Group. • **Reputational risk**: damage resulting from complaints and reports from customers and external stakeholders. Vulnerability to fraud and financial crime.	Current Actions • **The Group has a *business continuity* plan that is** updated annually in relation to new organisational models and evolving risk scenarios, and also it is planned to increase the number of business continuity review exercises next year to deal with possible emergency situations.

Types of risk	Mitigation actions
	• Integration of mechanisms to ensure **greater accessibility and efficiency in customer services**; the Group has invested in solutions to facilitate the remote customer relations and in customer relationship management tools (i.e. digital collaboration). Potential Actions • The Group is investigating through targeted meetings with specialised partners the possible **applications of artificial intelligence in business processes** as well as for robot automation mechanisms, with the intention of implementing projects in this area over the next two years, thus ensuring that application platforms are constantly updated in relation to technological developments.

2.5.5 Responsible marketing and transparent communication

Positive Impacts	Negative Impacts
• **Strengthening its reputation** and **consolidating relations with stakeholders.**	• **Regulatory complexity due to adherence to** ever-changing **regulations** that are difficult to interpret. • **Risk** of **non-compliance** of marketing communications.

Types of risk	Mitigation actions
• **Operational risk**: loss of competitiveness and market share due to a lack of trust on the part of current and potential customers. • **Legal/reputational risk**: imprudent and opaque marketing practices may lead to the violation of disclosure laws and regulations, resulting in sanctions and damage to the Group's integrity and reputation.	Current Actions • The Bank (Ersel S.p.A.) has taken steps to integrate appropriate **controls to monitoring and mitigation of non-compliance risks sustainability regulations** in the provision of financing services /investment.

Types of risk	Mitigation actions
	In terms of substance, the areas of greatest concern were: • the suitability system as financial advisors, i.e. those entities that are classified as 'advisors' among financial market participants according to EU Regulation 2019/2088; • the management of the Lombard credit guarantee portfolio; • treasury management and own account. In relation to the three areas mentioned, the Compliance Department carried out appropriate **checks to the adequacy system**, has contributed to the integration of the MiFID questionnaire with the section on sustainability preferences, and supervised the proper functioning of the suitability engine and product distribution policies. • The Compliance Function provides a **regulatory newsletter** on a monthly basis that includes, where present, updates on developments in sustainability legislation. • Following t h e adoption by t h e National Authorities (Consob) of the **ESMA Guidelines on adequacy and product governance**, Ersel S.p.A. launched a **project to revise the Mifid Questionnaire** aimed at further implementing the questions designed to investigate the sustainability preferences of the client, with the aim of assessing the adherence of the associated investments.

Types of risk	Mitigation actions
	• With regard to the classification of financial products, **the Bank takes into account the ESG profile of individual financial instruments**, which can be deduced by from the EMT or EET tracks. In the event that the specific information is not available within the tracks, the Bank uses as a criterion for assessing the ESG profile the value the sustainability indicator provided by the reference info-provider (Prometeia/Refinitiv); then the ESG profile of the instrument is compared with the sustainability preferences expressed by the client in the Mifid questionnaire. • With a view to **absolute transparency and full alignment with the provisions set out in EU Regulation 2019/2088** on sustainability reporting in the financial services sector, the Ersel Group, with particular reference to Ersel S.p.A.¸ Ersel Asset Management SGR S.p.A. and Ersel Gestion Internationale S.A., is communicating externally its approach aimed at respecting of ESG criteria through documents published on their websites. For further details, please refer to the dedicated pages on the websites of the companies mentioned.

2.5.6 Human Capital Management and Development

Positive Impacts	Negative Impacts
• **Gaining a competitive advantage by improving skills** in emerging financial and technological issues through the development of professional training courses for employees and the sales network.	• **Misalignment with respect to new skills required by the market** due to the lack of development of skills and growth factors in human capital. • **High turnover**. • **Inability to attract new resources** and enhance their know-how.

Types of risk	Mitigation actions

• **Operational risk**: loss of human capital and related know-how, resulting in a reduction in productivity caused employee dissatisfaction and inability to attract new resources.	Current Actions
	• The Group has introduced **training plans for employees** including:
	  ◦ LTI Education Program;
	  ◦ Support for the acquisition of the CFA title for Managers;
	  ◦ Dedicated Masters (cybersecurity - counselling);
	  ◦ ESG training plans;
	  ◦ Annual training in IVASS and Mifid, thus encouraging the development of skills by Group resources.
	• **Integration and development of *Career Path*** for employees considered key to the continuation of the Group's activities.
	• The Group has launched an initiative with the aim of integrating a **periodic evaluation of effectiveness of human capital management initiatives** and identification of improvements based on employee feedback and results.
	Potential Actions
	• Ersel is planning the development of a **performance appraisal system** linked to Compensation and Salary initiatives annual Review for all company staff.

2.5.7 Customer satisfaction

Positive Impacts	Negative Impacts
• **Retention** of existing customers. • **Increased market share** through the acquisition of new customers. • **Improvement of the** Group's **image and reputation**.	• **Decline in market share** due to loss of dissatisfied customers. • **Increased retention costs** linked to discounts and incentives. • **Loss of possible future customers** discouraged by the current ones.

Types of risk	Mitigation actions
• **Legal risk**: legal disputes, complaints and litigation by dissatisfied customers. • **Reputational risk**: reduction in the perception of trustworthiness by current and potential customers towards the Group and its services.	• With the aim of providing **clear and transparent disclosure** in relation to products, services and business practices, including ESG initiatives, the Group makes periodically communicating its approach towards compliance with ESG criteria to the outside world through appropriate documents published on the websites of Group companies affected by these factors, depending on the services rendered or products offered (Ersel S.p.A., Ersel Asset Mangement SGR, Ersel Gestion Internationale S.A.). • In addition, within the framework of the Contracts for the provision of management and advisory services, the client is promptly informed of the ESG classification criteria adopted for products classified under Articles 6 and 8 SFDR.

2.5.8 ESG risk management

Positive Impacts	Negative Impacts
• **Increased resilience of the Group's operations** linked to adequate monitoring and mitigation of risks arising from ESG factors. • **Improving the Group's reputation** by developing innovative solutions that meet the market's sustainability needs. • **Increased ability to attract new sustainable investors**.	• **Additional costs** due to the implementation of measures to mitigate ESG risks. • **Developing regulations** that influence the development of operations and their costs. • **Difficulties in measurement** related to the availability of data, reliable sources, and shared calculation models.

Types of risk	Mitigation actions
• **Reputational risk:** publication of data and/or information related to non-compliant ESG practices, which could negatively affect the trust of customers, investors and all external stakeholders. • **Legal risk**: inadequate management of ESG risks exposes the Group to legal action and penalties caused by regulatory violations.	• All Group companies have integrated the first ESG references into their operations. • The Group has supplemented its **Risk Appetite Framework** with appropriate ESG risk indicators. • **Fund *factsheets* were supplemented with ESG evaluation metrics** with the aim of increasing transparency towards clients. • For the collection of the **necessary data for the sustainability assessment**, the Group benefits from the support of two of the leading info-providers operating on the market (Refinitiv - MSCI). • The Group has developed two **procedures for periodic reporting** to the Board of Directors and the Audit and Risk Committee with the aim of to update the two committees on the status of integration of sustainability factors into business practices including related ESG risk assessments. • The Group plans to **update the materiality assessment conducted in future financial years**, with the aim of maintaining constant alignment with changes in the regulatory and market environment.

3. Principles and Policies ESG

Respect for the principles of environmental, social and governance sustainability, together with the values of loyalty, seriousness, honesty, competence and transparency emphasised in the Group's Code of Ethics, represent essential elements for the creation of value in the short, medium and long term, both within the Ersel Group and in relations with external stakeholders. The Group is therefore committed to integrating what is defined in its sustainability policies into its activities, business practices, products and relations with different categories of stakeholders.

Sustainability policies

The Group has defined **Group Sustainability Policies and Procedures**, the key principles of which are set out in the table below:

Table 3. Contents and key principles of the Group's Sustainability Policies

Contents	Key Principles	Year of adoption
	ESG sustainability policy	
It identifies the various principles the Group adheres to in pursuing its commitment to respect the environment, protect human rights, and support communities and responsible investment.	• **Environmental protection**: economic activities and initiatives that take into account legislation sustainability in environmental issues and climate change mitigation. • **Protection of workers and human rights**: application of the principles of fairness and impartiality to protect the dignity and diversity of people and promote health, ensuring a safe working environment. • **Community support**: promotion of initiatives aimed at fostering inclusive and resilient community growth and, more generally, the economic and in which the Group operates. • **Responsible investment**: integration of environmental, social and governance (ESG) considerations into investment decisions to align investors' interests with the broader objectives of the society in which it operates.	2021

<table>
<tr><th>Contents</th><th>Key Principles</th><th>Year of adoption</th></tr>
<tr><td colspan="3">ESG Responsible Investment Policy - Financial Services</td></tr>
<tr><td>Integrates environmental, social and corporate governance ('ESG') assessments into the investment process to align investors' interests to the broader objectives of society.</td><td>• Integrating sustainability into the portfolio management service
◦ negative screening to exclude certain issuers;
◦ monitoring of ESG risks in all services provided;
◦ use of an external info provider to collect the necessary data and information.
• Integrating sustainability into the investment advisory service
◦ ex-ante screening to exclude issuers/sectors;
◦ ESG rating/ scoring consideration;
◦ development of a reporting system to highlight the ESG characteristics of portfolios.
• Sustainability risk monitoring:
the Risk Management function periodically updates the investment policy, sector and country exclusion lists, and how ESG risks are integrated into the portfolio management process.</td><td>2021</td></tr>
</table>

Contents	Key Principles	Year of adoption
ESG responsible investment policy - Asset management		
It integrates assessments related to ESG factors into the investment process to align investors' interests with the broader objectives of the company.	**Defining the distinctive elements of ESG investment strategies:** • exclusion policies for issuers operating in 'non-ESG' sectors, for countries subject to international sanctions or violating the principles of the UNGC; • investments in sustainable bonds classified as green bonds, social bonds and sustainability linked bonds, according to ICMA criteria; • more stringent investment criteria for 'ESG Focus' products: choice of best-in-class companies, consideration of a minimum ESG rating, provision of a maximum limit of exposure to companies without an ESG rating.	2021
ESG engagement policy		
It describes the principles and strategies adopted with regard to the Group's intervention and voting rights vis-à-vis investee companies.	**Based on the Shareholder Rights Directive II and of the Italian principles of Stewardship, the Group:** • monitors listed issuers in which it has a stake; defines clear guidelines on when and how to intervene in listed investee issuers to protect and enhance their value; • consider collaborating with other institutional investors, where appropriate; • exercise the voting rights attached to the financial instruments and of consciously managed portfolios.	2021

Contents	Key Principles	Year of adoption
Good governance policy		
It defines the approach for assessing the good governance practices of investee companies and government issuers in which the Group invests.	In particular, the two **information sets** required for implementation are defined and described assessment of good governance: • MSCI ESG Score related to the Governance pillar; • MSCI ESG Controversies.	2023
ESG Working Group Guidelines		
It defines the guidelines for the governance of environmental, social and governance (ESG) risks, through the declination of the roles and responsibilities of top management, internal governance structures and the main corporate Functions, which are involved in various ways in the control of these risks.	It defines the roles and responsibilities attributed to key owners for the proper management of sustainability risks. In particular, it defines guidelines for: Board of Directors, ESG Strategy Manager, Administration and Finance, Investment Management, Management IT, Operations, Sales and Marketing Department, Planning and Control Department, HR and Internal Communication Department, Risk Management Department, Compliance Department, Internal Audit Department.	2023

Contents	Key Principles	Year of adoption
Regulation Sustainability Committee and ESG Working Group		
It regulates the composition and appointment, operating procedures, duties and powers and means of the Group Sustainability Committee.	• **Roles, tasks and responsibilities of the Sustainability Committee**: the ESG Committee makes proposals and advises the Board of Directors on sustainability issues, concerning processes, initiatives and activities aimed at overseeing the Group's commitment to ESG issues. • **Modes of operation of the Sustainability Committee**: definition of the frequency with which the Committee meets and assigns specific tasks to the ESG Officer regarding the functioning of the Committee. • **Roles, tasks and responsibility of the ESG Working Group:** consisting of the operational functions and business from time to time involved in sustainability issues, supports the ESG Committee by analysing operational, technical and functionalities useful for operational implementations. • **Information flows**: through the preparation of periodic reports the Committee and the Working Group provide information on the progress of work and the status of policy implementation to the Board of Directors, the Risk Control Committee and the relevant structures.	2021-2023

4. Legislation reference

- **Legislative Decree 254/2016**: introduces in Italy the disclosure requirement for non-financial reporting, transposing into Italian law the provisions of the European Directive 2014/95 - Non Financial Reporting Directive, which introduces the requirement for certain large companies to include a non-financial statement in their annual report.
- **Corporate Sustainability Reporting Directive (CSRD) - Directive (EU) 2022/2464**: modernises and strengthens the rules on the social and environmental information that companies must disclose, amending and extending the reporting obligations under the previous legislation on this subject (Non Financial Reporting Directive).
- **European Sustainability Reporting Standards**: companies subject to CSRD will have to prepare their non-financial disclosures according to the European Sustainability Reporting Standards (ESRS), i.e. the reporting standards developed by EFRAG and adopted by the European Commission as Delegated Acts to the body of the Directive.
- **Sustainable Finance Disclosure Regulation (SFDR) - Regulation (EU) 2019/2088**: establishes harmonised transparency rules on the integration of sustainability risks (and consideration of adverse sustainability effects) in investment advice and portfolio management decision-making processes.
- **Taxonomy Regulation - Regulation (EU) 2020/852**: provides a classification system to help companies and investors identify 'environmentally sustainable' economic activities in order to make sustainable investment decisions.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