

REVENUES³ (figures in millions of EUR)	2023	2022	2021
Interest income + Fees and commissions income	4,220	3,028	2,352

CAPITALISATION³ (figures in millions of EUR)	2023	2022	2021
Total assets	89,579	92,836	91,150
Liabilities	81,359	85,629	84,174
Equity	8,220	7,207	6,976

FUNDING³ (figures in millions of EUR)	2023	2022	2021
TOTAL	113,103	103,195	100,340
Direct Funding	69,002	67,197	65,123
Indirect funding:	44,101	35,998	35,217
of which Assets Under Management	25,236	23,314	23,399
of which Assets Under Administration	18,865	12,684	11,818

³ Source: Consolidated financial statements.

Number of Customers with direct funding or loans	2023
Customers with direct funding or loans	2,266,014

TURNOVER RATES	2023	2022	2021
Recruitment rate	7.55%	7.31%	6.25%
Termination rate	4.94%	5.08%	4.84%

EMPLOYEES BY GENDER	2023	
	no.	%
Men	6,811	56.68%
Women	5,205	43.32%
Total	12,016	100%

PERCENTAGE OF EMPLOYEES BY PROFESSIONAL CATEGORY	2023		
	Men	Women	Total
Executives	92.23%	7.77%	100.00%
Middle managers	74.10%	25.90%	100.00%
Office staff	48.94%	51.06%	100.00%
Total	56.68%	43.32%	100.00%

DISTRIBUTION OF ECONOMIC VALUE ⁴	2023	
	figures in millions of EUR	overall %
Economic value generated	2,950.00	100.00%
Economic value distributed	1,924.68	65.24%

⁴ Economic value generated and distributed by the Group calculated according to GRI 201-1.

At 31 December 2023, the Group Banks had a total of 1,480 branches⁵ in 1,069 Municipalities.

In the course of 2023, initiatives for local Communities (in the form of donations and sponsorships) amounted to 21,648, for a total of EUR 42.5 million.

EMISSIONS BY TYPE (SCOPE 1 and SCOPE 2)	2023 t CO₂e	2022 t CO₂e	2021 t CO₂e
Heating	5,580.44	6,326.49	6,854.95
Company cars ⁶	1,764.29	1,793.22	1,428.13
Electricity and photovoltaic power (location-based method)	16,276.72	17,541.19	17,740.22
Electricity and photovoltaic power (market-based method)	941.09	3,355.24	3,235.12

⁵ Source: Bank of Italy.

⁶ Emissions from the company car fleet include electricity from non-renewable sources used by electric vehicles. These emissions were calculated using the market-based method.

**SOSTENIAMO DA SEMPRE
LE PERSONE, LE IMPRESE,
I TERRITORI.**



**OGGI
ANCORA DI PIÙ.**

 **GRUPPO CASSA CENTRALE**
CREDITO COOPERATIVO ITALIANO

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2023 Group highlights

Revenues



EUR **4,220** million
Interest income + Fees and commissions
income

Total gross loans to Customers

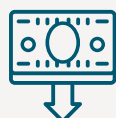


EUR **50,397** million
Gross loans to Customers

Capitalisation



EUR **89,579** million
Total assets



EUR **81,359** million
Liabilities



EUR **8,220** million
Equity (capital + reserves)

Distribution of economic value



EUR **2,950** million
Economic value generated



EUR **1,925** million
Economic value distributed

Funding



Overall funding
EUR **113,103** million



Direct funding
EUR **69,002** million



Indirect funding
EUR **44,101** million



EUR **25,236** million
Assets under management



EUR **18,865** million
Assets under administration

Customers with direct funding or loans



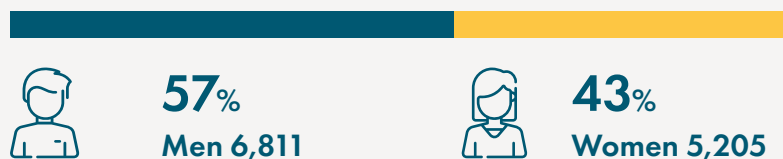
2,266,014

Cooperative partners of the Affiliated Banks



474,456

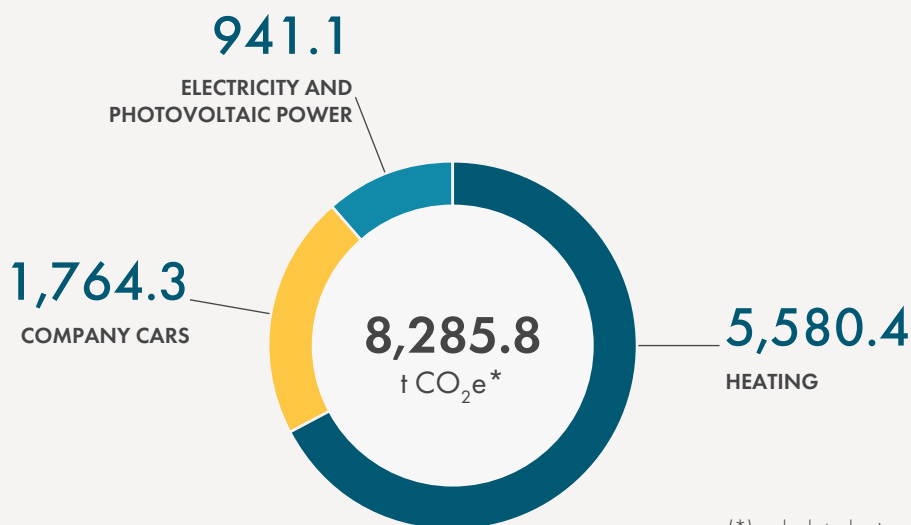
Composition of Employees by gender



Turnover rates



Scope 1 and Scope 2 CO₂ emissions by type



(*) calculated using the market-based method



Energy Intensity
(consumption per Employee)

27.41 GJ/Employee



Carbon Intensity
(emissions per Employee)

0.69 tCO₂/Employee



1,480 branches
in **1,069** Italian municipalities



EUR 42.5 million
divided over **21,648**
charitable and sponsorship
initiatives



EUR 26 million
allocated to mutual
funds for the promotion
and development of the
Cooperative

History

We are a Cooperative Banking Group based on an original development model, in which difference is a value and local identity a principle.

Credito Cooperativo is part of a history with roots dating back to the end of the XIX century, when the first experiments of Banks inspired by the principles of cooperation and local presence began to take shape.

The underlying values of Credito Cooperativo form the basis for our Group's actions.

For over 140 years Credito Cooperativo has been a factor for the development of Communities. Created to promote local development, this system has always operated with a spirit of cooperation and solidarity in every Community with which it has come into contact.

The Cassa Centrale Banca Cooperative Banking Group (hereinafter also the "Group" or "Cassa Centrale Group"), a set of local and autonomous Mutual Cooperative Banks, which since its origins has been founded on the logic of mutuality, sharing and independence, began operating on 1 January 2019.

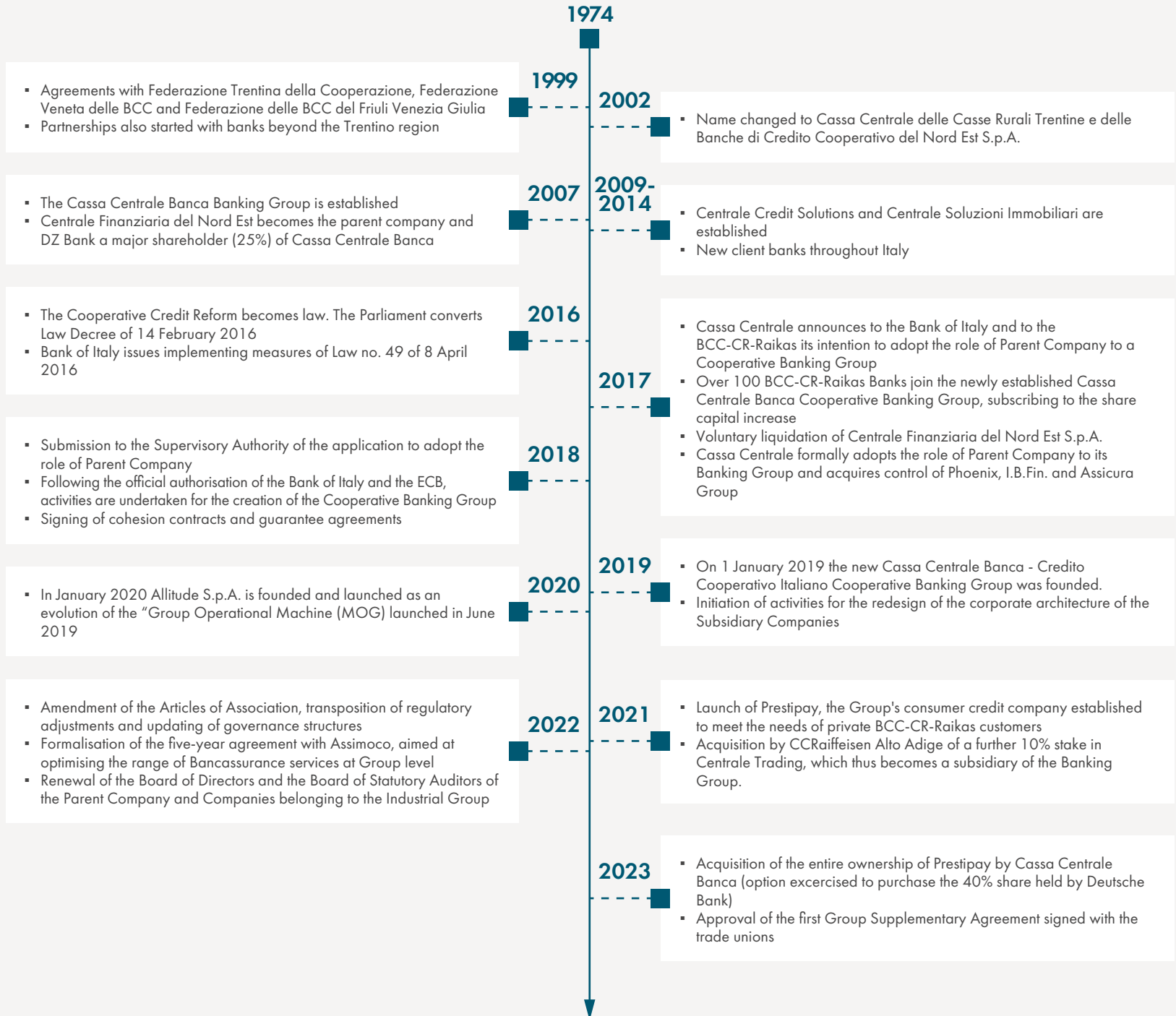
Cassa Centrale Banca has been a reference partner of cooperative credit for 50 years, sharing its values, culture, strategies and reference model.

It has operated by providing support and impetus to the activities of Banks of the Credito Cooperativo, Rural Banks, Raiffeisenkassen and the other Customer Banks, with an offer that has always been characterised by innovation, competitiveness and product and service quality, as well as highly specialised consulting.

For information regarding the Cohesion Contract and the Guarantee Agreement, please refer to the Report on Operations in the 2023 Annual Financial Report, and specifically in the section Composition of the Cassa Centrale Banca - Credito Cooperativo Italiano Cooperative Banking Group.

The main milestones in the Group's history are illustrated below, from its origins until today.

- Cassa Centrale delle Casse Rurali Trentine is established on 28 February
- The founding Members are the 133 Rural Banks operating at that time in the Trentino region

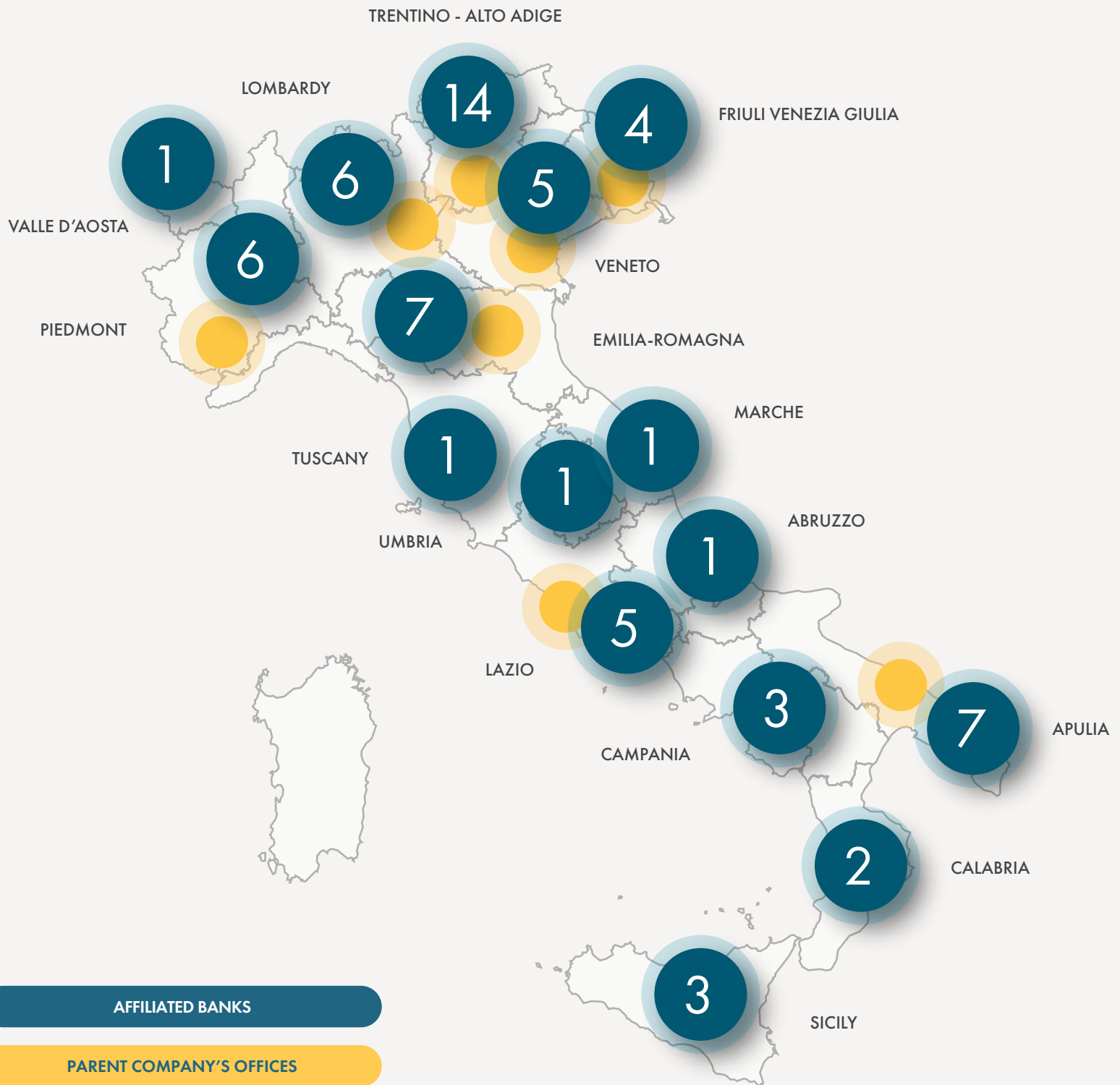


Group profile

The Cassa Centrale Group operates in all of Italy through the Parent Company's Regional Offices, offering proximity and service to 67 Cooperative Credit Banks, Rural Banks and the associate Raiffeisenkassen (hereinafter also the "Affiliated Banks") and other Customer Banks.

The Cassa Centrale Group is organised into the following Regional Areas:

- Trentino Alto Adige Area;
- North East: Veneto and Friuli Venezia Giulia;
- North West: Lombardy, Piedmont, Aosta Valley and Liguria;
- Centre: Emilia-Romagna, Tuscany, Umbria, Marche, Abruzzo, Lazio and Sardinia;
- South: Apulia, Basilicata, Calabria, Campania, Molise and Sicily.



AFFILIATED BANKS

PARENT COMPANY'S OFFICES

The Parent Company's regional offices are located in 8 regions: registered office and headquarters in Trento (Trentino-Alto Adige), in Padua (Veneto), in Udine (Friuli Venezia Giulia), in Brescia (Lombardy), in Cuneo (Piedmont), in Bologna (Emilia-Romagna), in Rome (Lazio), and in Bari (Puglia).

Through its Group companies, the Cassa Centrale Group is also present in Milan and Treviso.

From an operating perspective, the Parent Company guarantees its support to the Affiliated Banks and the Customer Banks, in normal banking activity and in business support transactions. To this end, it relies on the support of Subsidiaries and associates operating in a number of areas:

- ICT and back office services, with the subsidiary Allitude S.p.A.;
- leasing and rental services, with the subsidiary Claris Leasing S.p.A. and Claris Rent S.p.A.;
- insurance and brokerage services, with the subsidiaries Assicura Agenzia S.r.l. and Assicura Broker S.r.l.;
- collective asset management services, with the subsidiary Nord Est Asset Management S.A. (NEAM);
- consumer credit services, with the subsidiary Prestipay S.p.A.;
- other ancillary services, with the subsidiaries Centrale Soluzioni Immobiliari S.r.l. and Centrale Trading S.r.l.



Services for Affiliated Banks

The Parent Company and the Subsidiaries support the Affiliated Banks by providing advisory, monitoring and planning services for risks deriving from banking transactions. Alongside the above-mentioned traditional activities, they offer innovative services and solutions to improve the market positioning and organisational processes of the Banks and the Group.

In particular, the Parent Company and the Subsidiaries, in supporting the Affiliated Banks, offer to:

- provide know-how, services and products of the highest quality, ensuring a competitive offer;
- gather demands originating from the market, proposing innovative products and services;
- improve the efficiency of the affiliated Banks, committed to contributing to the improvement of the moral, cultural and financial conditions of the Communities, in line with its own identity principles.

The Parent Company's Governance and support functions operate to strengthen organisational oversight and develop the entire Group's activities.

Services to Partners and Bank Customers

The Cassa Centrale Group provides banking and financial solutions, products and services to Partners and Customers of the Affiliated Banks, and is also the contractual counterparty of End Customers in the provision of the various services. In this regard, at the end of 2023, it was decided to launch the new Commercial Department at the Parent Company, which will develop and coordinate commercial activities, disseminate best practices and implement strategies among the Affiliated Banks.

The Cassa Centrale Group has developed specific lines of business with related offers.



The Cassa Centrale Group provides a broad range of solutions, products and services, adopting the principle of subsidiarity. In relation to credit, the offer comprises:

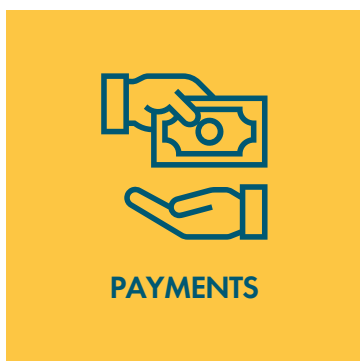
- ordinary and pooled, facilitated loans;
- leases and long-term rental;
- impaired loan management;
- property valuations;
- consumer credit (Prestipay S.p.A.);
- assistance with the National Recovery and Resilience Plan (NRRP).





The Cassa Centrale Group provides intermediation services that protect the reliability, continuity and efficiency of banking operations, placing Banks in a position to offer their Customers a vast range of investment solutions, which also includes the offer of sustainable products. The finance segment offering includes:

- asset management;
- institutional asset management;
- investment funds;
- online trading;
- advanced advisory services;
- insurance;
- insurance brokerage.



The Cassa Centrale Group offers Banks collection and payment management and related interbank settlement services, the issue and placement of debit, credit and prepaid cards, foreign services (international payment routing, international import/export documentary credit and guarantees), as well as all other services allowing for the provision of a complete collection and payment management service to private or corporate Customers. The services relating to payment systems are:

- e-money;
- collections and payments;
- General governments treasury services;
- centralised services for Banks.

Values, mission and business model

Values

The Cassa Centrale Group bases its actions on the values of Cooperative Credit and operates in compliance with the Principles and Rules of Conduct set out in the “Charter of Values of Cooperative Credit” and the “Founding Principles and Objectives of the Group”, as set out in Article 4 of the Cohesion Contract.

CHARTER OF VALUES FOR CREDITI COOPERATIVO AND AGENDA 2030			
<p>THE PERSON IS KEY AND CENTRAL</p> 	<p>COMMITMENT</p> 	<p>AUTONOMY</p>	<p>PROMOTION OF PARTICIPATION</p> 
<p>COOPERATION</p> 	<p>USEFULNESS, SERVICE AND BENEFITS</p> 	<p>PROMOTION OF LOCAL DEVELOPMENT</p> 	<p>PERMANENT TRAINING</p> 
<p>SHAREHOLDERS</p> 	<p>DIRECTORS</p>	<p>EMPLOYEES</p>	<p>YOUNG ADULTS</p>

The Group’s Code of Ethics, aimed at inspiring the conduct of the recipients, recalls these cooperative values and also specifies that the Cassa Centrale Group must align its conduct with the values of professionalism, substantial and formal respect for the law, transparency, loyalty, fairness, integrity, equity and professional ethics.



Mission

Art. 2 ARTICLES OF ASSOCIATION OF THE AFFILIATED BANKS

“The purpose of the Company is to provide support to cooperative PARTNERS and members of the local COMMUNITIES in banking transactions and services, pursuing the improvement of their moral, cultural and financial conditions and promoting the development of cooperation and education in savings and pension planning, as well as social cohesion and responsible, sustainable growth in the local areas in which it operates.”

Art. 4.2 ARTICLES OF ASSOCIATION OF CASSA CENTRALE BANCA

“In exercising its activity, the Company is inspired by the cooperative principles of mutuality without purposes of private speculation. It has the aim of favouring its Partners and those of other companies belonging to the Cooperative Banking Group, by pursuing the development of local areas, the improvement of their moral, cultural and financial conditions and promoting the development of cooperation and education in savings and pension planning as well as social cohesion and the responsible and sustainable growth of the local areas in which the Banking Group operates.”

Art. 4.3 ARTICLES OF ASSOCIATION OF CASSA CENTRALE BANCA

“The Company undertakes to recognise, safeguard and enhance the linguistic and cultural peculiarities of the local areas of the Affiliated Banks and, in particular, those referring to the German, Slovenian and French communities.”

As its founding principles, the Cassa Centrale Group recognises the three values that guide and distinguish the operations of the Cooperative Credit Banks - Rural Banks - Raiffeisenkassen: **cooperation, mutuality and local presence**.

These principles translate as:

- the interest, on the part of Cassa Centrale Banca and its Subsidiaries, in dedicating particular attention to the Affiliated Banks, taking into account their specific characteristics, the substantial difference of which with respect to other corporate forms lies in the per capita vote (the principle of “one person, one vote”), with a view to benefits and not dividends and the allocation of at least 70% of the profits to indivisible reserves, which translate into solidarity, participation and associationism initiatives;
- the orientation towards sustainability, given that Cassa Centrale and the Subsidiaries support the Affiliated Banks that pursue a logic of mutual benefit, largely in favour of their own Partners, and not the maximisation of dividends and return on capital (non-profit);
- the constant commitment to the optimisation of processes, to guarantee characteristics of efficiency and competitiveness in the services provided to the Affiliated Banks, other Customer Banks and end customers.

For the above reasons, Cassa Centrale Banca, along with the Subsidiaries, is committed to ensuring the soundness and efficiency of the Affiliated Banks, controlling and addressing their risks, guaranteeing them a competitive offering of products and services, supporting the real participation of each through the promotion of high quality relationships, and thus fostering the growth of the Territories, while creating trust in Communities.

The Articles of Association of the Affiliated Banks and the Agenda 2030

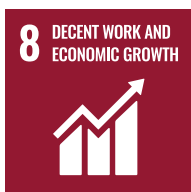
The Group's Identity Principles, outlined in the activities carried out by the Group towards its Stakeholders, are fully consistent with the Sustainable Development Goals defined by the UN Agenda 2030. In particular, Art. 2 of the Articles of Association specifies the objectives and entrepreneurial purposes of the Cooperative Credit Banks, some of which may be linked directly to some of the 17 Agenda 2030 Goals.



Promotion of the
"improvement in
moral, cultural and
economic conditions"



Promotion of
education on
welfare



Promotion of the
development of
cooperation and
education on
savings



Promotion of
social cohesion



Promotion of
responsible,
sustainable growth

The Articles of Association furthermore affirm how each Affiliated Bank, by choice, stands out "based on its own social orientation and decision to construct the common good". This affirmation aligns with all of the Goals laid out in the 2030 Agenda.

Business Model

INDEPENDENCE AND HONESTY

The Cassa Centrale Group guarantees active participation of the Participant Banks in defining strategies and objectives, as well as a high degree of operating independence, modelled with respect to the individual entities based on their level of risk.

GROWTH AND INNOVATION

The Cassa Centrale Group promotes the enhancement of investments in innovation and technology, expansion of the awareness of Customers and optimisation of the efficiency of information processes.

EFFICIENCY AND AGILITY

Balanced governance is a founding element of the Group's business. Alongside this, Cassa Centrale Banca and the Subsidiaries make tools available to the Affiliated Banks for continuous digitalisation of products and processes, as well as the creation of partnerships to enhance centres of excellence and local best practices.

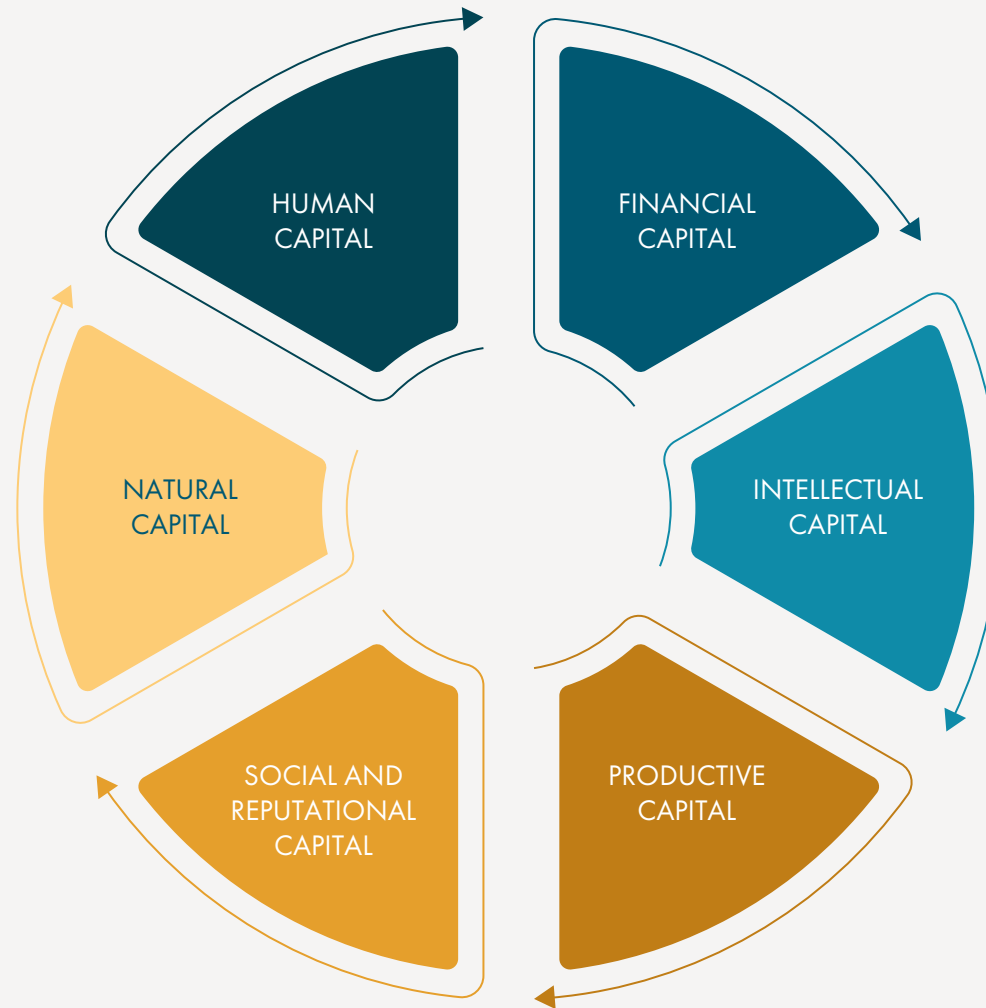
CAPITAL STRENGTH

The Cassa Centrale Group has a high level of capital strength, based on extensive available intercompany assets and sets the objective of maintaining a CET1 ratio that is among the best in the national banking system.

RELATIONSHIP WITH THE COMMUNITY

The strong relations with local Communities, and likewise the investments to improve the economic, social and cultural context are the tools used by the Cassa Centrale Group to meet the needs of Partners and Customers.

We know how to value every single element that becomes part of our Group



The chapters below describe the values expressed by the Group and the commitment to translating them into action, considering the various types of capital:

- financial capital;
- intellectual capital;
- productive capital;
- social and reputational capital;
- natural capital;
- human capital.

Ethics and integrity in business management

In conducting its activities, the Cassa Centrale Group has adopted various tools to guarantee compliance with Ethics Principles and cooperation in all its business activities, inherent in its corporate purpose. Specifically, the Group has formally stated its commitment to everyday respect for the values and principles of cooperation, through the adoption of the “Charter of Values for Cooperative Credit” and the Group’s Code of Ethics.

Ensuring that the Group's business is conducted in line with ethical principles of fairness and integrity, as well as guaranteeing compliance with codes of conduct, regulations and laws, is a fundamental safeguard against the risks associated with unlawful conduct by internal personnel and the resulting impacts on the company's reputation. In this regard, specific attention is paid to safeguarding against the risk of fraudulent behaviour aimed at corruption or personal gain, monitoring the Group's operations to promptly identify any unlawful conduct or improper business practices.

The set of guidelines defining the Group’s operational conduct in accordance with the spirit of honesty, professionalism and transparency are also summarised in the Group's “Anti-corruption Policy”. This policy describes the policy adopted by the Group to inspire, govern and preventively control conduct in order to mitigate the risk of corruption violations.

The Code of Ethics is an integral part of the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 (the “Model”) adopted by Cassa Centrale Banca in 2008 and constantly updated to take into account (i) legislative changes, (ii) changes affecting the organisational structure or the operating context, and (iii) any other case in which the Company deems it necessary. The Model defines the control mechanisms aimed at preventing the crimes pursuant to Italian Legislative Decree 231/2001, including those that constitute corruption, and contributes to improving corporate governance and mitigating any reputational or image risks.

The Subsidiaries of the Group⁷ are also required to adopt an Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 on the basis of the “Guidelines on the administrative responsibility of entities within the Group” issued by the Parent Company. This document contains the guiding principles and criteria to be followed by Group companies when defining the administrative responsibility of entities pursuant to Italian Legislative Decree no. 231 of 8 June 2001.

The document was last updated on 14 December 2023 with specific reference to the following areas:

- i.** formalisation of the activities carried out by the competent functions of the Parent Company;
- ii.** updating of internal rules on reporting violations;
- iii.** information flows to the Parent Company.

⁷ The exception applies to those companies in respect of which the risks of committing the predicate offences have been assessed, following specific risk assessments, as insignificant.

In order to raise awareness and increase understanding of ethical issues, including anti-corruption, Cassa Centrale Banca provides specific training on the content of the Code of Ethics and the 231 Model. Following last year's major campaign involving more than 47% of Group Personnel, in 2023 training covered 7% of the Group's total workforce; 4.2% and 8.4% of middle managers and white collar workers, respectively, while 6.2% of executives received training in this area⁸.

Employees who received training on the Code of Ethics and the 231 Model	2023	2022
Executives	12	58
Middle managers	141	1,384
Office staff	706	4,066
Total	859	5,508

Along with the adoption of the Model, Cassa Centrale Banca assigned the functions of the Supervisory Body pursuant to Decree 231/2001 to the Board of Statutory Auditors. The Body is attributed the task of supervising the functioning, observance and continuous updating of the Model. Each Group Company is required to appoint its own Supervisory Body, which is assigned similar functions.

In the context of the risk assessment activity prior to the preparation of the Model pursuant to Italian Legislative Decree 231/2001, the Parent Company has identified and assessed the potential risk of the commission within company processes of the predicate offences set forth in Italian Legislative Decree 231/2001 concerning corruption between private individuals as well as corruption phenomena that may be generated during relations with the Public Administration. In particular, reference is made to the offences provided for in Articles 25 and 25-ter of Italian Legislative Decree 231/2001. Over the course of this activity, the controls put in place by the Bank were analysed in order to determine the residual risk, and possible interventions were identified through which the risk of the commission of such offences could be further reduced.

One of the aspects governed by the Code of Ethics and the Organisation, Management and Control Mode pursuant to Italian Legislative Decree 231/2001 is conflicts of interest. The regulation of conflicts of interest in the various areas of corporate operations (provision of credit, investment services, etc.) and the different Corporate Entities (related and connected parties) is of primary importance in the performance of banking activities and the provision of investment services, as well as for Group governance and the management of the various different situations of interest that may concern Corporate Representatives in Group Companies. As such, the Group adopts a prudential approach in managing conflicts of interest that may arise, among other things, from the presence of representatives of the Governance Bodies of the Subsidiary Banks in the Bodies of the Parent Company. In fact, any conflicts of interest that may arise among the various representatives of the Cooperative Banking Group are managed according to Internal Procedures established by the Parent Company on handling conflicts of interest. Specifically, the Parent Company has adopted its own Group Regulations for the management of conflicts of interest (updated in 2022). The Regulation is designed to describe the procedures and organisational measures to manage situations of interest relevant to the Group's governance, including transactions pursuant to Art. 136 of the Consolidated Law on Banking (TUB), referring, with regard to the performance of risky activities and other transactions with connected parties and the related obligations, to the Group Regulations on Related Party Transactions.

⁸ Training in these areas is cyclical, not necessarily annual. The data on the number of participants who benefited from such training should therefore be read in continuity with respect to the entire time frame represented.

The provisions concerning conflicts of interest in the provision of investment services to Customers, as well as those concerning conflicts of interest between lending and the acquisition of equity investments, remain excluded from the aforesaid Regulations, for which reference should be made to the relevant internal rules governing the organisational procedures and controls adopted by the Parent Company in this area⁹.

That said, it should be noted, however, that the cross-shareholdings held by Cassa Centrale Banca relate to instrumental intercompany companies or companies in which the interests are not significant; therefore, there are no situations of potential conflicts of interest to be reported.

The Parent Company also establishes rules and criteria for performing the activities of the Affiliated Banks with regard to organisational and Corporate Governance solutions to safeguard against conflicts of interest, with particular reference to the assumption of risky assets and other transactions with connected parties. The protocol on Transactions with Related Parties and Connected Parties aims to safeguard against the risk that the proximity of certain persons to the Bank's decision-making could compromise the impartiality and objectivity of decisions on the granting of loans and other transactions in their interests, potentially distorting the allocation of resources, exposing the bank to inadequately assessed or mitigated risks, and causing potential harm to depositors and shareholders. These safeguards include the adoption of prudential limits on the assumption of risky assets with regard to related parties and connected parties, the adoption of specific decision-making procedures to support these prudential limits, as well as specific organisational structures and internal controls to define the responsibilities of Governance Bodies and the duties of Corporate Functions to prevent and manage conflicts of interest. These rules and criteria are laid down in the Internal Rules on Related Party Transactions, adopted from time to time by the Parent Company, and distributed to all Affiliated Banks as well as to the other Companies of the Banking Group, for transposition and implementation.

The issue of preventing and combating corruption, understood as the degeneration of a conflict of interest, is covered in the Code of Ethics, which formalises the Group's commitment to avoiding acts of corruption, for example through unlawful payments made directly by top management and/or Employees, or through parties acting on their behalf.

Specifically, the Group is committed to strict compliance with money laundering and terrorist financing regulations, paying particular attention to transactions with entities based in countries with restricted assets/privileged tax regimes or operating in controversial sectors and the related negative impacts, especially on the Group's image.

As corruption is identified as one of the major obstacles to the Group's economic, political and social development in its operating context, so as to reinforce its commitment to preventing and combating corruption, in early 2019 Cassa Centrale Banca also formalised and adopted an "Anti-Corruption Policy". This document identifies the principles, guidelines and rules of conduct relating to:

- conflicts of interests;
- relations with the Public Administration and facilitation payments;
- gifts and other benefits;
- business travel;
- financing of political parties and trade unions;
- contributions, sponsorships and charity donations;

⁹ For more details on the application of the internal regulations on the management of transactions with related parties, please refer to the Notes to the Annual Financial Report, available on Cassa Centrale Banca's website.

- management of relations with third parties;
- accounting records;
- personnel selection, recruitment and training.

In particular, the “Anti-corruption Policy” establishes the rules which recipients (e.g., Company Representatives, Employees and third parties with which the Company engages in relations) must follow to prevent involvement in offences of corruption. It also governs dedicated periodic anti-corruption training obligations.

The “Anti-corruption Policy” was also adopted by the Subsidiaries and the Affiliated Banks.

Reports with respect to suspected episodes of corruption and/or suspected violations of reference regulations may also be received through the internal whistleblowing system.

Every year, the head of the Internal Reporting Services of Cassa Centrale Banca, the Affiliated Banks and the Subsidiaries drafts a report on the proper functioning of the Internal Reporting Systems procedure containing, in anonymous form, aggregated information on the results of the activities carried out after reports are received, highlighting the number of investigations performed and the types of measures adopted.

The report is approved by 28 February of each year by the Board of Directors and the Board of Statutory Auditors of the individual Bank or Group Company, made available to Personnel and promptly forwarded to the Parent Company.

No incidents of corruption were documented during the year 2023, whereas 2 whistleblowing reports were received concerning the performance of certain operating activities, which did not result in the need to resort to particularly serious measures.

In 2023, penalties were paid by the Supervisory or Judicial Authorities for violations of regulations in force, for a total of EUR 102 thousand (EUR 227 thousand in 2022 and EUR 399 thousand in 2021). Of these, 22 penalties related to cases of non-compliance during the reporting period, for a total of EUR 72 thousand, while 8 penalties totalling EUR 29 thousand related to previous reporting periods.

55% of the amount of sanctions received by the Affiliated Banks related to tax matters (Italian Revenue Agency), 26% to social security matters and the remaining 19% to administrative matters.

In general, the penalties are modest and regard violations of regulations on banking transactions, late reporting to the Banking Authorities.

During 2023, as well as in 2022, no non-monetary sanctions were received.

Group Whistleblowing Regulation

As of 2021, all of the Affiliated Banks and Subsidiaries have adopted a specific Group Whistleblowing Regulation. The document was updated in 2023 to incorporate the new features introduced by Legislative Decree no. 24 of 10 March 2023, with particular reference to the extension of the scope of violations potentially subject to reporting as well as of the possible Whistleblowers.

The Regulation aims to provide guidelines to be followed when reporting acts or facts that could constitute a violation, including, *inter alia*:

- the internal and external rules governing banking, financial or insurance distribution activities, including related and instrumental activities
- the principles and rules of conduct contained in the Code of Ethics
- the 231/2001 MOG (Group Operational Machine) of the respective Company
- anti-money laundering, carried out by Employees or Company Representatives in the performance of their professional duties.

The document also provides guidelines to ensure the confidentiality of the information transmitted, the protection of the personal data of the Whistleblower (also for the purposes of protection against any retaliation and discrimination resulting from the report) and of the Reported Party.

Aside from summarising the roles and responsibilities of the Parent Company, the Affiliated Banks and the Subsidiaries, the Regulation outlines the procedure established for handling reports of internal violations, and also defines additional oversight mechanisms to ensure the proper functioning of the Whistleblowing System with a view to internal training and to protecting the privacy of the Whistleblower's and Reported Party's personal data.

The process, supported by a specific IT procedure which archives data in encrypted and protected form, is broken down into the following phases:

- entry and sending of the report;
- receipt, review and assessment;
- definition of intervention measures;
- archiving;
- management of the Register of reports received;
- preparation of the Annual Report.

Governance and Risk management

Governance

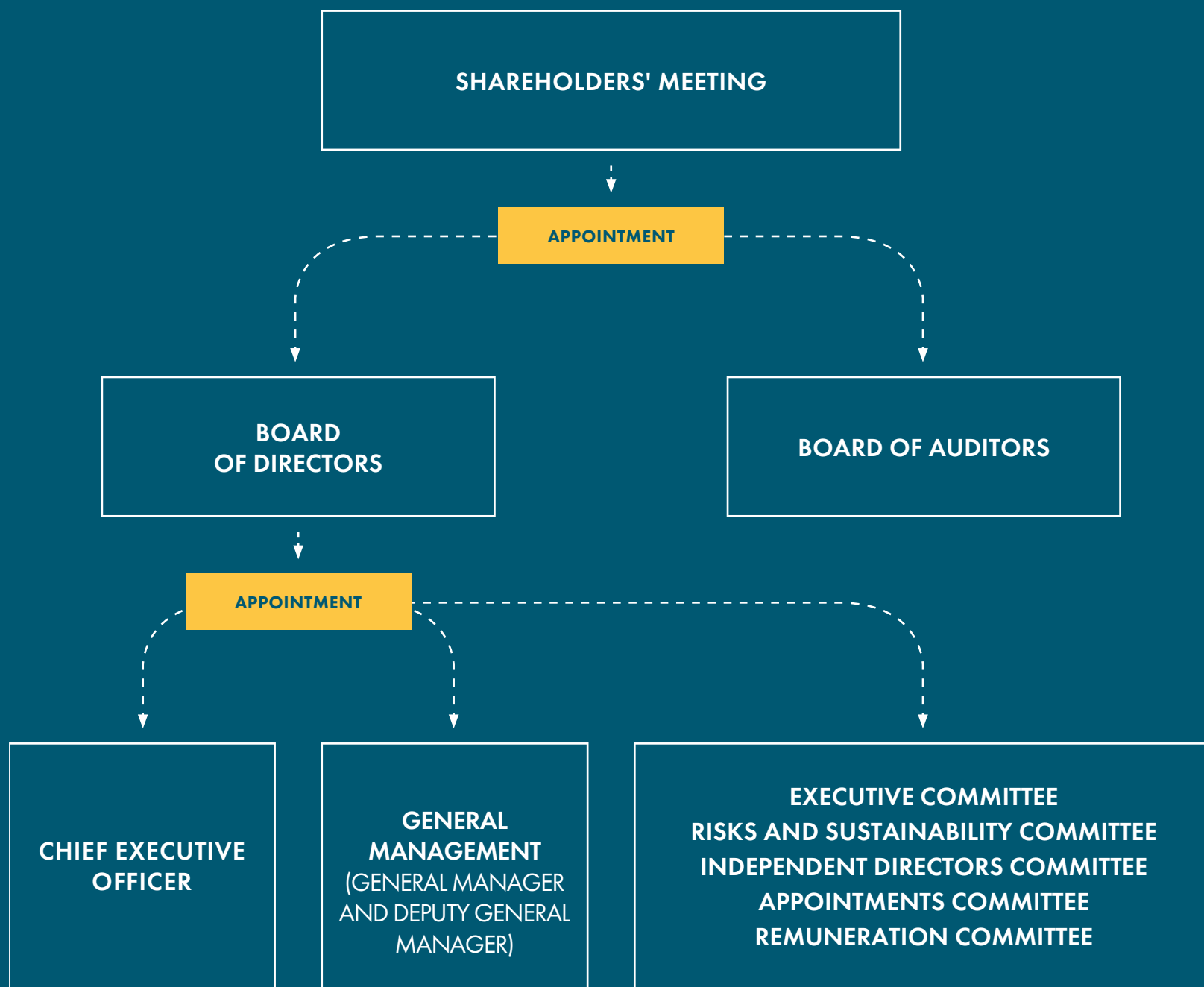
Cassa Centrale Banca is a joint stock company. Of the total Share Capital, 95.11% is held directly or indirectly by the Cooperative Credit Banks - Rural Banks - Raiffeisenkassen belonging to the Cassa Centrale Group. The remaining 4.89% is held by other Banks and by non-banking Partners, the expression of Cooperation and Local Authorities. Therefore, there are no controlling shareholders, as the group is structured as a Cooperative Banking Group.

Cassa Centrale Banca adopts a traditional governance system, the structure of which consists of:

- Shareholders' Meeting: appoints the Board of Directors and Board of Statutory Auditors, and establishes their remuneration. The Meeting is called at least once a year and resolves upon approval of the separate financial statements and on the allocation and distribution of profits;
- Board of Directors: responsible for the strategic supervision and management of the Group;
- Executive Committee: in charge of implementing Corporate Governance and Risk Management Policies;
- 4 Board Committees (Risks and Sustainability, Independent Directors, Appointments, Remuneration);
- Board of Statutory Auditors: exercises control in relation to compliance with law and the Articles of Association, as well as the adequacy of the organisational and administrative-accounting structure.

The Articles of Association provide for the option to appoint a Chief Executive Officer with executive and management responsibilities for the Company and the Group.

The governance structure of Cassa Centrale Banca as at 31 December 2023 is indicated below.





The Board of Directors

The Board of Directors is responsible for the strategic supervision and management of the company. For this purpose, the Board of Directors may carry out all the transactions that are necessary, useful or appropriate for implementation of the corporate purpose, whether they are ordinary or extraordinary in nature; the only exclusions are actions exclusively reserved by law and the Articles of Association to the Shareholders' Meeting.

The Board of Directors may delegate powers for the management of the Company to the Executive Committee and to the Chief Executive Officer, which exercise them in accordance with the general planning and strategic guidelines set by the Board of Directors.

The Cassa Centrale Banca Board of Directors has 15 members (as provided for under Article 22 of the Articles of Association) at 31 December 2023, 10 of whom representing the Affiliated Banks and the General Management of the Company, 4 of whom are independent and 1 of whom is an external Director.

As concerns the composition and appointment of the Corporate Bodies, Bank of Italy Circular 285 and the guidance provided at European level establish that, in qualitative terms, the proper performance of functions requires the Bodies with strategic supervision, management and control functions to include individuals:

- who are fully aware of the powers and obligations inherent in the functions that each of them are called upon to perform (supervision, management or control function; executive and non-executive functions; independent members, etc.);

- who have adequate professionalism in light of the role to be held, including on any internal committees, and calibrated in relation to the operational characteristics and size of Cassa Centrale Banca;
- with widespread and appropriately diversified skills across all members, to enable each of the members, both on the Committees of which they are members and in board decisions, can effectively contribute, inter alia, to identifying and pursuing suitable strategies and ensuring effective risk governance in all areas of Cassa Centrale Banca;
- who dedicate adequate time and resources to the complexity of their role, subject to compliance with the limits on the total number of offices that may be held, as set forth in Italian Ministerial Decree no. 169 of 23 November 2020;
- who direct their actions towards pursuing the overall interest of Cassa Centrale Banca, irrespective of the shareholders who voted for them or the list they were included on; they operate with independence of judgement.

The authority and professionalism of the directors must be adequate for the effective exercise of these functions, which are decisive for the sound and prudent management of Cassa Centrale Banca and the Group as a whole.

Professional Profile of the Board of Directors

Academics and/or Lawyers



Bank Managers



Accountants and Auditors



IT Managers



Banking and governance consultants



Entrepreneurs and Freelancers



In addition to the requirements listed above with reference to the individual members, the composition of the Board of Directors must be adequately diversified so as to:

- guarantee adequate skill levels in all areas required to effectively manage Cassa Centrale Banca;
- fuel debate and discussion within the Bodies;
- favour the emergence of a plurality of approaches and perspectives in the analysis of topics and in decision-making;
- facilitate independent opinions and reasonable decision-making procedures within the Corporate Bodies;
- effectively support the company processes of developing strategies, managing activities and risks and controlling the actions of the Top Management;
- take into account the multiple interests that contribute to the sound and prudent management of Cassa Centrale Banca.

Managing the level of complexity of Cassa Centrale Banca makes it necessary to have professionals on the Board of Directors who are diversified but also consistent with and complementary to each other, in order to foster effective dialogue within the Board while guaranteeing the possibility of in-depth analysis, opening and capacity of debate and allowing for the adequate establishment and functioning of the board committees.

The objective is to ensure that - both following the appointment process and on a continuous basis - the top management bodies include individuals who can ensure that the role assigned to them is performed effectively. To do this, it is necessary to clearly define the professional characteristics needed to achieve this result beforehand, and possibly review them over time to take into account any critical issues, and for the candidate selection and appointment process to take this information into account. The Cassa Centrale Banca Board of Directors must first identify its optimal qualitative and quantitative composition, establishing the theoretical profile of the candidates deemed appropriate for these purposes. To this end, the Cassa Centrale Banca Board of Directors has approved the Model for Defining the Optimum Qualitative and Quantitative Composition of the Board of Directors, which is available on the website www.cassacentrale.it.

The Model establishes that when the Board is formed, the following criteria and/or requirements must be respected: i) professionalism and skills in various appropriately identified areas (e.g., banking and financial markets, organisational and corporate governance structures, reference regulatory environment, etc.), ii) good repute and fairness, iii) honesty and integrity, iv) independence of judgement and v) availability of time. In addition to these elements, requirements are also outlined as regards representation of the corporate base and reference Local Areas, diversity and gender balance, independence requirements, behavioural requirements and minimum education.

Furthermore, it should be noted that the Board of Directors is vested with the role of body in charge of strategic supervision and management of the company, and because of this task, it examines the results of ESG processes during its meetings; these aspects are analysed in advance and examined in depth by the Risks and Sustainability Committee and, for the areas within its remit, also by the Remuneration Committee and the Appointments Committee.

Specifically, the Board of Directors supervises the organisation's due diligence and processes to identify and manage its ESG impacts, ensuring that the Group's actions align with the specific policies adopted. In this context, the Board of Directors of Cassa Centrale Banca, with the support of the Risks and Sustainability Committee, is in charge, among other activities, of approving and updating:

- the sustainability (ESG) strategies and policies;
- the Strategic or Operational Plan for Improving Climate and Environmental Risk Management, a plan that is drawn up following the analysis on the identification of relevant climate and environmental risks, and the analysis on the operational context aimed at strengthening the monitoring of the impact of climate and environmental risks;
- the Consolidated Non-Financial Statement (NFS), ensuring that it is drafted and published in accordance with current regulations, as well as any other reports of particular relevance in this area, monitoring the Group's sustainability performance, including that related to combating climate change;
- the Group's Code of Ethics, in which it is emphasised that respect for and protection of the environment are fundamental elements of the Group's strategy and mission. Its commitment is also formalised in a dedicated policy ("Environmental Policy");
- the Remuneration Policies and the variable remuneration components related to Sustainability.

The Board of Directors and the Risks and Sustainability Committee are the recipients of specific information flows: they are informed and updated quarterly on the progress of the Sustainability Plan projects and, more generally, on the progress of strategic positioning targets following the quarterly meetings of the ESG Steering Committee.

The Board of Directors of Cassa Centrale Banca periodically reviews, with the support of the Risks and Sustainability Committee and in compliance with the ESG policies in force from time to time, the effectiveness of the ESG risk management processes.

To increase understanding and knowledge of ESG issues on the Board, members are involved in training programmes hosted by external training providers, supported by special Parent Company departments. Meanwhile, Corporate Representatives of the Affiliated Banks participate in a training programme that has been validated by the European Central Bank as part of the Fit&Proper assessment process.

In addition, the “ESG Community of Practice” was established in June 2023, within which the good ESG practices of the Affiliated Banks are shared and where guidance and supporting materials are distributed for the periodic conduct of the Banks’ Steering Committees.

A summary is provided below of the composition of the Board of Directors and the Board Committees as at 31 December 2023:

	Board of Directors	Executive Committee	Risks and Sustainability Committee	Independent Directors Committee	Appointments Committee	Remuneration Committee
No. of Directors	15	5	5	3	3	3
Executive	5	5	0	0	0	0
Non-executive	10	0	5	3	3	3
<i>of which Independent</i>	4	0	3	3	2	2
Women	5	1	3	2	1	1
Men	10	4	2	1	2	2
< 30 years	0	0	0	0	0	0
30-50 years	1	0	0	1	1	1
> 50 years	14	5	5	2	2	2

In the Parent Company’s Board of Directors the provision of the Articles of Association under which 10 directors are to be chosen “from among persons representing the Affiliated Banks, i.e., who hold positions on the Boards of Directors or General Management of the Affiliated Banks or General Management of the Company” was also met, ensuring adequate representation of the entire region in which the Cooperative Banking Group operates. Finally, the elected representatives meet the requirements in terms of number of independent directors and percentage of directors belonging to the less represented gender.

On this last point, to guarantee gender balance within the Board of Directors, the Cassa Centrale Banca Corporate Governance Project initially established that at least one-fifth of the Directors should be of the less represented gender. Ever since the appointment of the first Board of Directors, after the establishment of the Group, Cassa Centrale Banca has met this regulatory requirement. With the renewal of the corporate offices for the three-year period 2022-2024, the number of Directors belonging to the less represented gender was increased to 5, thus accounting for 33% of the total, and fully implementing the provisions of update no. 35 to Bank of Italy Circular 285.

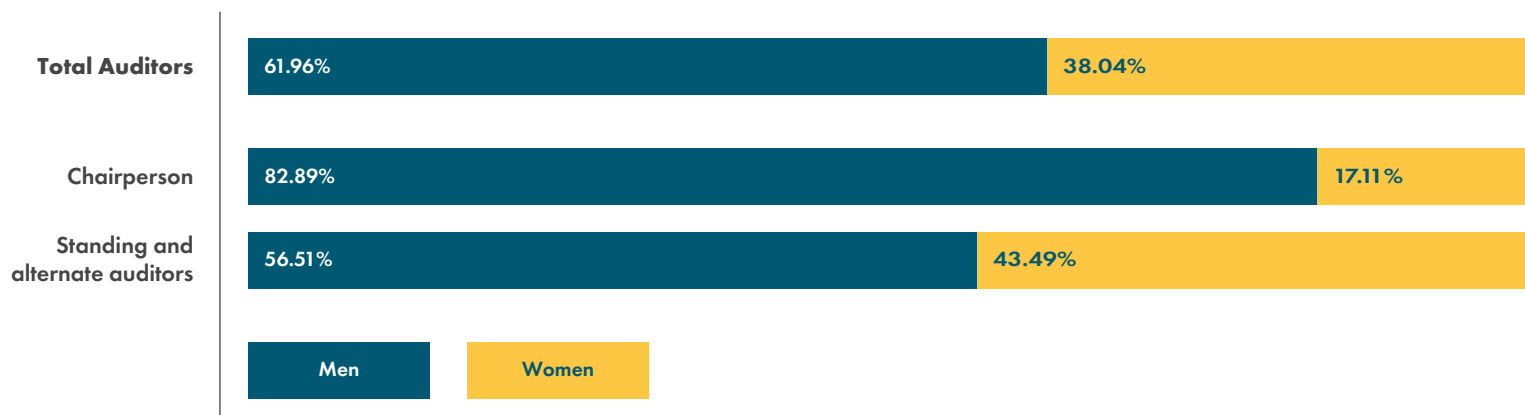
The figure below provides an overview, at Group level, of the breakdown by gender of the Corporate Bodies, also considering their role played in the Body.

The figures provided therefore refer to the composition of the Corporate Bodies of all of the Group's Banks and Companies as at 31 December 2023.

Composition of Directors by gender and category



Composition of Statutory Auditors by gender and category



Executive Committee

The Executive Committee is chaired by the Chief Executive Officer and consists of five members appointed by the Board of Directors and selected from amongst the Executive Directors. The Executive Committee is delegated the exercise of powers in the following areas: originating, classifying and valuing loans, real estate transactions, issuance of debt and financial instrument transactions, implementation of corporate governance and risk management policies, internal organisation of the Company and of the Cooperative Banking Group.

Chief Executive Officer

The current Articles of Association of Cassa Centrale Banca call for the Board of Directors to appoint a Chief Executive Officer from amongst its members.

The Chief Executive Officer is entrusted with the day-to-day management of Cassa Centrale Banca in compliance with the general planning and strategic guidelines established by the Board of Directors.

With the resolution of 21 July 2022, the Chief Executive Officer was also granted powers in the following areas: Human Resources and Operational and Strategic Planning, Governance of the Subsidiary Banks and of investee companies other than the Affiliated Banks, powers to authorise real estate and equity investment transactions, judicial powers, and powers of representation.

The exercise of delegated powers by the Chief Executive Officer is reported quarterly to the Board of Directors.

The Chief Executive Officer is chosen from amongst the Directors who stand out due to their professionalism and skills and has the right, in cases of exceptional urgency, to pass resolutions on any transaction under the responsibility of the Board of Directors or the Executive Committee, provided not placed by binding legal requirements or provisions of the articles of association under the exclusive collegial responsibility of the Board of Directors and the Executive Committee.

The General Management of Cassa Centrale Banca consists of the General Manager, who is the Chief Executive Officer, assisted by a Senior Deputy General Manager. If the General Manager should be absent or otherwise prevented from attending, their duties are undertaken by the Senior Deputy General Manager and, if they should also be absent or otherwise prevented from attending, by the executive or officer designated by the Board of Directors. In carrying out his duties, the General Manager can make use of a number of technical and operating committees set up to jointly study the most significant management aspects.

The CEO may authorise the waiver, also at the request of an individual Affiliated Bank, operating limits for the management of the real estate portfolio or strategic targets set out in the Group's Property Portfolio Management strategy and the Market, Interest Rate, Liquidity and Loan Risk Management Strategies.

There are currently no delegations of responsibility to other Employees within Cassa Centrale Banca.

Board Committees

The following Committees have been set up as part of the Board of Directors:

Independent Directors' Committee

Composed of 3 independent members, it is responsible for preserving the integrity of decision-making processes in transactions with related parties and equity investments held by the banks or bank groups. The Supervisory Provisions assign a significant role to the Independent Directors, involved in the pre-decision stage and called upon to express a justified opinion at the time of the decision.

Appointments Committee

Composed of 3 non-executive members, the majority of whom are independent, it performs preliminary analysis and advisory functions to support the Board of Directors in the appointment of members and the composition of the Board of Directors of Cassa Centrale Banca and, when required, of the Affiliated Banks.

Remuneration Committee

Composed of 3 non-executive members, the majority of whom are independent, it has the function of making proposals and providing advice on compensation and the remuneration and incentive systems to be adopted by Cassa Centrale Banca and, when applicable, by the Affiliated Banks.

On the basis of the reference regulations, the Independent Directors meet separately from the other members of the Board of Directors periodically, at least once year, to discuss relevant issues.

The Independent Directors' Meetings (IDM) are autonomous, separate, and different to board committee meetings.

Risks and Sustainability Committee

During 2023, the Risks and Sustainability Committee operated in accordance with the powers entrusted to it and formalised in its own Regulations, adopted by specific resolution.

Composed of 5 non-executive directors, the majority of whom are independent, the Committee is responsible for providing support to the Board of Directors on risk and internal control system matters, in compliance with Bank of Italy Circular no. 285/2013 as amended and with provisions contained in specific internal regulations. As regards ESG issues in particular, the Committee is also responsible for supporting the Board of Directors, with functions of investigation, proposal and consultation, in assessments and decisions relating to Sustainability and cooperative identity matters. In this context, the Risks and Sustainability Committee is tasked with providing support to the Board of Directors:

- in defining the Group's values and identifying characteristics, also with a view to updating the Group Code of Ethics;

- in defining the guidelines and objectives of the Sustainability Plan, in line with the Strategic Plan (whose compliance is periodically monitored), as well as Sustainability policies aimed at the sustainable creation of value considering the contribution the Group can make to achieving the Sustainable Development Goals defined by the United Nations (2030 Agenda) and any subsequent international protocols and standards;
- in the periodic monitoring of compliance with the Sustainability Plan targets by the Group and the individual Affiliated Banks;
- in assessing ESG impacts on Stakeholders and the related engagement activities;
- in identifying the correct application of the main standards and methods for preparing the Consolidated Non-Financial Statement (CNFS) and activities to update the materiality analysis;
- in properly implementing socio-environmental impact measurement models for the Group and for the individual Affiliated Banks with a view to representing sustainability and identity;
- in monitoring and participating in national and international initiatives and industry trends on Sustainability to consolidate the Group's reputation;
- in monitoring the progress of the ESG Steering Committee's activities (see ESG Governance Project) and the Company Departments, with reference to launching and developing operational projects related to Sustainability.

The confirmation of the provisions issued by the Board Committees responsible for these matters demonstrates the importance that the Board of Directors of Cassa Centrale Banca places on the integration of environmental, social and governance (ESG) factors within processes relating to company decisions and, overall, the definition of company strategies. With this organisational decision, the Board of Directors of Cassa Centrale Banca confirms the value recognised to the elements characterising the Group's nature ever since it was founded: proximity to local areas and the needs of the social Community, active stakeholder listening and creation of value in the medium-long term. The decision to provide for a committee with sustainability tasks is a further step in the consolidation of sustainability governance.

In 2023, the Risks and Sustainability Committee met 18 times. Of these, five meetings were held jointly with the Appointments Committee and a further five with the Remuneration Committee, in addition to one joint session with the Appointments Committee and the Remuneration Committee.

Over the course of 2023, the Risks and Sustainability Committee acted as point of contact in incorporating and assessing any regulatory sustainability-related impacts, and as the body responsible for promoting the concept of cooperative identity.

In addition, the Committee reviewed the topic of the Sustainability Plan at 2 meetings (Periodic Monitoring of the Sustainability Plan at 31 December 2022 and at 30 June 2023 and Approval of the 2023-2026 Sustainability Plan), while the materiality analysis and the specific topic of Climate Risk were discussed in 3 meetings each.

ESG Governance Project and Group Sustainability Regulations

In the context of the “ESG Governance Project”, the Group Sustainability Regulations were adopted in 2023, with the aim of describing the procedure for defining the Group Sustainability Plan, the functioning of the ESG Steering Committees of the Affiliated Banks and the related information flows.

At present, the Group’s organisational and operational structure in terms of ESG consists of the following structures:

- **Parent Company ESG Steering Committee**, identified by the ESG Steering Committee (consisting of the Parent Company’s Senior Management), and periodically extended to the Directors of the Subsidiaries. During 2023, the Parent Company’s ESG and Institutional Relations Department saw the appointment of the new Chief of Department and the addition of a further ESG Officer. The following tasks are assigned to the ESG Steering Committee:
 - support the competent bodies in the strategic proposal related to ESG issues;
 - prepare and collectively define the proposed Sustainability Plan and related strategic objectives, consistent with the Strategic Plan;
 - promote the exchange of information and ensure the necessary synergies between the different ESG components and projects, developing a common ESG culture;
 - propose, monitor, steer and coordinate the dynamics and operations of the main ESG projects, with particular reference to ESG integration into the business;
 - involve the Departments in the activation of specific ESG projects, fostering cross-functional collaboration;
- **Group ESG PMO** to whom the following tasks are assigned:
 - the general coordination of work by the ESG Steering Committee;
 - the monitoring of developments and results of ESG activities and projects, as well as ensuring the coordination of ESG activities and projects already planned, fostering synergies and cross-sector involvement;
- **ESG Steering Committee of the Affiliated Banks and Subsidiaries**, with the definition of the ESG Head of said Steering Committee (identified as an executive of the General Management of the Company/Bank) and of the ESG contact person as PMO of the ESG Steering Committee of the Company/Bank.

In order to monitor the progress of the Group’s ESG initiatives, regular meetings (at least quarterly) of the ESG Steering Committees of the Parent Company and of the Affiliated Banks and Subsidiaries are scheduled. The information flows stipulate that for the Affiliated Banks and Subsidiaries, the minutes of the ESG Steering Committee are sent to the Parent Company, which notes the progress of sustainability initiatives in the individual territories. In turn, the Parent Company’s ESG Steering Committee periodically reports to the Risks and Sustainability Committee and the Board of Directors on the monitoring of the Parent Company’s Sustainability Plan and the progress of initiatives to achieve strategic ESG positioning targets.

The ESG Steering Committee of the Parent Company met 3 times in 2023 to discuss and explore the development of the ESG Governance Project and the targets for the 2023-2026 Sustainability Plan.

In financial year 2023, the Cassa Centrale Group updated and supplemented its Sustainability Plan 2023-2026, which was approved in November 2023; within the Plan, the progress of 20 projects is monitored with well-defined objectives aimed at creating value in the medium/long term through the strengthening of sustainability issues, also within the Group's business model.

In 2023, specific projects were launched, among others, with the aim of preparing the database of information related to ESG assessments, which are primarily needed in the areas of Credit, Finance and Risk Management. These projects were considered preparatory to the definition of a structured database and the presentation of data in the management systems, through the integration of databases from external providers.

The evolution of the Sustainability Plan

By defining tangible and measurable goals, the Group aims to contribute to the transition towards a more sustainable, social and environmental economy in all of the Communities and Regions in which it operates.

By reconciling the Sustainability objectives with the material topics and contributing to the integration of the SDGs in the Group's operations and strategy, the Plan also makes it possible to lay the bases for a further improvement in non-financial reporting.

During 2023, the Sustainability Plan was updated with the aim of:

- establishing the Group's ESG ambitions, consistent with the Mission, Strategic Plan 23-26 and best practices;
- integrating the initiatives defined in response to the European Central Bank's (ECB) Supervisory Expectations on Climate and Environmental Risks;
- strengthening the strategic/communicative nature of the Sustainability Plan (both internally and externally) and making the monitoring of operational activities more efficient;
- identifying robust and strategic indicators and targets.

The 2023–2026 Sustainability Plan is characterised by:

- the classification of 20 projects into 5 areas: Environment, Communities & Shareholders, ESG Governance, People, and Customers;
- the integration of content on the basis of the main regulatory and strategic drivers and on the basis of new market trends;
- the link between the individual initiatives of the Plan with the Sustainable Development Goals (SDGs) of reference and with ESG aspects (Environmental, Social, Governance). In particular, the topics covered by the Sustainability Plan align with SDGs 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 15, 16 and 17.

The Sustainability Plan 2023-2026, in addition to being structured in the 5 areas mentioned above, provides for specific Actions to which specific Targets are associated (on an annual basis and for the three-year period of reference), the monitoring of which is an aspect of particular attention for all parties that make up the Group's ESG organisational framework. The distinction into Actions and Targets is also a relevant aspect in relation to the future, and upcoming, evolution of the Sustainability Plan in order to comply with the Corporate Sustainability Reporting Directive (CSRD).



The principle macro-objectives for each area of the Sustainability Plan are as follows:



ENVIRONMENT

Strategic objective: Promote efficient and responsible consumption of resources and reduce the carbon footprint

On the subject of Decarbonisation, in 2023 the Group extended its commitment by including a new project in its Sustainability Plan 2023-2026, which aims at the first integrated carbon footprint measurement of its financed CO₂ emissions, complementing the framework of Scope 1, 2, and 3 already reported.

Main activities:

- Energy consumption efficiency improvements
- Energy supply from renewable sources
- Definition of decarbonisation metrics and targets
- Obtain environmental certification systems

Sustainable
Developments
Goals - SDGs



PEOPLE

Strategic objective: Enhance skills, develop an open and inclusive environment and improve well-being

Main activities:

- Update specialised training programmes
- Adoption of Diversity and Inclusion initiatives
- Identification of new welfare instruments

Sustainable
Developments
Goals - SDGs





COMMUNITIES AND SHAREHOLDERS

Strategic objective: Promote financial inclusion and support the growth of the Territory

Main activities:

- Promotion of awareness initiatives for financial inclusion
- Update the supplier assessment, selection and monitoring process with ESG criteria
- Enhancement of good practices implemented by the Affiliated Banks

Sustainable
Developments
Goals - SDGs



CUSTOMERS

Strategic objective: Integrate the offer with ESG solutions and foster the digital transformation

Main activities:

- Development of an ESG credit product catalogue
- Expansion of ESG investment product catalogue
- Improve the customer experience through new digital solutions

Sustainable
Developments
Goals - SDGs





ESG GOVERNANCE

Strategic objective: Strengthen ESG oversight by aligning it with best practices and ensure transparent reporting

Main activities:

- Adapt non-financial reporting in line with regulatory requirements and expectations of the Supervisory Authority;
- Definition of performance management systems with progressive integration of ESG objectives;
- Ongoing assessment of compliance with principles and initiatives.

Sustainable
Developments
Goals - SDGs



Self-Assessment of the Governance Bodies

The Cassa Centrale Banca Procedures for assessing Member suitability, Self-assessment of the Bodies and appointments within the Subsidiaries, adopted by the Board of Directors on 26 May 2022 identifies, in compliance with the provisions of Title IV, Chapter 1, Section VI of Bank of Italy Circular no. 285 of 17 December 2013, as subsequently amended, on corporate governance the methods and tools on which the self-assessment process is based with regard to the composition and functioning of the Corporate Bodies of Cassa Centrale Banca.

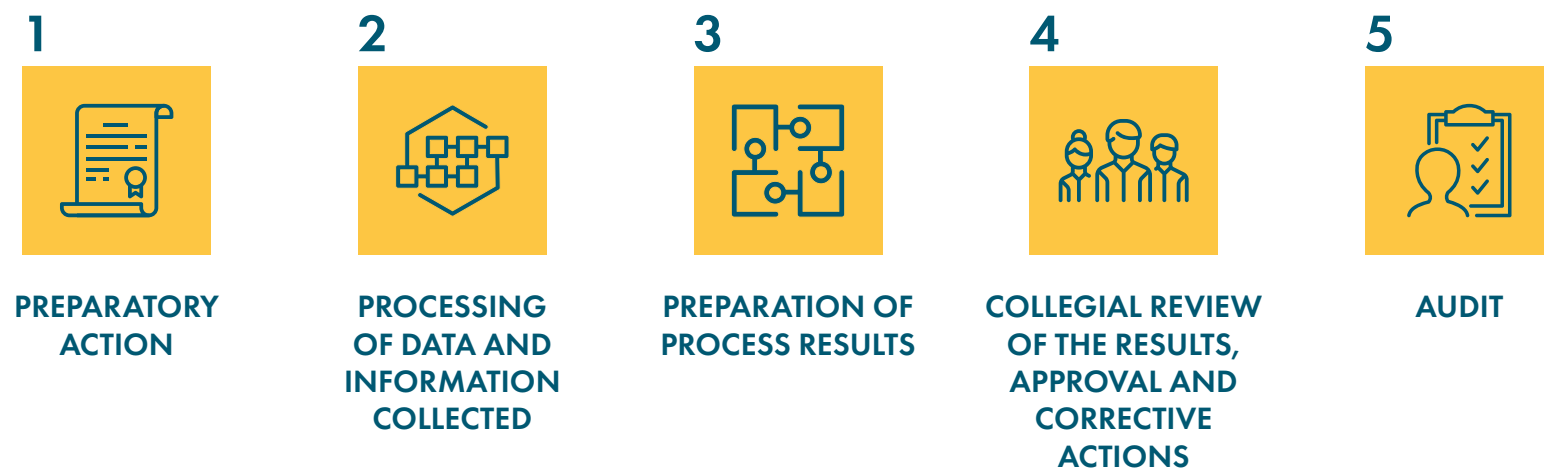
The Cassa Centrale Group is among the largest and most complex banks in Italy and is therefore subject to the supervision of the European Central Bank. In drafting the Cassa Centrale Banca Corporate Body self-assessment process regulation, the instructions of the European Banking Authority and the European Central Bank were therefore also taken into account.

The periodic self-assessment process is meant to achieve the following goals:

- ensure verification of the proper and effective functioning of the Corporate Bodies and their adequate composition;
- guarantee substantial compliance with the Supervisory Provisions and applicable instructions from the European Banking Authority and the European Central Bank, as well as the purposes they intend to achieve;
- favour the updating of internal regulations governing the functioning of the Corporate Bodies, so as to ensure that they are suitable, also in light of changes due to developments in the business and the operating context;
- identify the main points of weakness, promote their discussion within the Corporate Bodies and define the corrective actions to be adopted;
- strengthen collaborative and trust-based relationships between the individual members of the Corporate Bodies and between the strategic supervision and management functions;
- encourage the active participation of individual members, ensuring complete awareness of the specific role performed by each and the associated responsibilities.

Cassa Centrale Banca carries out the various phases of the self-assessment process in compliance with the reference regulatory provisions and the implementation of the Group's planned strategic objectives.

The assessment process comprises 5 steps as illustrated below.



The results of the 2023 self-assessment showed an overall positive opinion on the functioning of the Corporate Bodies.

In particular, the Board of Directors believes it has carefully and diligently performed the role of governance and control of Cassa Centrale Banca, respecting the balance that it must maintain between being a significant entity and the Parent Company of the Affiliated Banks, whose strong sense of autonomy remains a key principle and founding value. Collectively, the Board members assess the experience, professionalism and skills brought to the Administrative Body by the individual members as qualitatively positive, sufficiently diverse and well interpreted. The Directors' assessments of the Board's functioning are almost unanimously very high, even considering the measures on conducting meetings remotely.

Also for the Board of Statutory Auditors, an overall positive assessment emerged as it consists of members with adequate and diversified skills, with intense and continuous collaboration. There has also been a constant presence and participation of members of the Board of Statutory Auditors in Meetings of the Bodies throughout the year. The work of the Chairman of the Board of Statutory Auditors was also evaluated as excellent.

The Self-Assessment conducted shows that the Directors, including those appointed for the first time, collectively possess sufficiently diverse qualities and knowledge, and that the experience, professionalism and skills brought to the Administrative Body by the individual members are well amalgamated. The Directors also consider themselves to be well integrated into the activities, board dynamics and interactions with the management structure, expressing a positive assessment on the functioning of the Board as well as with reference to the figures of the Chair and the Chief Executive Officer, appreciated for their representation, quality of management, vision, entrepreneurship, focus on Personnel and Social Affairs, and tangible commitment and results. The number of board committees and their composition are also unanimously considered to be correct, effective and adequate for the performance of their respective functions, just as the dialogue between the Executive Committee and the Board of Directors concerning the performance of credit management is considered effective and adequate.

The fitness of the members of the Corporate Bodies is also confirmed by participation in training initiatives which allow them to consolidate and expand their skills and knowledge, as set forth in the tables below.

NO. OF HOURS' TRAINING BY GENDER AND BY CATEGORY OF COMPANY REPRESENTATIVES ¹⁰	2023		
	Men	Women	Total
Directors	11,923	3,568	15,492
Statutory Auditors	4,261	1,684	5,945
Total	16,184	5,252	21,437

AVERAGE NO. OF HOURS' TRAINING BY GENDER AND BY CATEGORY ¹⁰	2023		
	Men	Women	Total
Directors	24	26	25
Statutory Auditors	19	12	16
Total	22	19	21

¹⁰ The total and average training hours refer to the company representatives of the entire Group.

The Internal Control and Risk Management System

The Cassa Centrale Group has created a structured System of Internal Controls which, on a daily basis and proportionally to the complexity of the activities carried out, involves the entire organisational structure and conforms to the legislation governing the "Internal Control System", reported in Part One, Title IV, Chapter 3 of Bank of Italy Circular 285/2013 and subsequent updates.

The Cassa Centrale Group attributes strategic importance to the integrated management of controls and related risks as they constitute, among other things:

- an element to ensure that all activities are carried out in accordance with the principles of sound and prudent management and defined strategic guidelines;
- a clear and complete representation for the corporate bodies of the Internal Control System to monitor risks, the critical elements to which the Group is exposed and the interventions in progress;
- an important element for monitoring compliance with the relevant provisions by the competent authorities, as well as spreading the use of integration parameters.

The Parent Company has adopted a unitary and integrated System of Internal Controls that allows effective control over both the strategic choices of the Group as a whole and the managerial balance, organisation, technical situation and financial position of Affiliated Banks and the individual Group Companies. This System consists of all the rules, functions, structures, resources, processes and procedures that aim to ensure, in compliance with sound and prudent management, the achievement of the following objectives:

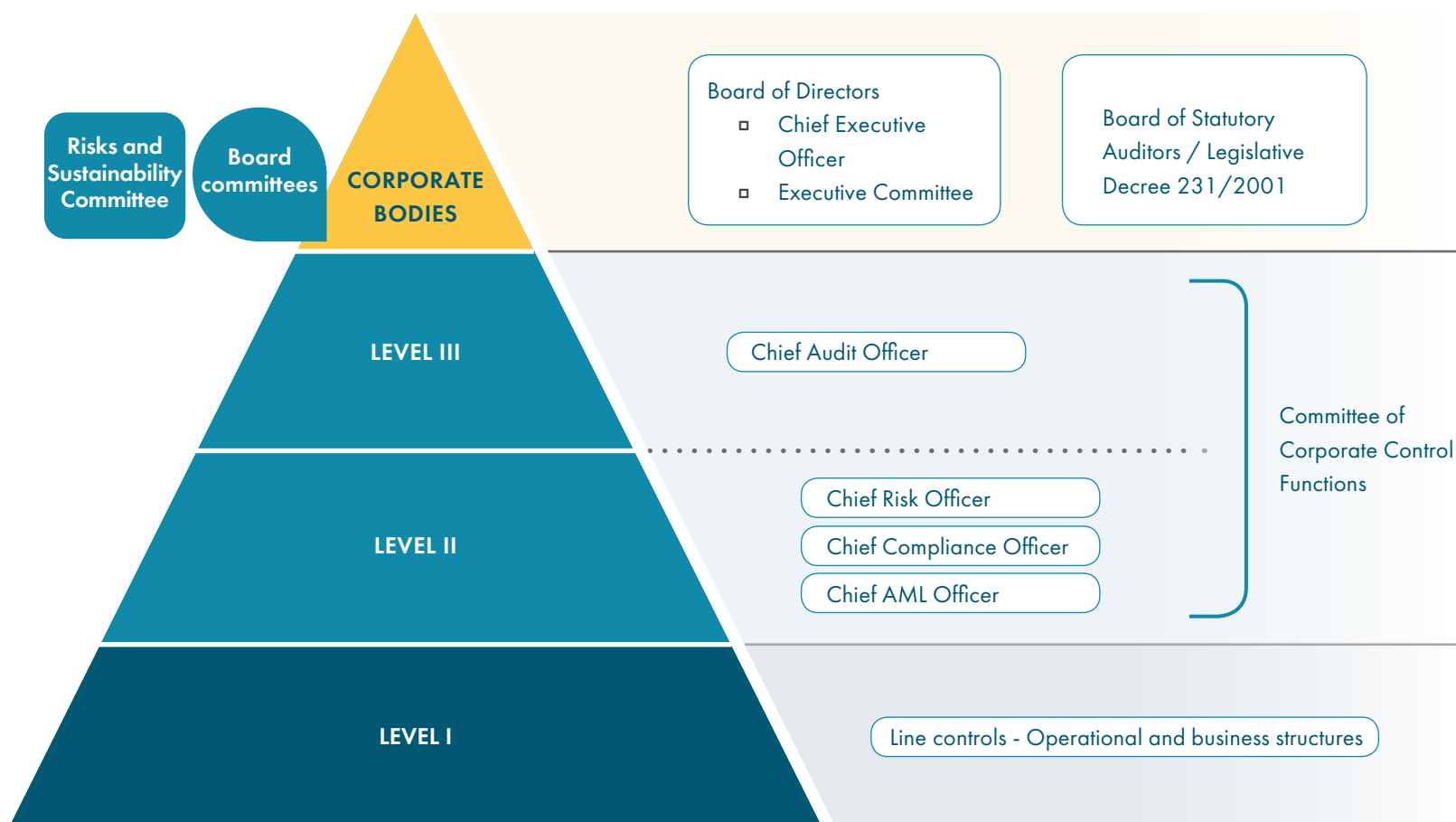
- verification of the implementation of company strategies and policies;
- containment of risks within the limits indicated in the Group's Risk Appetite Framework (RAF);
- safeguarding the value of assets and protection against losses;
- effectiveness and efficiency of business processes;
- reliability and security of company information and IT procedures;
- prevention of the risk that the Group may be involved, even involuntarily, in illegal activities (with particular reference to those connected with money laundering, usury and terrorist financing);
- compliance of the company's operations with the law and supervisory regulations, as well as with internal policies, regulations and procedures.

The central role of the Internal Control System within the Group's corporate organisation means that:

- it takes on strategic importance. In this regard, the "control culture" holds a prominent position on the scale of the Group's values, affecting not only the Corporate Control Functions, but the entire corporate organisation of the Parent Company and all Affiliated Banks and Group Companies (e.g. corporate bodies, structures, hierarchical levels, personnel);
- it represents a primary element of the corporate governance system of the Parent Company and Group Banks and Companies and plays a decisive role in identifying, measuring, assessing and mitigating the Group's significant risks, ensuring the Group's sound and prudent management and financial stability.

The Group's Internal Control System includes, in keeping with regulatory and legislative provisions in force, the following types of controls:

- **line controls** (so-called "first-level controls"): controls which are designed to ensure the proper conduct of operations (e.g. hierarchical, systematic and spot checks) and which, as far as possible, are incorporated into computerised procedures. These are carried out by the same operational and business structures (so-called Level I functions), including through units dedicated exclusively to control tasks that report back to the managers of the structures themselves, i.e. performed within the back office;
- **controls on risks and compliance** (so-called "second-level controls"): controls designed to ensure, inter alia:
 - the proper implementation of the risk management process;
 - compliance with the operational limits assigned to the various Functions;
 - compliance of the company operations with regulations, including self-regulations. The Functions responsible for these controls are separate from the operational functions and contribute to the definition of risk management policies and the risk management process;
- **Internal audit** (so-called "third level controls"): internal audit controls aimed at identifying breaches of procedures and regulations and periodically assessing the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the organisational structure and of the other components of the internal control system and information system (ICT audit) at Group level, at predetermined intervals in relation to the nature and intensity of the risks.



The Parent Company's Corporate Bodies, the Parent Company's Risks and Sustainability Board Committee, the Corporate Control Functions, as well as the related Committee represent the main players in the Internal Control System.

Specifically:

- the **Board of Directors**, as a body with strategic supervision functions, it defines and approves the business model, strategic guidelines, risk appetite, tolerance threshold (where identified) and risk management policies, the guidelines of the Internal Control System, the criteria for identifying the most significant transactions to be submitted to the prior scrutiny of the Risk Management Department and the general terms of the ICAAP process, ensures its consistency with the RAF and the timely adjustment in relation to significant changes to the strategic guidelines, the organisational structure, and the reference operating context;
- the **Risks and Sustainability Committee** is responsible for the tasks assigned to it by the regulations in force from time to time and by the Board of Directors, also with regard to the Affiliated Banks and, in particular, it performs support functions for the Parent Company's Board of Directors with regard to risks and the internal control system, paying particular attention to all activities that are instrumental and necessary for the Parent Company's Board of Directors to arrive at a correct and effective determination of the Risk Appetite Framework (RAF) and risk management policies;

- the **Board of Statutory Auditors**, as the body with control functions, is responsible for overseeing the completeness, adequacy, functionality and reliability of the Internal Control System and the RAF at Group level, in accordance with the provisions of current legislation, the Cohesion Contract and the Articles of Association of Cassa Centrale Banca. The Board of Statutory Auditors performs the functions of the Supervisory Authority, established pursuant to Legislative Decree no. 231/2001 on the administrative liability of entities - which supervises the functioning and observance of the organisational and management model adopted by the Parent Company for the purposes of the same Legislative Decree;
- the **Executive Committee**, in compliance with the provisions of the Articles of Association, is responsible for implementing the policies on corporate governance and risk management;
- the **Chief Executive Officer** is responsible for executing the Board of Directors' resolutions, with particular reference to implementing the strategic guidelines and risk management policies defined by the Board of Directors;
- the **Committee of Corporate Control Functions**, consisting of the managers of the corporate control Functions, carries out the coordination and integration activities of the Functions overseeing the Internal Control System.

The Group's corporate control Functions are represented by the following structures:

- Internal audit function (**Internal Audit Department**);
- Risk control function (**Risk Management Department**);
- Compliance function (**Compliance Department**);
- Anti-money laundering function (**Anti-Money Laundering Department**).

Internal Audit Department

Is responsible for:

- overseeing, according to a risk-based approach, on the one hand, the control of the regular performance of operations and development of risks and, on the other hand, the evaluation of the completeness, adequacy, functionality and reliability of the organisational structure and other components of the internal control system, bringing possible improvements to the attention of corporate bodies, with particular reference to the Risk Appetite Framework (RAF), the risk management process and the instruments for measuring and controlling risks and making recommendations to corporate bodies.

Risk Management Department

Is responsible for:

- drawing up the Risk Appetite Framework and the risk management policies, and setting the operational limits for assuming the various types of risk;
- developing, validating, and maintaining risk measurement and control systems;
- defining standardised assessment metrics for operational and reputational risks, in coordination with the Compliance Department and the other relevant departments;
- developing and applying indicators capable of highlighting anomalous and inefficient situations in existing risk measurement and control systems;
- analysing the risks associated with the implementation of new products and services and the entry into new operating and market segments;
- handling the assessment of the adequacy of internal capital (ICAAP) and public disclosure (Pillar III);
- analysing impaired loans from a qualitative and quantitative point of view and from a baseline and stressed perspective with regards to the ICAAP, RAF and the Recovery Plan, contributing to the definition of the relevant management policies and carrying out the specific controls.

Compliance Department

Is responsible for:

- taking a risk-based approach to managing the risk of non-compliance with regard to the entire business activity. This is done through the assessment of the adequacy of internal procedures aimed at preventing the violation of applicable external rules (laws and regulations) and self-regulation (e.g. Articles of Association, Cohesion Contract and Code of Ethics).

Anti-Money Laundering Department

Is responsible for:

- adopting a risk-based approach in overseeing the management of the risks of money laundering and terrorist financing with regard to the company's activities by evaluating the adequacy of internal procedures intended to prevent the violation of applicable external standards (laws and regulations) and self-regulation (e.g. Articles of Association and Codes of Ethics).

As part of the Integrated Internal Control System, the Risk Management Department coordinates with the other corporate control functions in order to:

- adopt consistent and integrated risk measurement and assessment methods, providing a common and integrated representation of the areas of greatest risk;
- define risk-based intervention priorities;
- develop the sharing of operational and methodological aspects and the actions to be taken in case of significant and/or critical events in order to identify possible synergies and avoid potential overlapping and duplication of activities.

The regulatory provisions for Banks in relation to the Cooperative Banking Group issued by the Bank of Italy establish that the corporate control Functions for affiliated Cooperative Credit Banks are carried out under an outsourcing regime by the Parent Company or other companies of the Group.

In order to guarantee guidance and coordination, the Parent Company maintains continuous exchanges of flows, information and data with the Group Companies in order to perform operational controls useful to ensuring the maintenance of balanced economic, financial, capital and risk level conditions and, more generally, the integrated Internal Control System at Group level as a whole.

In particular:

- the Boards of Directors of the Affiliated Banks perform the strategic planning and organisational management roles in compliance with what is laid out by Cassa Centrale Banca in terms of risk strategies, policies, assessment principles and measurement;
- the Boards of Statutory Auditors of the individual Affiliated Banks carry out the activities required by current legislation with a view to monitoring the completeness, adequacy, functionality and reliability of the integrated Internal Control System, collaborating with the respective Cassa Centrale Banca Body;
- the General Managers of the individual Affiliated Banks support the implementation of the strategic orientations and guidelines defined by the Board of Directors. As part of the internal control system, they support the Company in the initiatives and corrective actions highlighted by the Corporate Control Functions and brought to the attention of the Corporate Bodies;
- the Internal Representatives of the individual Affiliated Banks perform support tasks for the outsourced Corporate Control Function.

Management and control of climate and environmental risks within the Group

The integration and management of climate and environmental risks (i.e. C&E) in the regulatory and prudential supervisory framework is of major importance for European Supervisory Authorities. As also indicated in the ECB "Guide on climate-related and environmental risks", the process leading towards a transition to a more sustainable economy entails – simultaneously – risks and opportunities for the entire economic system and for financial institutions; on the other hand, damage from physical events caused by climate change and environmental degradation can generate very significant impacts on the real economy and the financial sector.

This includes the provisions of the ECB's Supervisory Expectations on climate-related and environmental risks, which aim to ensure that climate and environmental risks are fully integrated into the Group's strategy, as well as into the overall risk management system, in order to mitigate and communicate them in accordance with the relevant regulatory requirements.

The Group prioritises the issue of climate and environmental risks by initiating multiple activities, in order to extend the existing system and analysis framework, integrating them in a structured manner within the Group's broader risk management framework.

Over the last three years, also in response to discussions with the Supervisory Authority, the Group has started a progressive process of self-assessment and alignment to the Supervisory Expectations on C&E risks articulated in the following main stages:

- **in 2021** with the first self-assessment questionnaire with respect to the degree of alignment with the ECB's "Supervisory Expectations on climate-related and environmental risks" (the "ECB Guidelines") and the related definition of an initial Action Plan aimed at enabling full alignment. As part of the ICAAP and ILAAP process, the Group already in 2021 identified a number of evolutionary areas required to respond to the changing needs of the business and regulatory environment related to the analysis of climate and environmental risks and the need to incorporate assessments related to the evolution of these risks and their impacts on the Group's business model and control framework. Similarly, within the Risk Appetite Framework (RAF), the process of gradually integrating climate and environmental risks was initiated with the provision of initial monitoring indicators, as an expression of the Group's adaptation process, in line with the Group's ICAAP/ILAAP Report;
- **in 2022**, the Group was then involved in two separate exercises: firstly, the Thematic Review on C&E risks aimed at assessing the Group's overall compliance with the aforementioned ECB Guidelines and then the first regulatory stress test on climate and environmental risks (CST 2022). The stress test was structured around three modules aimed at assessing exposure to climate and environmental risks through:
 - i. a qualitative questionnaire on the Stress Test Framework on climate and environmental risks covering 11 subject areas;
 - ii. definition of two climate metrics aimed at assessing the Group's level of exposure and sensitivity to the risk of transition to an economy with a lower environmental impact through the analysis of revenues and exposures related to counterparties belonging to carbon-intensive sectors;
 - iii. bottom-up projections to quantify the economic impacts of climate and environmental risks resulting from the adjustment process towards a more sustainable economy and from extreme weather events in terms of credit, market and operational risk;
- **in 2023**, with the formalisation of the first materiality analysis of climate and environmental risks and the definition of a new "**Strategic and Operational Climate and Environmental Risk Integration Plan**" aimed at ensuring a sound, effective and integrated management of climate and environmental risks in terms of operating environment and strategy, governance and risk appetite, and more generally of the risk management system. This Plan consists of 21 initiatives – over the 2023-2025 plan period – divided into five macro areas (materiality assessment, operating context and strategy, governance and risk appetite, risk management system, and credit risk), for each of which the intermediate and final phases and objectives are described.

In general, with regard to C&E risk monitoring, the Group provides for an articulate set of monitoring indicators within the Risk Appetite Statement (RAS) consisting of:

- the "Concentration vs. main CPRS" indicator, which helps to monitor the concentration of the non-financial corporate (NFC) portfolio with respect to CPRS (Climate Policy Relevant Sectors);
- "Green Asset Ratio" indicator, which monitors an institution's assets aligned with the provisions of the Green Taxonomy;
- "NFC and HH exposure to hydrogeological risk", an indicator that monitors the share of non-financial corporate (NFC) and household (HH) portfolio exposed to events related to hydrogeological risk;

- “NFC exposure to landslide risk”, an indicator that monitors the share of non-financial corporate (NFC) and household (HH) portfolio exposed to events related to landslide risk;
- “Liquidity Coverage Ratio related to physical risk” indicator expressing the liquidity coverage ratio (LCR) under the assumption of a physical risk stress scenario;
- “Liquidity Coverage Ratio related to transition risk” indicator expressing the liquidity coverage ratio (LCR) in a transition risk stress scenario;
- “Net Stable Funding Ratio related to physical risk” indicator expressing the NSFR under the assumption of a physical risk stress scenario (landslide and flood);
- “Net Stable Funding Ratio related to transition risk” indicator expressing the NSFR under the assumption of a transition risk stress scenario.

With regard to reporting, the Group has supplemented its quarterly risk reporting with a specific section on climate and environmental risks, both at consolidated and individual level, including through the integration of additional monitoring indicators in the Risk Appetite Statements (RAS), with the aim of ensuring regular and transparent reporting with precise, clear, concise and substantial information. This section will be the subject of further developments and refinements that will result in the creation of dedicated reporting aimed not only at monitoring risks, but also at analysing the main ESG factors and their impact on the various existing risk categories (financial, operational, counterparty and related sub-categories), namely in order to:

- highlight the impact of ESG factors on existing risks;
- improve the monitoring and identification of these risks;
- enable changes in the operating environment to be dealt with more readily and flexibly;
- improve the corporate strategy;
- determine the actions to be taken in response to these changes in the short, medium and long term.

As already mentioned, in accordance with the recent “Strategic and Operational Climate and Environmental Risk Integration Plan” approved by the Parent Company’s Board of Directors in June 2023, the Group has launched a series of initiatives aimed at ensuring an adequate response to new business needs through the acquisition of a wealth of information on the ESG profiles of entrusted customers, as well as the consolidation of additional metrics for assessing, monitoring and reporting climate risks.

The universal nature of C&E risks attracts the involvement of various internal Group structures with activities articulated in various areas being planned and/or launched, directly affecting the main traditional risk categories.

In general, climate and environmental risks can mainly be divided into two specific categories:

- **transition risk:** the risk of incurring financial losses, directly or indirectly, as a result of the transition to a low-carbon and more environmentally sustainable economy;
- **physical risk:** the risk of incurring financial losses due to extreme weather events and/or gradual changes in climate, as well as environmental degradation, i.e. air, water and soil pollution, water stress, loss of biodiversity and deforestation.

As part of the activities to integrate climate and environmental risks into the risk management framework, the Risk Management Department is continuing along the path already carved out in previous years and aimed at developing the most appropriate methodologies to identify and quantify this type of risk, further



developing the materiality analysis as well as what was presented in previous ICAAP/IIAAP Reports, with the aim of achieving a solid, effective and complete management of climate and environmental risks.

The action plan defined at the level of the Risk Management Department is based on the initiatives currently under way, related to the enrichment of information databases and the definition of a series of integration actions scheduled on the basis of a principle of sequentiality and progressive consolidation in risk management procedures and processes.

In this context, the main initiatives are outlined below:

- analysis of climate and environmental risk factor transmission channels on the Group's risk identification and assessment system;
- integration of the Group Risk Map;
- integration of the Group Risk Appetite Framework and key metrics for materiality assessment, measurement and monitoring of Group risks;
- adjustment of Risk Governance processes;
- integration of internal capital and liquidity adequacy assessment processes.

With regard to the materiality assessment of C&E risks, it should be noted that already in the first quarter of 2023, the Group had conducted an initial formal analysis. With reference to physical risk, the methodology used was based on the construction of a geographic mapping of Italy (on a regional and provincial scale) relative to the level of risk for different physical risk factors. With regard to transition risk, by using the activities and experience gained through participation in the "2022 ECB Climate Risk Stress Test", stress risk indicators under transition scenarios were developed. Still on the subject of transition risk, the pilot project (CCB4ESG) was launched in the final quarter of 2023 aimed at collecting information from the Group's main counterparties, classified as non-financial corporations, with a view to better assessing this risk.

In this sense, taking into account the progressive refinement of the measurement tools in use, the Group has recently significantly strengthened its materiality assessment of climate and environmental risks, particularly with regard to their identification process (in terms of sector and geographic coverage and transmission channels), highlighting how climate and environmental risks simultaneously constitute risk factors of various existing risk categories and sub-categories and therefore integrating them within these categories in the Group's Risk Map.

The framework for assessing the materiality of climate and environmental risks is described with a short, medium and long-term view subject to the occurrence of transition scenarios of the economic activities and includes the following components:

- risk transmission channels;
- climate and environmental risk mapping questionnaire;
- exposure and concentration verification indicators;
- methodologies for the materiality analysis.

As emerged in the risk identification and materiality assessment process carried out in the first quarter of 2024, C&E risks have a **limited impact in the short term and a partially material impact in the medium and long term.**

Please note that the Group defines the concept of “short, medium and long term” according to the following criteria:

- the short term is defined in full alignment with the time frame used by the Group in its planning, budgeting, ICAAP, stress test, etc. exercises, namely 3 years from the reference date (i.e. 2026);
- the medium term is defined in view of the fact that the transition is a complex process that takes more than three years to complete. However, this period is heavily linked to the declared objectives of the European Parliament’s Climate Policy, namely 7 years from the reference date (i.e. 2030);
- the long term is defined in full alignment with the time frame defined in the decarbonisation targets of the economy according to the Paris Agreement (i.e. 2050).

Within the current Sustainability Plan, the Group has defined specific projects that include decarbonisation targets for Scope 1 and 2, and the quantification of Scope 3 emissions (category 15), in preparation for defining the decarbonisation strategies of its portfolio.

Due to the nature of the Group's business, the C&E risk materiality analysis is performed on all risks, but with a focus on credit, market, operational, liquidity and financing, proprietary real estate portfolio, strategic and business, litigation and legal, and reputational risks, viewed from the level of economic activity (i.e. sub-sector), geo-location and Group Banks.

The Group’s climate and environmental risk quantification methodology is a proprietary risk category-specific methodology that makes use of transition and physical risk estimation indicators developed by third parties.

The Group’s exposure to climate and environmental risks is moderate due to the limited vulnerability of its assets. Group assets subject to potential impairment from climate and environmental risks are limited to loans to non-financial corporations, real estate collateral to cover loans, funding from non-financial corporations, and movable and immovable assets.

Below is an overview summarising the potential impacts of physical and transition risk factors within the traditional risk categories, with respect to the short, medium and long term. It should be noted that the Group conducted its analyses according to a conservative approach by assessing impacts at “static balance sheet” level, i.e. by adopting judgement thresholds and identifying possible vulnerabilities to C&E risks according to the following prudential assessment.

TYPE OF RISK	Short term (2026)	Medium term (2030)	Long term (2050)
Credit risk	Not significant	Partially significant	Significant
Market risk	Not significant	Not significant	Not significant
Liquidity and funding risk	Not significant	Not significant	Partially significant
Operational risk	Not significant	Not significant	Not significant
Real estate portfolio risk	Partially significant	Partially significant	Significant
Strategic and business risk	Not significant	Partially significant	Partially significant
Litigation and legal risk	Not significant	Not significant	Not significant
Reputational risk	Not significant	Not significant	Not significant

In particular:

- with regard to credit risk, the analysis focuses on both the corporate and private portfolios. In the former, through the use of Risk Indexes based on balance sheet indicators and business-related aspects as a proxy for estimating the change in the Probability of Default (PD) and quantifying the impact in terms of Expected Credit Loss (ECL), in the latter as a function of the prospective 1-year PD delta;
- for operational risk, it is performed by considering operational losses from events related to C&E risks, detected in Loss Data Collection and by Risk Control & Self-Assessment;
- for liquidity and funding risk it is performed on the scope sensitive to physical risk and transition risk, i.e. on demand deposits, instalment loans at maturity and irrevocable margins, associating with each C&E risk class a percentage increase in cash outflows and/or a percentage decrease in cash inflows;
- for market risk it is performed on the Group's own securities portfolio using the Climate VaR (CVaR) indicator, with specific reference to sovereign and corporate securities;
- in relation to strategic and business risk, the approach focuses on the volumes of interest income and fees and commission income generated by the Group Bank activities, which would be potentially at risk under the climate scenarios in question;
- lastly, in relation to real estate risk, it focuses on the Group's real estate portfolio, in terms of cumulative impairment against the assumption of the occurrence of a group of physical risk events.

As part of the materiality analysis, the NGFS (Network for Greening the Financial System Scenarios) (Phase IV) climate scenarios were used, identified on the basis of the following rationales and related considerations:

- the NGFS scenarios are based on shared scientific assumptions: the set of Shared Socioeconomic Pathways (SSPs) (economic scenarios) and the Representative Concentration Pathway (RCP) (emissions scenario) of the Intergovernmental Panel on Climate Change (IPCC);
- NGFS scenarios are currently widely used by financial intermediaries;
- NGFS scenarios are applied globally, with impacts at regional level;
- the REMIND-MAgPIE model, a comprehensive IAM framework that simulates, in a prospective manner, the dynamics and links between energy systems, land use, water, air pollution and health, economy and climate;
- the REMIND (REgional Model of INvestments and Development) model includes the main features necessary for the Bank's analysis purposes (e.g. wealth of sector details).

It should be noted that these scenarios were published by NGFS in November 2023 on the basis of information available between late 2022 and early 2023, thus not including the most recent economic developments. Furthermore, as in previous editions, the first year of the transition policies in the scenarios coincides with the year of publication. This means that the NGFS framework consider the adoption of transition policies in a time period that has "already happened". In order to address these potentially critical elements, it was deemed appropriate to use the most recent baseline scenario up to the year 2023 at the time the NGFS scenarios were published, i.e. the September/October edition. As of 2024, however, the dynamics/levels (depending on the variables) are consistent with those in the NGFS baseline scenario by estimating the dynamics of the macroeconomic and financial variables, not included in the NGFS macroeconomic scenarios, required to be fed in to the procedures and models.

In general, the methodology for identifying climate and environmental risks integrates the methodological framework described in the "Group Regulations on the Identification of Significant Risks", which remains the reference framework with all sub-processes defined therein for the recognition of significant risks, mapped out in the Group Risk Map.

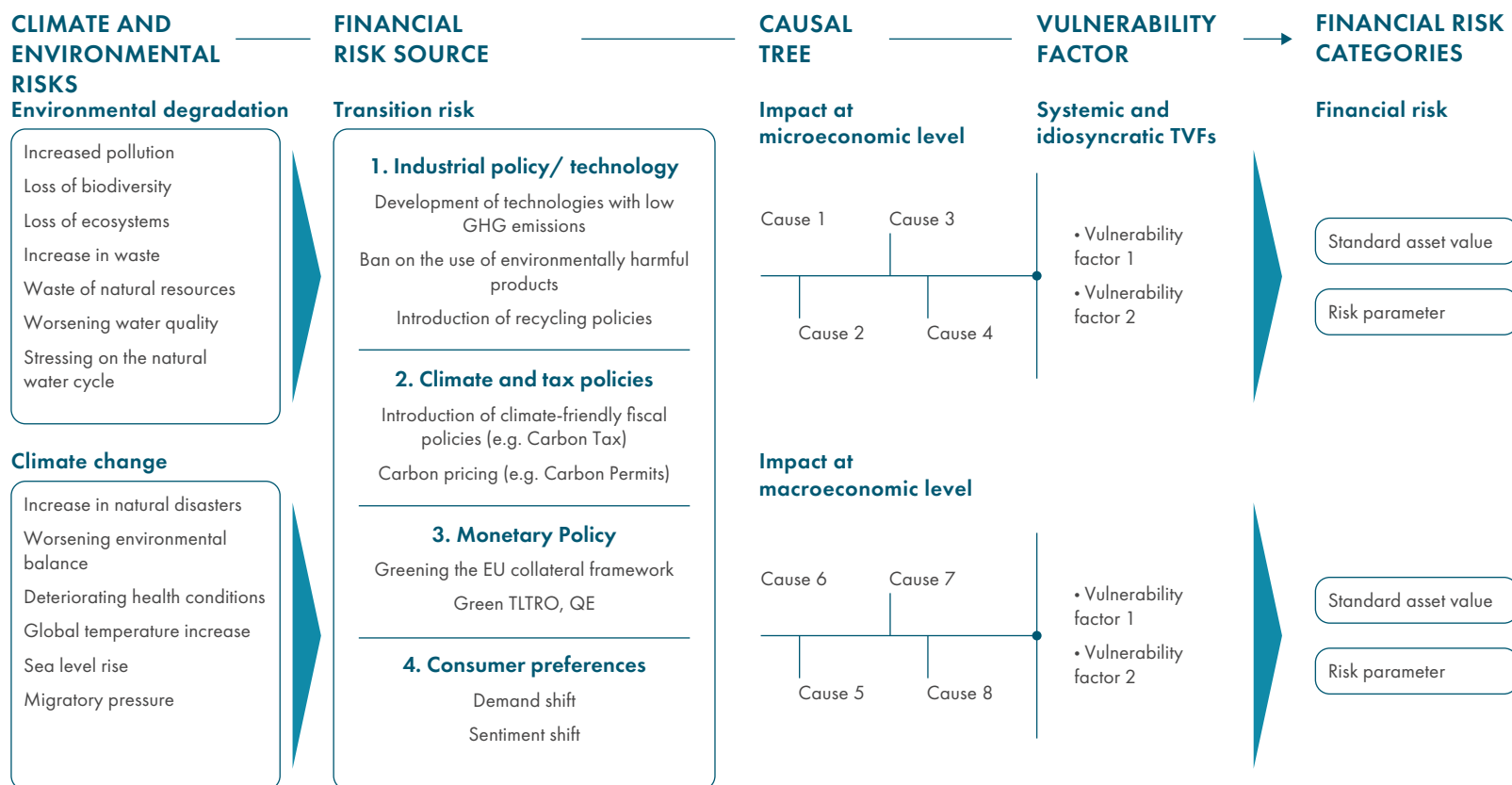
In line with what was proposed by the Basel Committee in the section "Usage of traditional financial risk categories"¹¹ of the paper "BCBS, Climate-related risk drivers and their transmission channels, Apr. 2021", the Group sees no need to create a new top-level financial risk category in the Group Risk Map. Instead, it considers it appropriate to consider climate and environmental risks as lower-level risks within the existing financial risk categories, i.e. credit risk, market risk, operational risk, liquidity and loan risk, real estate portfolio risk, and strategic and business risk.

In order to take due account of the direct and indirect effect of climate and environmental risks on existing financial risks, the Group adopts the transmission channels approach.

¹¹ "To demonstrate ways in which risk drivers can impact banks, this section includes illustrative examples taken from the literature. Analysis of examples strongly suggests that climate risk drivers can translate into traditional financial risk categories, rather than representing a new type of risk. This report therefore considers climate-related financial risk under the categories of credit risk, market risk, liquidity risk, operational risk and reputational risk." [BCBS, Chapter 3, Climate-related risk drivers and their transmission channels, April 2021].

The transmission channel, as defined in the taxonomy, is the causal chain that explains the dependence of financial risks on climatic and environmental risk factors (e.g. environmental degradation and climate change) through the direct or indirect impact they have on the economic value of the Group's financial assets (microeconomic impact) and on the business environment in which it operates (macroeconomic impact).

As such, they represent the theoretical and practical tool with which the Group is able to assess the relevance of climatic and environmental degradation on risk parameters and thus the possible classification as material and relevant risk.



The transmission methodology involves the determination of:

- **Climate and environmental risks**, i.e. those **originating from both environmental degradation** (e.g. increased pollution, loss of biodiversity, loss of ecosystems, increase in waste, waste of natural resources, worsening water quality and stress on the natural water cycle) **and climate change** (e.g. increased natural disasters, worsening environmental equilibrium, worsening health conditions, rising global temperatures, rising sea levels and thus migratory pressure);





- **Sources of financial risk**, i.e. the risk drivers and their determinants **that generate transition risk** (including regulatory changes, changes in fiscal policy, technological progress, changing consumer preferences for and against the environment) and physical risk (including the occurrence of acute events, chronic events, geographical heterogeneity);
- **Causal chain**, i.e. the set of causes that, at the microeconomic level of the individual counterparty and at the macroeconomic level of the system, explain the impact of transition and physical risks on the vulnerability factors of the Group's business;
- **Transition and physical vulnerability factors**, i.e. the elements that make the Group's business model and strategy vulnerable to climate and environmental risks or, in other words, risk parameters against which the relevance of climate and environmental risks is assessed.



The Group therefore uses this method to understand the impact of climate and environmental shocks on risk parameters by line of business (loans, deposits, asset management, bancassurance services, etc.) and broken down by portfolio, customer type, economic sector and geography.


It should be noted, however, that this process of identifying risk factors and assessing the relevance of climatic and environmental risks is continually being strengthened.

The table below shows the correlation between the areas mentioned in Art. 3, paragraph 2 of Italian Legislative Decree 254/2016 regarding the material topics identified, indicating the principle traditional associated risks, the types of events and the related management methods.




The non-financial risks within the scope of Italian Legislative Decree 254/2016, as well as the main safeguards put in place by the Group to mitigate them, are also described below. As a transversal oversight tool, please also note the Group Regulations *on the identification of significant risks*.




Material topic for the Group	Areas Italian Legislative Decree 254/2016	Type of Traditional Risk	Main Risk Events	Structures, Regulations and Policies covering the risk
Management and reduction of environmental impact	 Environmental	Risk of non-compliance with rules	Production of GHG emissions	<ul style="list-style-type: none"> ■ Environmental Policy ■ Group Policy on sustainability in the financial services sector
		Operational risk / Strategic and business risk	Absence of products associated with sustainable activities (e.g. green credit for businesses, restructuring and energy efficiency improvement loans, etc.)	<ul style="list-style-type: none"> ■ Group Regulations pertaining to new products ■ Group Policy on sustainability in the financial services sector
		Reputational risk	Financing of high environmental impact activities (e.g. drilling, high-pollution businesses, etc.) Consumption of natural resources connected with Group activities	<ul style="list-style-type: none"> ■ Group Regulation on reputational risk management ■ Group Policy on sustainability in the financial services sector
Well-being, work-life balance and corporate welfare	 Personnel-related	Reputational risk / Compliance risk	Occupational health and safety and work-related stress	<ul style="list-style-type: none"> ■ Group Policy for the management of occupational health and safety ■ Parent Company Regulation on the Occupational Health and Safety Management System
Training and skills development	 Personnel-related	Reputational risk / Strategic and business risk	Failure to meet the expectations of Employees in terms of training, professional growth, skills development and corporate welfare	<ul style="list-style-type: none"> ■ Group Regulation on Reputational Risk Management ■ People and Corporate Culture Service ■ Actions for motivation and engagement (e.g. individual skills training and development plans) ■ Disciplinary regulation
Talent attraction, development and retention	 Personnel-related	Reputational risk / Strategic and business risk	Incorrect management of remuneration policies Failure to provide career development and enhancement opportunities for employees	<ul style="list-style-type: none"> ■ Group Remuneration Policies ■ Group Whistleblowing Regulation



Material topic for the Group	Areas Italian Legislative Decree 254/2016	Type of Traditional Risk	Main Risk Events	Structures, Regulations and Policies covering the risk
Diversity, equal opportunities and inclusion	 Respect for human rights	Reputational risk / Strategic and business risk / Governance risk	Failure to respect human rights with reference, for example, to guaranteeing equal opportunities, diversity and inclusion	<ul style="list-style-type: none"> Human Rights Policy Diversity Policy Group Policy on Arms Brokering
Ethics and integrity in business management	 Anti-corruption	Money-laundering and financing of terrorism risk / Reputational risk / Governance risk	Incidences of corruption	<ul style="list-style-type: none"> Model pursuant to Italian Legislative Decree 231/2001 Anti-corruption Policy Group Regulation on reputational risk management Group Policy on Arms Brokering Group Whistleblowing Regulation Group market abuse prevention and management regulation
		Money-laundering and financing of terrorism risk / Reputational risk / Governance risk	Transactions that are insufficiently transparent and/or non-compliant with reference regulations	<ul style="list-style-type: none"> Model pursuant to Italian Legislative Decree 231/2001 Anti-corruption Policy Group Regulation on reputational risk management Group Policy on Arms Brokering Group Whistleblowing Regulation Group Policy on sustainability in the financial services sector Group market abuse prevention and management regulation Group Regulation for the management of inside information and internal dealing Group impaired loan management regulation
		Money-laundering and financing of terrorism risk / Reputational risk / Governance risk	Assignment of strategic roles to unskilled individuals in exchange for money, favours or friendship	<ul style="list-style-type: none"> Model pursuant to Italian Legislative Decree 231/2001 Anti-corruption Policy Group Whistleblowing Regulation Disciplinary regulation

Material topic for the Group	Areas Italian Legislative Decree 254/2016	Type of Traditional Risk	Main Risk Events	Structures, Regulations and Policies covering the risk
<p>Quality of service, listening and customer satisfaction</p>	 <p>Social (Customers)</p>	<p>Reputational risk / Strategic and business risk</p>	<p>Failure to engage with Customers and Customer dissatisfaction</p>	<ul style="list-style-type: none"> ■ Model pursuant to Italian Legislative Decree 231/2001 ■ Anti-corruption Policy ■ Group Policy on Arms Brokering ■ Disciplinary regulation ■ Group market abuse prevention and management regulation
<p>Financial education and inclusion initiatives</p>	 <p>Social (Customers)</p>	<p>Reputational risk / Strategic and business risk</p>	<p>Inadequacy of personnel training and awareness-raising programmes in relation to the rules of conduct specified in internal documents (e.g. Code of Ethics, Anti-corruption Policy, etc.)</p>	<ul style="list-style-type: none"> ■ Group Regulation on Reputational Risk Management ■ Disciplinary regulation

Material topic for the Group	Areas Italian Legislative Decree 254/2016	Type of Traditional Risk	Main Risk Events	Structures, Regulations and Policies covering the risk
<p>Privacy & data protection</p>	 <p>Social (Customers)</p>	<p>Reputational risk / Compliance risk / ICT and security risk</p>	<p>Violation of privacy and loss of customers' sensitive data and information</p>	<ul style="list-style-type: none"> ■ Personal data protection policy ■ Group Regulation on Personal Data Processing ■ Data breach management procedure ■ Data breach management methodology ■ Parent Company procedure for the management of data subject rights ■ Privacy by design procedure ■ Parent Company procedure for the management of appointments ■ Data retention procedure ■ Data Governance Policy - Data Governance standard and Data Quality Guidelines ■ Group Regulation on reputational risk management ■ Group Information Security Policy and Regulation ■ Group Information Security Regulations ■ Group security manual for users ■ Group ICT Incident Management Regulation ■ Group identity and access management policy ■ Group secure endpoint management policy ■ Code of conduct and use of resources annexed to the supplementary company regulations ■ Group IT System Management Regulation ■ Group digital fraud management regulation ■ Disciplinary regulation ■ Social Media Policy

Material topic for the Group	Areas Italian Legislative Decree 254/2016	Type of Traditional Risk	Main Risk Events	Structures, Regulations and Policies covering the risk
<p>Transparency in communications to Customers</p>  <p>Social (Customers)</p>		<p>Reputational risk / Compliance risk / Governance risk</p>	<p>Sales of products/services not suited to the customer's risk profile and/or not in line with their requests and needs</p> <p>Lawsuits against products/services</p>	<ul style="list-style-type: none"> Group Regulations pertaining to new products Group Regulation on reputational risk management Adequacy and appropriateness assessment policy Group Regulations on product governance for financial instruments and insurance investment products Customer classification policy (MiFID) Group market abuse prevention and management regulation Group Procedure on the handling of complaints
<p>Responsible credit policy and offer of products/services for social and environmental purposes</p>  <p>Environmental/ Social (Customers)</p>		<p>Reputational risk / Compliance risk / Strategic and business risk</p>	<p>Relations with customers pertaining to product categories at risk and the financing of activities in business sectors that are controversial or have social and environmental critical issues</p>	<ul style="list-style-type: none"> Group Regulations pertaining to new products Operating procedures Arms Policy Group Policy on Arms Brokering Group Policy on sustainability in the financial services sector Group market abuse prevention and management regulation
<p>Support for the business system and households</p>  <p>Social (Customers)</p>		<p>Reputational risk / Compliance risk</p>	<p>Failure to manage complaints, failure to investigate (through surveys, interviews or other tools) the level of customer satisfaction and failure to respond to their demands emerging from the investigation</p>	<ul style="list-style-type: none"> Group Procedure on the handling of complaints Group Regulation on reputational risk management Group Procedure on the handling of complaints

Material topic for the Group	Areas Italian Legislative Decree 254/2016	Type of Traditional Risk	Main Risk Events	Structures, Regulations and Policies covering the risk
Corporate governance and decision making	 Social (Suppliers)	Reputational risk / Compliance risk / Governance risk	Failure to certify suppliers on economic/financial and social/environmental criteria	<ul style="list-style-type: none"> ■ Expenditure Management Regulation ■ Group Outsourcing Regulation
Value creation and business sustainability	 Social	Reputational risk / Compliance risk / Governance risk	Non-optimisation of the trade-off between quality and procurement costs	<ul style="list-style-type: none"> ■ Expenditure Management Regulation ■ Group Outsourcing Regulation
External relations and management of relations with partners	 Social (the Community)	Reputational risk / Compliance risk / Governance risk	Significant fines or penalties due to failure to comply with laws or regulations	<ul style="list-style-type: none"> ■ Group Regulation on reputational risk management ■ Group Policy on Arms Brokering ■ Group Privacy Regulation ■ Group digital fraud management regulation ■ Group Whistleblowing Regulation ■ Group Policy on sustainability in the financial services sector ■ Regulations for the Management of Dialogue with Shareholders ■ Group market abuse prevention and management regulation

Material topic for the Group	Areas Italian Legislative Decree 254/2016	Type of Traditional Risk	Main Risk Events	Structures, Regulations and Policies covering the risk
<p>Operations rooted in the local area</p>	 <p>Social (the Community)</p>	<p>Reputational risk / Compliance risk</p>	<p>Media coverage of news that is negative for the Cassa Centrale Group</p>	<ul style="list-style-type: none"> ■ Group Regulation on reputational risk management ■ Group Privacy Regulation ■ Group Policy on Arms Brokering ■ Group digital fraud management regulation ■ Group Whistleblowing Regulation ■ Disciplinary regulation ■ Social Media Policy ■ Group Policy on sustainability in the financial services sector ■ Group market abuse prevention and management regulation ■ Group identity and access management policy ■ Group Regulation on real estate for instrumental purposes
<p>Support for the communities and the Third Sector</p>	 <p>Social (the Community)</p>	<p>Reputational risk / Compliance risk</p>	<p>Inadequate, inappropriate, incomplete or non-transparent communication</p>	<ul style="list-style-type: none"> ■ Operating procedures of the Services involved ■ Group Regulation on reputational risk management ■ Disciplinary regulation ■ Social Media Policy