

GUIDELINES
FOR THE ESG
WORKING
GROUP



ERSEL



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1. Introduction

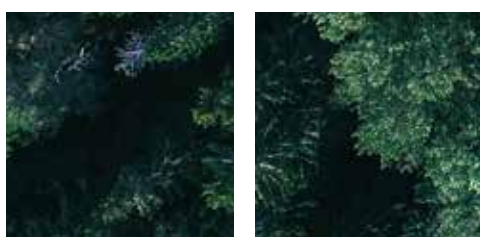
This document is part of the general framework of the internal control and risk governance system established by the Ersel Banking Group (the “Group”) and sets out the guidelines for managing environmental, social and governance (ESG) risks, identifying the roles and responsibilities of senior management, internal governance structures and the main corporate functions involved in the control of these risks in various ways.

In formulating these guidelines, the Group paid close attention to the principles defined by market best practices, as well as to developments promoted by national and international regulatory and supervisory authorities (i.e. the European Parliament, EBA, ESMA, ECB, Bank of Italy and Consob).

2. General principles

To foster greater environmental and social sustainability of the economic system, in line with the national and European regulatory framework, the Group has adopted a medium-to-long term strategy and a transversal approach to sustainability issues based on the following key elements:

- the definition of a Group ESG strategy, which also includes sustainability initiatives (i.e. training of personnel, the Ersel Academy, which supports customers with a dedicated financial training course, Online Sim which introduced the possibility of investing in sustainable ESG funds and supports the protection of the planet, participation in the various trade associations of reference for group companies and the publication of in-depth studies to spread a culture of sustainability);
- the promotion of a strong ESG risk culture throughout the corporate organisation;
- the integration of ESG factors into the overall risk management framework, with a particular focus on climate and environmental risks, in line with the requirements of the supervisory authorities;
- the consideration of ESG factors in policy development, as well as in the formulation of commercial offerings and the related customer advisory process;
- the transversal integration of ESG risk factors into the safeguards envisaged for noncompliance risk.



3. Assignment of roles and responsibilities

Below are the roles and responsibilities assigned to the main owners for the proper management of sustainability risks.

3.1 Board of Directors

With regard to the governance of ESG risks, the Board of Directors, with the support of the Sustainability Committee in its capacity as the body with strategic oversight function:

- defines and approves the risk objectives related to sustainability issues and, where deemed appropriate, the relevant tolerance threshold;
- approves the strategic guidelines and policies on sustainability, taking into account the objectives of sound and sustainable creation and distribution of value for all

stakeholders; approves these Guidelines and the list of sectors sensitive to ESG risks for investment/financing purposes, assessing them on the basis of the analysis of the external context and in line with the Group's strategic and sustainability objectives;

- examines the periodic reports submitted by the corporate control functions, which also include ESG risks.



3.2 Head of ESG Strategy

The Head of ESG Strategy:

- coordinates with all members of senior management (General Manager, Deputy General Managers and Central Function Managers) and supports the Board of Directors of the various Group companies in formulating and implementing corporate sustainability strategies;
- plays the role of liaison between the Sustainability Committee and the ESG Working Group;
- supports the Finance and Administration Department and the Planning and Control Department in verifying the compatibility of the Group's strategic objectives and ESG positioning with the overall business plan;
- supports the relevant corporate structures in formulating investment strategies in ESG-sensitive sectors;
- reports, together with the Chairman of the ESG Committee, to the Audit and Risk Committee on ESG policy and risk issues;
- identifies the main sustainability needs of the core business structures (Marketing and Investments) and staff structures and reports them to the Sustainability Committee for discussion and decision;
- coordinates the development and sees to the implementation of the Sustainability Committee guidelines in close coordination with the Risk Management Function and reports to the Committee on the status of the implementation work;
- coordinates the preparation of material to support the work of the ESG Committee, as far as it is concerned;
- contributes to the preparation of periodic monitoring reports for the benefit of senior management;
- collaborates in the processes of preparing material to support external disclosure and facilitates coordination between the responsible corporate structures;
- contributes to the evaluation of business projects in terms of sustainability, through the analysis of their costs and benefits
- works closely with other competence centres to ensure that all stakeholders are aligned with the company's sustainability efforts;
- contributes to the evaluation of business projects in terms of sustainability, through the analysis of their costs and benefits;
- works closely with other competence centres to ensure that all stakeholders are aligned with the company's sustainability efforts;

- monitors the Group's compliance with the main regulatory provisions on sustainability issues, facilitates regulatory gap analysis and the formulation of mitigation roadmaps;
- participates in specialised working groups and is in constant dialogue with external actors to maintain the strategic positioning of the corporate image in terms of ESG;
- coordinates the actions necessary to adapt to the indications and development of the regulatory framework.

3.3 Administration and Finance Department

The Administration and Finance Department

- supports decision-making processes by providing guidance on how to deploy capital and resources to achieve business results, including results related to sustainability goals and related risks, in compliance with the ESG risk management guidelines approved by the Board of Directors;
- supports the Head of ESG Strategy in the strategic proposition of ESG issues for the implementation of initiatives, setting priorities and monitoring progress;
- verifies the consistency of the Group's strategic objectives, ESG positioning and overall business plan.

3.4 Investment Department

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Investment Department:

- together with the other departments, under the coordination of the Head of ESG and the supervision of the Sustainability Committee, contributes to the proposal of the strategic guidelines on sustainability discussed and possibly adopted by the BoD;
- in implementation of the guidelines adopted by the Board of Directors, ensures the preparation of policies and procedures aimed at integrating sustainability factors into the Bank's investment activities (i.e. wealth management, asset management and advisory);
- ensures the implementation of policies and procedures by the relevant structures in the investment area;
- informs the Head of ESG Strategy of initiatives for the consideration of ESG issues in asset management and advisory activities, in order to support him or her with adequate, coordinated reporting to the bank's management, Sustainability Committee and Board of Directors;
- contributes, together with the Sales and Marketing Department, to monitoring the information provided to customers on potential risks and opportunities related to the integration of ESG factors into portfolio investment activity;
- supports the Risk Management Function in assessing and monitoring ESG risks associated with customer investments.

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The Investment Department:

- oversees the formulation, approval and implementation of ESG issues in the investment process, in accordance with corporate strategies and objectives and in collaboration with other structures (i.e. definition of investable universe, sustainability due diligence and performance monitoring);
- contributes to the preparation of proposals for strategic guidelines and sustainability policies of the Group's asset management companies;
- oversees the selection of sustainable investments that meet the ESG standards and criteria defined by the Group's asset management companies, through selection of

- companies that demonstrate good environmental, social and governance practices, or sectors that promote sustainability;
- contributes to the development and promotion of the range of sustainable financial products (i.e. environmentally or socially responsible investment funds), which allow clients to invest in companies or sectors that stand out for adopting sustainable practices or paying attention to environmental and social impacts;
 - oversees the monitoring of sustainable investments in order to ensure compliance with ESG standards and the achievement of the financial and sustainable objectives set for the various managed portfolios, through assessment of investment performance, monitoring of adherence to ESG policies and implementation of corrective actions when necessary;
 - is in charge of communication activities and formulating the training needs of Group companies with regard to sustainability issues concerning investment activities, in cooperation with the other competent corporate functions;
 - monitors the activities of delegated managers to verify that their investment processes meet ESG standards and criteria in line with the sustainability policies set at Group and individual asset management company level;
 - constantly monitors, in cooperation with the Compliance Function, any regulatory updates on sustainable investments, as well as international initiatives and industry best practices in the area of sustainability.



3.5 IT Operations Department

The Organisation Department, within the scope of its activities, presides over:

- the design and revision of organisational structures with a view to integrating safeguards for ESG factors, in close cooperation with the Human Resources Department and all other Departments involved;
- the assessment of the technical and economic feasibility (“project design”), in cooperation with the relevant structures, of planned ESG project initiatives;
- the management of ESG projects related to operational, business or regulatory compliance initiatives, especially for cross-functional initiatives that require oversight and coordination of the connections between the various organisational units and the overall impacts on all areas of the Group;
- the design and revision of processes, with a view to integrating sustainability factors, and the consequent drafting of internal regulations (e.g. process regulations, operating procedures and circulars for dissemination).

3.6 Sales and Marketing Department

The Sales and Marketing Department:

- in collaboration with the Personnel and Internal Communication Department, supervises the training and updating of private bankers with regard to the integration of sustainability issues into the advisory process;
- collaborates with other Group functions to promote sustainable financial products

- and services (i.e. investment solutions with ESG objectives);
- supports the dissemination and raising of awareness of sustainable finance principles among customers;
- supports the Group's ESG Strategy Manager in monitoring industry trends related to sustainability, in order to align the commercial offerings with customers' ESG requirements.

3.7 Planning and Control Department

The Planning and Control Department:

- ensures the development and management of the Group's planning and control system, providing adequate support to senior management and corporate departments in formulating short- and medium-term sustainability objectives;
- Integrates, in cooperation with the Administration and Finance Department, ESG targets and objectives into the formulation of the Group's strategic plans.



3.8 Personnel and Internal Communication Function

The Personnel and Internal Communication Function analyses, informs and takes action for the implementation of ESG initiatives with an impact on the Group's population. In particular:

- it also raises awareness among employees of ESG issues through training courses, helping spread understanding of the most significant principles and the importance of integrating these aspects into the Group's activities;
- collaborates with other company departments and functions to develop policies and procedures related to the adoption of ESG criteria in decision-making;
- involves employees in integrating and promoting good ESG practices within the Group by organising and coordinating internal initiatives (i.e. participation in projects, support for philanthropic activities, awareness-raising campaigns, inclusion, wellbeing and assistance in cases of social, work and/or personal hardship);
- collaborates with other company departments and functions to collect, analyse and disseminate information, as well as prepare appropriate communications regarding evidence of ESG impact in the Group (i.e. measurement and monitoring of ESG KPIs and preparation of periodic reports);
- oversees the implementation of remuneration policies for the personnel concerned through the process of discussing and setting the objectives for the year, in compliance with the Remuneration Policies approved by the Board of Directors, also with reference to sustainability aspects.

3.9 Risk Management Function

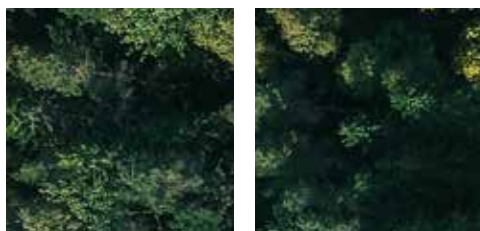
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The Risk Management Function of Ersel S.p.A.:

- presides over the process of integrating ESG risks into the Group's RAF, with the support of the other corporate functions involved, making specific assessments of

climate and environmental risk exposures in relation to the overall risk exposure framework of the Bank and the Group;

- assists the competent bodies in formulating and implementing ESG risk governance guidelines and policies, in line with corporate strategies and objectives;
- ensures the measurement and control of the Group's exposure to ESG risks;
- supports the various operational functions in identifying and reporting critical issues with potential impacts from an ESG perspective;
- promotes a culture of ESG risk management, in order to achieve an increasing awareness and understanding of the phenomenon by the Bank and the Group;
- contributes to the preparation of the non-financial report drafted on a voluntary basis by the Group, with regard to risk governance aspects, in cooperation with the other Risk functions of the Group
- integrates sustainability risks into ICAAP and ILAAP.



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The Risk Management Function, which oversees the governance of sustainability risks within the Group's asset management companies:

- is responsible for formulating and developing the internal ESG risk management and assessment process within the Group's asset management companies, ensuring that they comply with regulations and pursuing alignment with market best practices;
- supports the Investment Department of the Group's asset management companies in setting the ESG risk appetite, by determining specific thresholds assessed and updated on an ongoing basis;
- assesses the ESG risk profiles of products/business operations, agreements with third parties, suppliers and project initiatives, with the support of the other corporate functions involved;
- analyses and monitors exposures to the sectors most sensitive to ESG risk;
- provides information on the exposure to investment sectors most affected by climate and environmental risks in its periodic reporting to the Sustainability Committee and the Board of Directors.

3.10 Compliance Function

The Compliance Function, in overseeing non-compliance risks related to ESG factors:

- assesses the main sources of non-compliance risk related to sustainability factors for both the Bank and the Group's asset management companies;
- monitors compliance with external regulations on sustainability issues for all Group companies, with the help of specialist support personnel operating within the Group;
- identifies the processes and business areas impacted by the risk of ESG noncompliance, assessing their relative degree of exposure;
- verifies the proper implementation of the internal ESG risk management model in accordance with the policies defined by the Group and its subsidiaries;
- supports, where deemed necessary, the Risk Management Function in the

assessment of transactions for which enhanced selection criteria are envisaged for the classification of sustainable investments, which could have possible impacts for current and/or potential customers (i.e. greenwashing);

- collaborates in verifying the accuracy, completeness and reliability of ESG information, including externally;
- prepares direct information flows on sustainability issues to senior management and the structures involved in regulatory updates and/or compliance audits carried out on the basis of internal planning.

3.11 Internal Audit Function

The Internal Audit Function:

- incorporates ESG issues into the audit plans formulated at Bank and asset management company level;
- encourages the formulation of an ESG control framework;
- carries out periodic, independent audits of the adequate implementation of the following Guidelines and their implementing rules, Group regulations and relevant legislation produced in the ESG area;
- informs senior management of any deficiencies and possible areas for improvement in ESG risk management that may emerge from audit activities.



