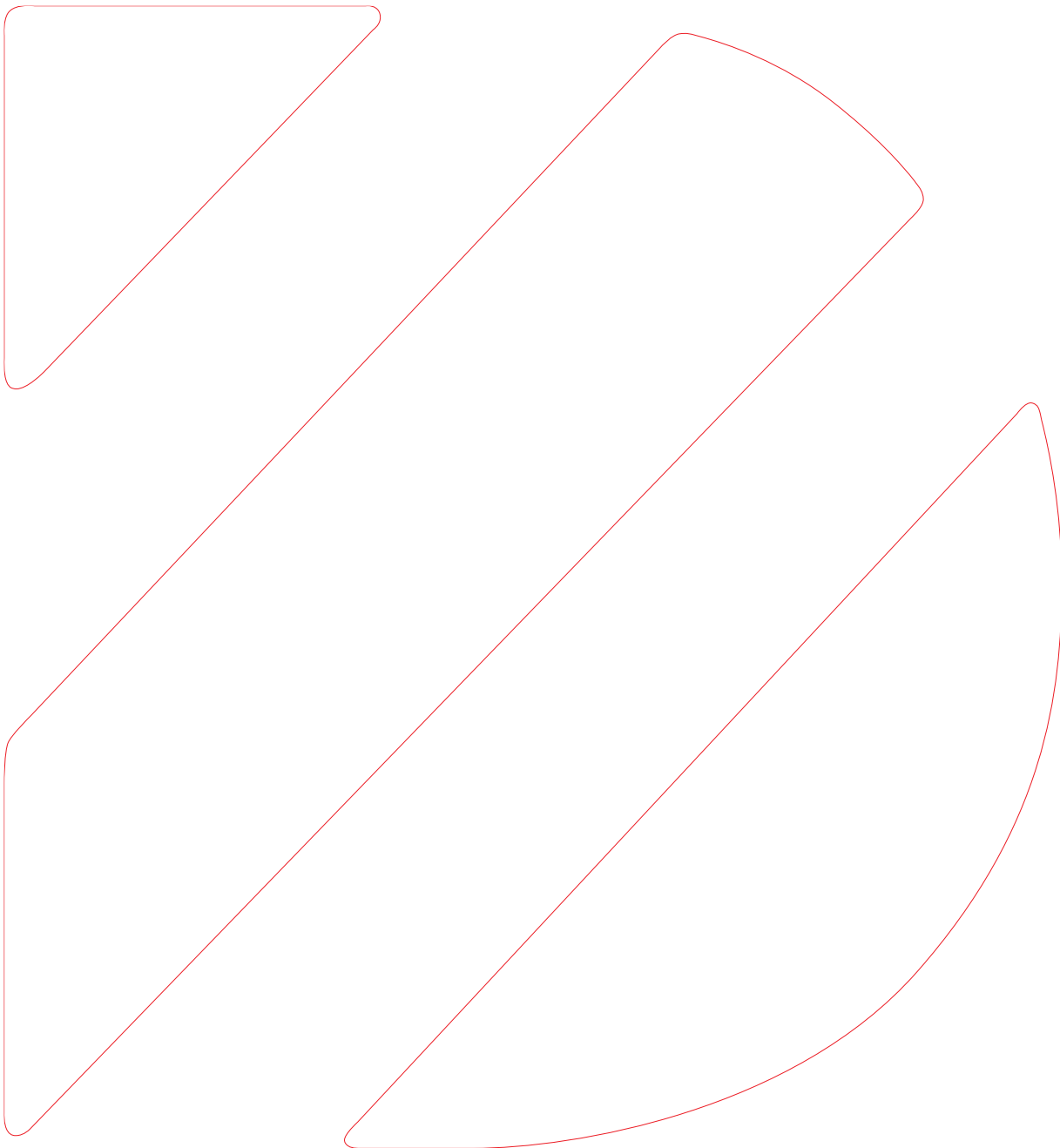




SUSTAINABILITY REPORT 2023

Consolidated non-financial statement in accordance with Legislative Decree no. 254/2016

Banco di Desio e della Brianza S.p.A. | Registered Office via Rovagnati, 1 - 20832 Desio (MB) | Tax Code no. 01181770155 | Registered with the Metropolitan Chamber of Commerce of Milan, Monza and Brianza and Lodi | Share Capital EUR 70,692,590.28 fully paid-up | Member of the Interbank Deposit Protection Fund | and of the National Guarantee Fund | Registered in the Banking Register under ABI Code no. 3440/5 | Parent Company of Gruppo Bancario Banco di Desio e della Brianza | Registered with the Banking Group Register under no. 3440/5

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Letter from the Chairman to Stakeholders

[GRI 2-22]

Dear Readers,

We are pleased to present to you the seventh edition of our Sustainability Report, which once again recounts the very positive results of our ongoing commitment to pursuing the environmental, social and economic goals that reflect the founding values of the Banco Desio Group. Aware of the role we play in the financial markets, in this document we intend not to just report on our activities, but to also share our progress, to inspire and engage stakeholders on our journey towards a more sustainable and equitable world. This edition represents a significant milestone in our commitment to sustainability and spurs us on to continue innovating and making progress with continuously increasing determination to achieve a better future for all.

Through our deep-rooted local presence, we strive to create real and lasting value by collaborating with local communities, supporting innovation and promoting inclusive economic growth. Our ambition is to be not only a source of financial confidence, but also a catalyst for positive change.

Over the past few years, we have achieved remarkable results, the result of an innovative path that we have embraced and supported with conviction. Year after year, we faced the challenges emerging in the ever-changing environment, while maintaining a firm awareness of our identity and history. This has allowed us to adapt flexibly and grow while preserving the core values that distinguish us and guide Banco Desio towards an even more promising future.

We have experienced, and continue to experience, complex and delicate global upheaval: the pandemic, the Russia-Ukraine war and the Israel-Palestine conflict, with their dramatic social consequences, which have further accentuated fears and uncertainties about future outlooks, which were already adversely impacted by the effects of climate change. The resulting trends in commodity prices and procurement costs triggered the sharp rise in inflation, to which the central banks reacted by adopting restrictive monetary policies that on one hand cooled the price spiral and on the other hand widened the interest rate spread.

Due to the rate hike imposed by the European Central Bank, the banking sector ended 2023 with positive results, which, in our specific case, are supported by non-recurring items linked to the sale of the merchant acquiring business unit to Worldline Italia and the acquisition of the business unit from the BPER Group.

The economic value generated by our Group in the reporting year amounted to EUR 702 million¹, compared to EUR 464 million in 2022, the economic value distributed to the various stakeholder categories thus reached EUR 439 million, compared to EUR 369 million in 2022, while the economic value retained exceeded EUR 262 million, compared to EUR 96 million in the previous year.

The significant increase in the economic value retained derives not only from the non-recurring transactions mentioned above, but also from the proposed allocation of profit that Banco Desio's Board of Directors intends to propose to the Shareholders' Meeting, called for 18 April 2024, in order to strengthen our Group's assets so as to continue to support the strategy of creating shared value for our stakeholders, which we strive to support with a view to sustainable development; the same proposal also includes the decision to allocate EUR 46.7 million to a specific restricted reserve pursuant to Art. 26 of Decree-Law no. 104 of 10 August 2023, in lieu of the payment of the extraordinary tax ("tax on extra profits"), according to the option set forth in that law.

The "**Beyond 26**" 2024-2026 business plan also goes in a developmental direction, in addition to acting as a continuation of the previous D23 plan, whose targets we exceeded. The new Plan is more markedly characterised by sustainability, which we refer to as "**ESG Infusion**", in line with the current regulatory and reference competitive context, but also and above all because sustainability is intrinsic in the DNA of Banco Desio. **Banco Desio's ambition is to be recognised by the market, customers and institutions as a leading bank that is championing the transition to a sustainable economy with full respect for environmental, social and good governance values.** We are currently evaluating our credit and investment policies in light of the analysis performed on our portfolios to verify their degree of alignment

¹ Ref. "Creating Shared Value" disclosure below

with the targets set by the Paris Climate Agreement. We are also structuring dedicated financial and investment products and services to this end. We are evolving our control function frameworks and embarking on a path of integrating sustainability-related risks into our business and risk management system, defining specific indicators through the integration of the Risk Appetite Framework, planning appropriate training and communication to support ongoing change and increasingly specifically incorporating sustainability elements into our management bonus system.

The year that has just ended has seen us grow considerably in both performance and size; the business unit we acquired has brought with it many new customer relationships, with the 250 colleagues who have arrived to strengthen our team and the 48 branches thanks to which we have consolidated our local presence, which now also reaches Sardegna, to which I am personally attached. As our CEO, Alessandro Decio, also mentioned recently, today we are a stronger and more solid Group.

In this sustainability report, we present our non-financial performance and, above all, how we intend to achieve the sustainability commitments we have made in the new **"Beyond 26"** Business Plan. Our challenge is to unite tradition and innovation, with the awareness that, without the latter, the former can result in something that is not sustainable and does not create value. We want to be a modern bank, but still recognisable due to our values, we want to be perceived as a bank that is friendly and close to its customers, ready to support them in this change as well. We have a growing ESG rating ambition, and we aim to join the major initiatives promoted by the United Nations to contribute even more decisively to the pursuit of zero direct emissions by 2030 and indirect emissions by 2050. We are developing the value proposition to offer "green" financing products to individuals and small and medium-sized enterprises, as well as services and investment products that combine a return on capital with sustainability objectives, aligned with the European taxonomy.

The direct impacts we generated throughout 2023 were highly positive, and although we grew due to the 48 bank branches acquired, the Group recorded an overall reduction in energy consumption of 2% compared to the previous period, the result of the range of energy efficiency initiatives deployed. We continue to procure electricity exclusively from certified renewable sources.

Also in terms of direct impacts, the women hiring rate stands at 51% and the hiring of people under 30 remains basically the same as in previous period at 33%.

Even after the entry of colleagues from the BPER Group, we can confirm a *gender pay gap* of zero and a significant increase of 29% in the training hours provided to employees compared to the previous period.

These results were possible thanks to the people working in the Banco Desio Group who are the enabling factor for its present and future success, including the enhancement of our brand in private banking.

This is why we are continuing with our plan to integrate E(SG) factors into the Bank's decision-making system, known as the **ESG Masterplan**, which aims to support the economic transition of the area in which we operate to a sustainable, circular and low-carbon economy. This commitment reflects our constant adaptation to emerging challenges and the need to adopt responsible business practices for a sustainable future.

Once again this year, I would like to express my deep gratitude for what has been achieved so far. This recognition is for all of those who have contributed and are contributing significantly to writing the history of our Group with their professionalism, experience and dedication. Together, we will continue to work with commitment and team spirit to meet future challenges and pursue the challenging goals we have set for ourselves.

As I said, we continue to remain aware that the complexity of the current scenario requires prudence and vision. I have no doubt that we will continue to demonstrate our ability to adapt and respond innovatively to the needs of our stakeholders. We will continue to be a fundamental point of reference, holding firm to our values even in technological innovation and digital transformation to make the banking services we offer increasingly accessible and efficient. Through collaboration and shared commitment, we intend to consolidate our role as an engine of sustainable development and well-being for the areas in which we operate.

Desio, 29 February 2024

The Chairman
Stefano Lado

Executive Summary

Highlights 2023

[GRI 2-6]

2023 | performance

€ 702.1 mln

Economic value generated
+51% over 2022

€ 1,354 mln

Consolidated assets
+21% over 2022

€ 1,975.5 mln

Customer investments managed according to environmental, social and ethical criteria
+17% over 2022

€ 11.6 bn

Loans to customers
+2% over 2022

€ +1.6 bn

New disbursements to households and enterprises in 2023

Banco Desio

upgrade to EE (strong) of the Standard Ethics rating

477,365 (previously 369,995)

Customers
+29% over 2022

280 (previously 232)

Banco Desio Branches
+21% over 2022

46 (previously 44)

Fides financial shops
+5% over 2022

2023 | the environment

-10%⁽¹⁾

Energy consumption over 2022

TARGET – 2%

-9%⁽²⁾

Co₂ eq. emissions on 2022

TARGET – 2%

100%⁽⁵⁾

Electricity from certified renewable sources

TARGET 100%

+3%⁽³⁾

Paper consumption over 2022

TARGET – 5%

-16%⁽⁴⁾

Toner consumption over 2022

TARGET – 5%

-23%⁽⁵⁾

Waste production over 2022

TARGET – 2%

1%⁽⁵⁾

NON FSC/PEFC or Recycled paper consumption

TARGET ≤ 3%

100%⁽⁵⁾

Recycled toners

TARGET 100%

100%⁽⁵⁾

Waste for recycling/reuse

TARGET ≥ 97%

(1) Pro-forma figure net of consumption relating to the branch acquired from the BPER Group. Considering the broader scope of the Banco Desio Group at the end of 2023, the figure becomes -2% (Scope 1 and Scope 2)

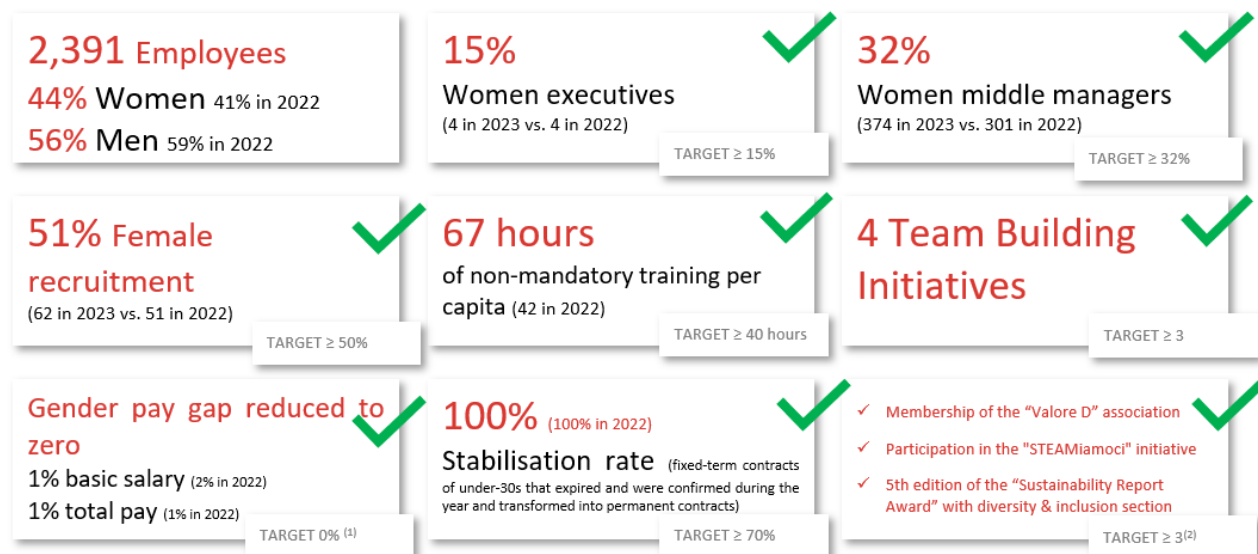
(2) Pro-forma figure net of consumption relating to the branch acquired from the BPER Group. Considering the broader scope of the Banco Desio Group at the end of 2023, the figure becomes -7% (Scope 1)

(3) Pro-forma figure net of consumption relating to the branch acquired from the BPER Group. Considering the broader scope of the Banco Desio Group at the end of 2023, the figure becomes +27%

(4) Pro-forma figure net of consumption relating to the branch acquired from the BPER Group. Considering the broader scope of the Banco Desio Group at the end of 2023, the figure becomes +2%

(5) Banco Desio Group figure at the end of 2023 inclusive of the branch acquired from the BPER Group

2023 | people



⁽¹⁾ Target referring to new recruits

⁽²⁾ At least 2 new initiatives/collaborations/memberships promoting diversity, inclusion and equal opportunities

Sustainability awards and recognitions



Banco di Desio e della Brianza has been included since 2016 in the SE Italian Banks Index of Standard Ethics, an independent sustainability rating agency based in London.

On 20 February 2024, the update of the sustainability rating by the specialised agency "Standard Ethics" was announced, with an upgrade of Banco Desio's SER corporate rating to **"EE"** from the previous "EE-", increasingly positioning Banco Desio among the best performers in its sector.

Level of Compliance								
EEE	EEE-	EE+	EE	EE-	E+	E	E-	F
Full	Excellent	Very strong	Strong	Adequate	Non-compliant	Low	Very Low	Lowest level
Sustainable				Not Fully Sustainable		Not Sustainable		

The Standard Ethics label has been known since 2004 in the world of "sustainable finance" and ESG (Environmental, Social and Governance) studies and aims to provide clients with a snapshot of their positioning in relation to the sustainability and corporate governance guidelines promoted by the UN, OECD and the European Union.

The Standard Ethics Rating is a Solicited Sustainability Rating (SSR) with three significant features:

- **Solicited** – it is issued at the recipient's request through a direct, regulated bilateral relationship.
- **Standard** – The rating is always comparable as the methodology and issue parameters are standardised based on predetermined guidelines and the algorithm takes into account issuer size and type. In the case of Standard Ethics, the parameters are the European Union, OECD and UN guidelines on governance and sustainability.
- **Independent** – The Agency offers guarantees of impartiality and independence and has no shareholding or financial relationships with the requesting party.



On 7 November 2023, the fifth edition of the "Sustainability Report Award" was held, organised by the Department of Economics and Business Sciences of the University of Pavia with the patronage of the Italian Society of Teachers of Accounting and Business Administration (SIDREA) and the collaboration of the following technical partners: Banco di Desio e della Brianza, STEAMiamoci and LSEG.

The "Sustainability Report Award" event was born in 2019, inspired by the idea of recognising commitment and rewarding Italian companies on the basis of their non-financial statements or, more generally,

sustainability reporting.

The importance of non-financial statements stems from the need to convey information on non-financial issues to various stakeholder groups, issues that take on an even more significant role in light of the new European CSRD Directive, which expands the group of companies subject to regulatory obligations, in addition to revising the methods and content of sustainability reporting.

The aim of the event was to disseminate the culture of non-financial performance reporting for the promotion of sustainable actions. It also aimed to contribute to the dissemination of fundamental principles, elements and concepts that could represent the reference standards related to non-financial communication to consolidate a sustainable corporate culture.

The reports submitted for evaluation were divided into three categories of companies, for each of which three outstanding companies were selected.

Like in the previous edition, again this year a specific section of the Award was dedicated to Diversity & Inclusion issues, in cooperation with STEAMiamoci of Confindustria.

Aware of the increasing importance of the publication of non-financial information, especially for companies that are not subject to reporting obligations, in view of the obvious benefits that derive from it, also in terms of reducing the cost of capital, Banco Desio wanted to follow up on this initiative.



Methodological Note and Background

Methodological Note

The Consolidated Non-Financial Statement of the Banco Desio Group (hereinafter also referred to as the Sustainability Report) aims to communicate, in a transparent manner and in accordance with internationally recognised regulatory frameworks, to its stakeholders the approach and policies defined on sustainability issues, describing the performance achieved in the year of reference in the area of social-environmental responsibility and long-term value creation.

This non-financial statement is prepared pursuant to Legislative Decree no. 254/2016 and of the Regulation approved by Consob Resolution no. 20267 of 18 January 2018 and, to the extent necessary to ensure an understanding of the company's business, its performance, its results and the impact it produces, covers environmental, social, personnel-related, human rights, active and passive anti-corruption issues, which are relevant taking into account the characteristics of the company and the expectations of the stakeholders.

The document constitutes a separate Report marked "Non-Financial Declaration" of the Group for the year 2023 in application of Art. 5 of Legislative Decree no. 254/2016.

The Sustainability Report is drawn up in compliance with the GRI Standards according to the "in accordance" option and the "Financial Services Sector Disclosures", for the aspects related to the specific sector in which the Banco Desio Group operates, also taking into account the *Guidelines for Non-Financial Reporting in Banks - Reflections and working proposals in light of Legislative Decree no. 254/2016* published by the ABI (October 2018).

In defining the specific content of the various indicators, reference was also made to the documents "Guidelines on the Application in the Bank of the GRI (Global Reporting Initiative) Environmental Standards" (December 2023) and "Statement on the Determination and Distribution of Added Value" (September 2019), published by the ABI.

When drafting the contents of this non-financial disclosure, account was also taken of the indications in the European Securities and Markets Authority (ESMA) document - "European common enforcement priorities for 2023 annual financial report" of 25 October 2023.

Reporting process

The process of drawing up the document involved all the corporate functions of the Parent Company and Subsidiaries, which are responsible, each for their own area of competence, for collecting, validating and sending the information to be included in the sustainability report, based on the indications contained in the relevant internal regulations, as well as on the instructions shared in the internal communications specifically issued.

In particular, the Parent Company's Financial Reporting and Sustainability Area, reporting to the Financial Reporting Manager, carries out the activity of (i) coordinating the collection of qualitative and quantitative information and (ii) processing and consolidating the data received from the various Departments/Areas and Offices of the Parent Company and the subsidiaries falling within the scope of consolidation as specified above.

The reporting process thus defined and structured involves the use of Tagetik software for a more efficient data collection and consolidation process.

To ensure the correct use of the platform, an operating manual was provided, addressed to all the staff identified for each Department/Area/Office/Function involved in the process of reporting non-financial information, focused on the data entry process.

[GRI 2-2]

The reporting scope of this non-financial statement corresponds to that of the consolidated financial statements as at 31 December 2023², consisting of the parent company Banco di Desio e della Brianza S.p.A. and the companies consolidated on a line-by-line basis: Fides S.p.A. (100%), Desio OBG S.r.l. (60%) and Coppedé SPV S.r.l. (0%). With reference to the last two, in consideration of their nature as SPVs, they have been taken into account in the document for the sole purpose of economic-financial reporting as they do not generate significant impacts in relation to non-financial aspects in socio-environmental terms.

The disclosure contained in this document, particularly quantitative information, includes the effects of the transaction for the acquisition of the BPER Group's 48 branches, as fully described in the Annual Financial Report as at 31 December 2023, which should be referred to for the details. Where necessary, specific comments are therefore provided in this document.

With reference to the data consolidation process, where the reporting of certain information may concern a different scope, provide for adjustments, present different management approaches also with reference to material issues, appropriate clarifications are provided in the text or in the notes.

Indicators of a quantitative nature refer to measurable quantities, and the use of estimates, where necessary, is reported.

[GRI 2-3]

The information contained in this Sustainability Report covers the period from 1 January 2023 to 31 December 2023 and is compared with that of previous years, where available, consistent with the reporting period of the financial report. The Sustainability Report is published annually and is published at the same time as the Consolidated Financial Statements.

For information on the Sustainability Report, please refer to:

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Corporate Affairs Area

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segreteria@bancodesio.it

The Banco Desio Group's "Sustainability Report 2023" was approved by the Board of Directors of Banco di Desio e della Brianza S.p.A. on 29 February 2024.

[GRI 2-4]

The information is compared with that provided in the two previous financial years. The latter were not subject to restatement, except where expressly indicated, as a result of the refinement of reporting procedures relating to non-financial information.

[GRI 2-5]

For the appointment of external assurance according to Legislative Decree no. 254/2016 the Banco Desio Group adopts the general principles and operating procedures relating to the assignment of the service set out in the "**Regulation for the selection of the statutory auditor and for the assignment to them, and to their network, of engagements other than the statutory audit**".

As set forth in the Group regulation mentioned above, the preliminary investigation prior to the identification of the Single Auditor is coordinated by the Executive in Charge of Preparation of the Parent

² Consolidated balance sheet published on www.bancodesio.it

Company, in agreement with their counterparts³, under the supervision of the CCIRC⁴ of Banco Desio, which is responsible with the CCIRCs of the subsidiaries, each within the limits of their competence, within the limits of the regulations applicable to them.

The Rules also regulate the conditions justifying the additional engagement of the Statutory Auditor with specific reference to "control over the preparation of the consolidated non-financial statement", and the approval process by the CCIRC in the event of a favourable outcome the assessment of potential threats to the Auditor's independence and the safeguards applied by the Auditor to ensure the independence and quality of the audit.

The appointment decision is brought to the attention of the Board of Directors for acknowledgement. The reasoned opinion of the Board of Statutory Auditors, submitted for approval to the Shareholders' Meeting on 23 April 2020 appointed KPMG S.p.A. as the independent auditor pursuant to Legislative Decree no. 39 of 27 January 2010 for the financial years 2021 to 2029 inclusive.

The conformity opinion for this Non-Financial Statement is therefore issued by the auditing firm KPMG S.p.A., in accordance with the provisions of the same Legislative Decree no. 254/2016 and Consob Regulation no. 20267, by means of the "limited assurance engagement" procedure, in compliance with the criteria defined by the standard "ISAE 3000 Revised" and can be found at the end of this document in the section "Report of the independent auditor".

³ "Counterpart" is intended to mean any Executive of the subsidiary company falling within the definition of "listed issuers having Italy as their home Member State" (see Art. 1 and Art. 154-bis of the Consolidated Law on Finance) or the head of the function/department/administrative area of the subsidiary company

⁴ The Internal Control and Audit Committee ("CCIRC", See Art. 19(2) of Legislative Decree no. 39/2010), the corporate body referred to in this Procedure, is the Board of Statutory Auditors (which in Consob practice is also referred to as the "Audit Committee").

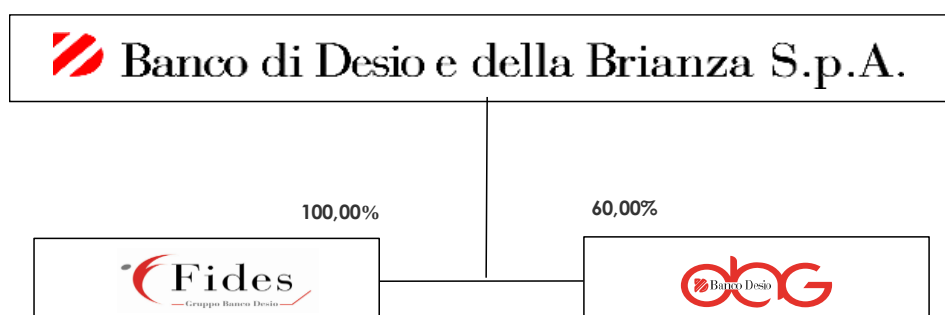
About Us: Group Profile

[GRI 2-1]

Banco di Desio e della Brianza S.p.A., Parent Company of the Banco Desio Group, has its registered office in Desio (MB), via Rovagnati n.1, where the General Management is also located.

Founded as "Cassa Rurale di Desio" in 1909 and transformed into a joint-stock company in 1926 under the name "Banco di Desio", "Banco di Desio e della Brianza S.p.A." took its current name on 31 December 1967 following the merger by incorporation with "Banca della Brianza S.p.A.".

Banco di Desio e della Brianza is the Parent Company of the Banco Desio Group⁵ which includes, as at 31 December 2023, the following companies:

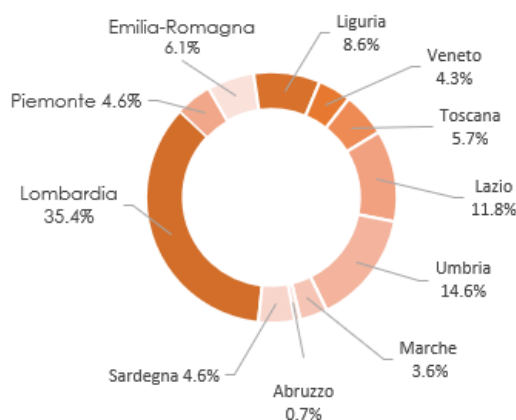


The Bank is present in 11 regions in Italy: Lombardia, Piemonte, Veneto, Emilia-Romagna, Liguria, Umbria (under the Banca Popolare di Spoleto brand), Lazio, Toscana, Marche, Abruzzo and Sardegna. This distribution network is complemented by the network of agents and brokers, used by the subsidiary Fides, who operate throughout the country.

Following the acquisition of the bank branches carried out in February 2023 by the BPER Group, the distribution structure at the reporting date consisted of 280 branches (compared to the previous year-end figure of 232) and 46 financial shops opened under the banner of the subsidiary Fides.

The following graph provides details of the territorial presence of the distribution network of the Parent Company by region at the end of the financial year 2023.

Graph No. 1 - DISTRIBUTION NETWORK % BREAKDOWN OF BANCO DESIO BRANCHES BY REGIONS



⁵ Also included in the scope of consolidation is the special purpose vehicle Coppedè SPV S.r.l. insofar as through Fides S.p.A., pursuant to IFRS 10 Consolidated Financial Statements, the Banco Desio Group has a position of substantial control of the SPV itself.

The table below provides a breakdown of the Group's branches with an indication of those with financial advisors and private bankers at the end of 2023, in comparison with the final balance for the year 2022.

BREAKDOWN OF GROUP BRANCHES WITH INDICATION OF PRESENCE OF FINANCIAL ADVISORS AND PRIVATE BANKERS

<i>Breakdown by region</i>	31.12.2023				31.12.2022			
	Banco Desio Branches	of which branches with financial advisors	of which branches with private bankers	Fides Financial Shops	Banco Desio Branches	of which branches with financial advisors	of which branches with private bankers	Fides Financial Shops
Lombardia	99	8	27	4	99	7	28	4
Piemonte	13	5	4	5	13	3	3	5
Emilia-Romagna	17	4	5	4	10	3	3	3
Liguria	24	2	4	-	5	1	-	-
Veneto	12	3	1	1	12	3	1	1
Toscana	16	-	2	6	12	0	2	6
Lazio	33	1	2	2	28	2	2	2
Umbria	41	5	5	2	41	9	6	2
Marche	10	6	2	4	10	6	2	4
Abruzzo	2	1	-	3	2	1	-	3
Sardegna	13	-	-	2	-	-	-	2
Calabria	-	-	-	5	-	-	-	4
Campania	-	-	-	3	-	-	-	3
Puglia	-	-	-	1	-	-	-	1
Sicilia	-	-	-	4	-	-	-	4
Total	280	35	52	46	232	35	47	44

Banco di Desio e della Brianza S.p.A. is a joint-stock company regulated and operating under Italian law and as such has adhered to the Self-Regulatory Code of Listed Companies since it was first issued by Borsa Italiana. As at 31 December 2023, the fully subscribed and paid-up share capital of Banco di Desio e della Brianza amounted to € 70,692,590, divided into 134,363,049 shares with no par value.

The Issuer's ordinary shares, listed on the Euronext Milan (EXM) organised and managed by Borsa Italiana S.p.A., grant their holders the rights and obligations provided for by the laws in force (in particular, the right to profits and voting rights pursuant to Arts. 2350 and 2351 of the Civil Code), without any exceptions or limitations set forth in the Articles of Association. The **"Annual Report on Corporate Governance and Ownership Structure"** for the year 2023, to which reference should be made for further details, shows the list of shareholders with a shareholding in Banco di Desio e della Brianza of more than 5%, who owned a total of 66.251% of the ordinary shares as at 31 December 2023.

For further information on relevant shareholders, including their adherence to the principles set out in the Ethical Code, the Organisation Model 231 and the Corporate Social Responsibility Guidelines, please refer to the relevant section of the corporate website www.bancodesio.it dedicated to Corporate Governance. Ordinary and Extraordinary General Meetings constitute the main formalised opportunity for direct relations with shareholders. In compliance with the provisions of the Articles of Association and regulatory provisions, shareholders who, also jointly, represent at least one fortieth of the share capital with voting rights may request, in writing, within certain deadlines indicated in the notice of call of the Shareholders' Meeting, the integration of the list of items to be discussed and may submit, in writing, by the same deadlines, resolution proposals on items already on the agenda.

It should also be noted that Banco di Desio e della Brianza has introduced an annual meeting with Relevant Shareholders, after the approval of the half-year results, in order to promote dialogue on economic, social and governance issues, also in comparison with corporate strategies: the meeting was held on 19 September 2023. Furthermore, it provides the mailbox rapportiazionisti@bancodesio.it specifically dedicated to relations with shareholders.

The Group's operations are mainly focused on the retail customer business segment, within which all activities aimed at private customers and small and medium-sized enterprises converge.

The operations of the subsidiary Fides are developed in the area of loans to private individuals in the technical form of salary backed loans, salary deducted payments and personal loans.

The total number of customers of the Group as at 31 December 2023 was 477,365, up from the same figure as at 31 December 2022 of 369,995 customers.

The Group's customers are divided into the following groupings:

- **Retail Market**, amounting to 94.7% of active customers as at 31 December 2023, comprising the Mass Market Segment (private customers with assets of less than EUR 100 thousand), the Affluent and Upper Affluent Segment (private customers with assets between EUR 100 and 500 thousand), the POE Segment (small business customers with turnover of less than EUR 250 thousand), Small Business (corporate customers with turnover of less than EUR 7.5 million) and the SME Segment (with turnover between EUR 7.5 and 50 million).
- **Private and Corporate market**, which includes private customers with assets of more than EUR 500,000 and companies with a turnover of more than EUR 50 million.
- **Institutions**, with a segmentation carried out on the basis of registry parameters of legal nature, including associations, public bodies, parishes and other non-profit organisations.

Customer Segmentation	31.12.2023	31.12.2022	31.12.2021
Number of Group customers	477,365	369,995	369,749
of which:			
Banco di Desio e della Brianza	396,483	319,560	321,358
Fides	80,882	50,435	48,391
Retail Market	94.7%	94.5%	94.4%
of which:			
Mass Market	73.0%	70.0%	69.6%
Affluent and Upper Affluent	8.0%	8.9%	8.7%
POE and Small Business	12.8%	14.2%	14.8%
SME	0.9%	1.4%	1.3%
Private Market	1.6%	1.9%	2.0%
Corporate Market	0.2%	0.3%	0.2%
Institutional	3.5%	3.3%	3.4%
North - West	43.9%	45.6%	45.3%
North - East	7.4%	7.5%	7.4%
Centre	35.8%	40.2%	40.9%
South and Islands	12.9%	6.6%	6.3%
Foreign	0.1%	0.0%	0.0%

The increase in the number of customers is mainly attributable to the previously mentioned acquisition of the business unit from the BPER Group, described in the 2023 Consolidated Financial Statements, which should be referred to for the details. As an example, there was a significant percentage increase of 12.9% in 2023 compared to 6.6% in 2022 relating to the "South and Islands" area, which involved the entry of 16 branches.

Banco di Desio e della Brianza participates in the activities that the **Italian Banking Association (ABI)** carries out on CSR (Corporate Social Responsibility) issues.

During 2023, the Bank participated in the BusinEsSG 2023 survey of the Italian Banking Association (ABI), where evidence was presented on the approaches and practices adopted and described in the 2022 Non-Financial Statement with respect to regulatory developments in the context of how ESG factors are integrated into the banking business.

As regards the activities of the ABI-Lab Consortium, Banco di Desio e della Brianza participated in the following Working Groups:

- **ABI Energia**, receiving constant updates and support aimed at optimising electricity and gas purchases. The purpose of the electricity and gas negotiation activities carried out by the Working Group is to identify the best electricity and gas supply contract for member banks, leveraging the consumption volumes of banking groups and pooling the different needs expressed by banking customers;
- **Sustainability Reporting** Working Group and **Pillar 3 ESG** Working Group as instruments for constant updates on the evolution of reference European and national regulations and for dialogue with other Italian banking institutions on the application methods of the regulations being progressively enacted (e.g., dialogue and comparison on plans for compliance with supervisory expectations on climate and environmental risks).

Lastly, reference is also made to ongoing dialogue with the Bank of Italy, as concerns issues concerning plans to adjust and supplement the Supervisory Expectations on climate and environmental risks, as described in more detail in the Report on Operations, which should be referred to for the relative information.

The Parent Company Banco di Desio is an ordinary member of **ASSILEA**, the Italian Leasing Association, which represents member banks and financial institutions at sector organisations and of **ASSIFACT**, the Italian Factoring Association, whose aim is to aggregate factoring operators and promote the efficient development of the factoring market in Italy. The same parent company is also a member of AMF Italia (formerly **ASSOSIM**), the Association of Financial Market Intermediaries, which represents Italian securities market operators vis-à-vis State bodies and public administrations, other business associations, economic and social organisations and other associations, bodies, and public and private entities, carrying out research, regulatory assistance and training activities, with publications and the organisation of conferences and seminars.

The subsidiary Fides, a financial intermediary that provides loans against salary or pension assignments and personal loans, is part of the Single Register of Financial Intermediaries pursuant to Art. 106 of the Consolidated Law on Banking, is a member of UFI - Italian Financial Union and a member of **ASSOFIN**, the Italian Association of Consumer and Real Estate Credit, which brings together and represents the main qualified financial operators operating in the consumer credit, home mortgage and real estate financing sectors. The aim of the association is to promote the adoption of common rules of conduct inspired by the principles of transparency and clarity towards consumers.

In this context, Fides adhered to the "Assofin - Consumers' Associations Memorandum of Understanding" on salary/pension assignment and payment delegations.

Banco Desio e della Brianza is also part of:

- the Charter for Enhancing Gender Diversity promoted by ABI on 19 June 2019 and called "**Donne in banca**" (Women in Banking). It aims to reinforce gender diversity as a key resource for development, sustainable growth and value creation;
- the "**Valore D**" association of companies, comprising more than 320 members, with a total of more than two million employees and an aggregate turnover of more than EUR 500 billion, which for more than ten years has been working for gender balance and an inclusive culture in organisations and in our country;
- "**STEAMiamoci**", a project aimed at reducing the gender gap in scientific and technological professions, supporting the importance of women in the cultural and productive fabric and finding measures to increase their incidence and value.

Where we are and where we aim to be

[GRI 2-6]

Banco Desio's business model is geared towards meeting the needs of all stakeholders, supporting the entrepreneurial fabric of our country, private individuals and families, making services and products increasingly accessible and constantly seeking external opportunities for growth and the generation of shared and sustainable value.

The Bank's ambition is to become the best proximity bank in Italy thanks to innovation, digital solutions, the application of ESG criteria and proximity to customers: a goal, the latter, that the Bank aims to achieve with the new 2024-2026 business plan "**Beyond 26**" and with the consolidation of relations and agreements with important business partners.

"Beyond 26" 2024-2026 Business Plan

On 23 November 2023, the Board of Directors approved the 2024-2026 Business Plan, which goes in the direction of development and continuity with the previous 2020 - 2023 plan, in which all the targets that the Bank had set for itself were basically reached and exceeded.

The new strategic pillars are the optimisation of the commercial bank and the creation of growth opportunities through specialisation in the Small Business and POE (Small Business Customers) segment, Wealth Management and Personal Finance (the latter through the subsidiary Fides).

From this perspective, it is crucial to redesign the models and processes necessary to intercept market needs, with a special focus on ESG issues. This Plan goes hand in hand with Banco Desio's ambition to be recognised by the market, customers and institutions as a leading bank that is championing the transition to a sustainable economy with full respect for environmental, social and good governance values.



**BUSINESS
PLAN
2024-2026**

**Innovative, sustainable
and close to
customers: the best
local bank**

For additional information, please refer to the section "The Banco Desio Group's "**Beyond 26**" Business Plan and the Sustainable Development Goals (SDGs)".

Closing of the acquisition of 48 branches (Lanternina Transaction) from the BPER Group

On 17 February 2023, within the terms set out in the agreement communicated to the market on 3 June 2022, was the "closing" of the purchase transaction (so-called "Lanternina Transaction") by the BPER Group of a business compendium consisting of two business units with a total of 48 bank branches (located in Liguria, Emilia-Romagna, Lazio, Toscana and Sardegna). The deed of sale took effect on Monday, 20 February 2023.

After intense preparatory work conducted in cooperation between the parties, an important phase of the Banco Desio Group's growth strategy was completed in line with the objectives of the business plan. This

operation allows the Bank to further consolidate its vocation as a proximity bank by expanding the territories in which it is present and expanding into new ones.

Strategic agreement with Worldline Italy on e-money/acquiring

On 28 March 2023, having obtained the necessary authorisations from the competent authorities, Banco Desio and Worldline finalised the strategic agreement, signed and disclosed to the market on 7 November 2022, concerning payment systems, which provides in particular for:

- the transfer to Worldline Italia of Banco Desio's business unit relating to the acquiring activity in the payment systems sector carried out with respect to about 15,000 merchants, for a total of about 19,000 POS (point of sales) and a volume of about EUR 2 billion in transactions;
- a long-term partnership (5+5 years), in which Worldline becomes Banco Desio's exclusive acquiring partner and the latter, maintaining the relationship with its customers, distributes Worldline's acquiring products and services.

The transfer of the business unit took place on 17 March 2023 through a contribution to Worldline Italia, a subsidiary of the French Worldline SA group. Banco Desio then sold the shares received for the contribution to Worldline SA on 28 March 2023. The agreements with Worldline then provide for a price adjustment mechanism based on certain targets that will be evaluated one year from the date of closing.

Entry of Banco Desio in the share capital of Anthilia Capital Partners SGR S.p.A.

Since June 2022, Banco Desio has held a 15% stake in the share capital of Anthilia Capital Partners SGR S.p.A. ("Anthilia" or the "AMC"), as part of a broader business partnership project on wealth management services for the bank's customers and support to SMEs.

Anthilia is an independent asset management company dedicated to private and institutional clients, active in the management of investments on listed markets and in the real economy, in the management of individual mandates and investment advisory services.

Upon reaching certain business targets as at 31.12.2024, Banco Desio may increase its shareholding, with its investment increasing to a share equal to 30% of the AMC's share capital.

Furthermore, Banco Desio and Anthilia Holding S.r.l. signed a shareholders' agreement concerning Banco Desio's rights and obligations in relation to the corporate governance of the AMC and the transfer of its investment; all in the broader context of the commercial partnership governed by a specific commercial framework agreement.

Anthilia recognises the importance of integrating environmental, social and governance criteria ("ESG criteria") into its decision-making and investment management processes, in order to orient its activities towards long-term sustainability models.

Wishing to contribute to the development of a more stable and sustainable financial system, on 1 September 2021 Anthilia decided to subscribe to the UN-backed *Principles for Responsible Investment (PRI)*. As a PRI member, Anthilia is committed not only to cooperate with the other members to implement the Principles, but above all to appropriately integrate ESG factors into its decisions in order to realise sustainability-conscious investments.

In March 2022, Anthilia established its first fund classified as an investment product under Art. 8 of the SFDR, called "**Anthilia GAP**". The fund focuses on private debt investments in support of Italian companies and, for at least 80% of its assets, promotes environmental and/or social characteristics in compliance with good governance practices.

With reference to the other funds managed by Anthilia, the "**Anthilia MUST**" fund is classified as an investment product under Art. 6 of the SFDR.

In March 2023, Anthilia was recognised with the "Italia del Merito" award, in its 12th edition, for being among the best institutional investors that have contributed most to creating value for the Italian economy in recent years, with a special focus on ESG issues.

Digital Transformation

The digital transformation is profoundly changing the way bank-customer relationships are conducted: a significant contribution is related to sector innovations, ranging from the development of a broad range

of digital distribution channels alongside more traditional ones, to the ability to serve customers remotely by offering the full range of services and transactions. Thus, customers' relationship with banks is strengthened and renewed.

In this context, Banco Desio is continuing on its path towards the digital evolution, which to respond to customer needs and remain in line with the latest market trends, Banco Desio has embarked on a balanced omnichannel strategy integrated with the overall service model that takes into account both market characteristics and customer segmentation.

In December 2023, it also joined the many financial intermediaries that are members of CBI Globe - Global Open Banking Ecosystem, the Open Finance ecosystem developed by CBI that develops innovative and value-added services in the world of digital payments, Open Banking and Open Finance.

Finally, it is also necessary to highlight the Group's constant commitment to embracing **diversity as a standard** not only in its work and internal and external relations, but also in the tools that are made available to people, customers and all users who come into contact with the Banco Desio Group.

Precisely with this in mind, in line with the requirements of the AgID regulation, the Bank launched a series of initiatives during 2023 (which will also continue in 2024) in terms of **digital accessibility** to meet the need to provide services and information that are within the reach of everyone, without discrimination.

Making accessibility affordable for all is a challenge requiring constant and continuous commitment to move forward with a complex project that makes diversity the norm.

Indeed, breaking down digital barriers allows anyone to take advantage of banking services and products online, offering the possibility of having a pleasant and advantageous experience.

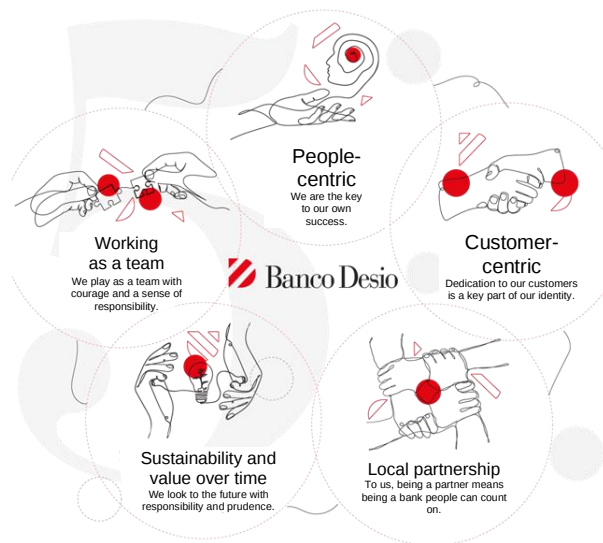
For further discussion of digital transformation issues, please refer to the "Quality and innovation in customer relations" section.

Sustainability for Banco Desio

Banco Desio is aware of the evolution of the market and of sustainability issues: indeed, it intends to actively contribute to the generation of positive change globally.

In fact, being a bank means being decisive for the development of the territories in which it operates: the strength of its roots and the conviction with which the bank carries out its role allow it to pursue a sustainable development model.

This approach is also reflected in the new “**Beyond 26**” 2024-2026 business plan, which has a stronger sustainability/ESG focus and respects the Group's values, those core values that guide the choices of today and the future, which underpin the ability to create value and adapt to changing market conditions.



Banco Desio believes in integrating sustainability into its daily actions and is committed to building a better, sustainable future through internal initiatives that set realistic and ambitious goals, which are periodically monitored, such as the new “**Beyond 26**” 2024-2026 Business Plan and the “Plan for the integration of ESG factors in the decision-making system of the Bank and the Group”, with the aspiration of contributing towards leading the company towards a sustainable future in the interest of *stakeholders*.

The Banco Desio Group's "Beyond 26" Business Plan and the Sustainable Development Goals (SDGs)

[GRI 2-23]

The Banco Desio Group intends to actively contribute to the generation of positive change on a global level. In fact, aware of the connection of some of the Sustainable Development Goals (SDGs), as defined by the United Nations 2030 Agenda, with its own business, the Board of Directors of Banco di Desio e della Brianza on 22 November 2022 approved the extension for the year 2023 of the first Sustainability Plan adopted, considering the Group's scope prior to the acquisition of the business units of BPER Banca S.p.A. (formerly Carige S.p.A.) and Banco di Sardegna S.p.A., which took legal effect on 20 February 2023.

Sustainability is a key enabling factor of the new "**Beyond 26**" 2024-2026 business plan approved by the Board of Directors on 24 November 2023, with which the Group aimed to renew and update its commitment to achieving the 2030 Agenda, in line with the "**Corporate Social Responsibility (CSR) Guidelines**" adopted by the Group in previous years; through the notable focus on sustainability of the new "**Beyond 26**" Business Plan, called "**ESG Infusion**", the Group aims to become the best proximity bank in Italy, thanks in part to innovation, digital solutions and proximity to customers.

The Plan attaches particular importance to identifying and activating enabling factors for the achievement of objectives with the adoption of strategies focusing on people, funding policies, technological improvement, proactive risk management, further strengthening of the control functions and ESG issues.

The 2030 Agenda and the Sustainable Development Goals (SDGs)

In September 2015, the leaders of the governments of the 193 UN member states passed the resolution "Transforming Our World". The 2030 Agenda for Sustainable Development is a policy document that identifies 17 global goals (Sustainable Development Goals or SDGs), broken down into 169 detailed sub-targets, to be achieved by the year 2030 to ensure the sustainable development of the planet.



Governments, businesses, other institutions, civil society and therefore all individuals are called upon to contribute to the achievement of these goals by combining their energies within a global partnership supported by concrete policies and actions.

An active role is therefore also required of the financial market, which, with its own resources and expertise, can facilitate the reallocation of financial resources through the provision of financing and thus support the transition to sustainable economic systems.

The "**ESG Infusion**" component of the "**Beyond 26**" Plan is linked to internal regulations, primarily the "**Sustainability Governance Policy**", internal processes and the non-financial information reporting system, as well as the non-financial data monitoring and reporting process.

The attainment of the stated commitments and objectives is also the subject of integration within the management and evaluation by objectives (MbO) system, by the Resources Department, which involves

all the heads of the corporate functions of the parent company and Fides for their respective areas of responsibility⁶.

The following is a summary of the main elements of the Banco Desio Group's "2023 Sustainability Plan" with an indication of what had been achieved as at 31 December 2023 and the new breakdown of the sustainability objectives that the Group is committed to pursuing over the 2024-2026 three-year period of the "**Beyond 26**" plan approved by the Board of Directors of Banco di Desio e della Brianza on 24 November 2023.

Banco Desio Group Sustainability Plan 2023

The "2023 Sustainability Plan", was developed by management as an extension of the previous "2020-2022 Sustainability Plan", taking into account the scope of the Banco Desio Group prior to the acquisition mentioned above of the banking branch business unit from the BPER Group, with the definition of targets in line or in continuity with those achieved at the end of 2022 and with the integration of new targets, in view of the subsequent definition of the integrated multi-year strategic planning document that ended with the approval of the "**Beyond 26**" plan described earlier. A summary of the main targets to 2023 is provided below.

Direct and indirect environmental impacts



Scope	Commitments	Baseline	Unit of Measurement	Target as at 2023	2023 Final Balance
Reduction of energy consumption and GHG emissions	energy consumption	2022	%	-2%	-10% ⁷
	Direct (scope 1) emissions	2022	%	-2%	-9% ⁸
	Electricity from certified renewable sources	2022	%	100%	100%
Responsible use of resources	paper consumption	2022	%	-5%	+3% ⁹
	use of NON-recycled and/or FSC/PEFC paper ¹⁰	2022	%	≤ 3%	1%
	toner consumption	2022	%	-5%	-16% ¹¹
	Use of recycled toner	2022	%	100%	100%
	Waste production	2022	%	- 2%	- 23%
	waste for recycling / reuse	2022	%	≥ 97%	100%
Sustainable mobility	conventions for sustainable mobility vehicles in big cities	2022	Number	≥ 1	Start of collaboration with Moveision for the provision of sustainable mobility services via the integrated "Mobility Company" platform

⁶ For further information on the process for determining remuneration, please refer to the "Annual report on remuneration policy 2024 and rewards paid 2023" published on the corporate website at www.bancodesio.it.

⁷ Pro-forma figure net of consumption relating to the branch acquired from the BPER Group. Considering the broader scope of the Banco Desio Group at the end of 2023, the figure becomes -2% (Scope 1 and Scope 2)

⁸ Pro-forma figure net of consumption relating to the branch acquired from the BPER Group. Considering the broader scope of the Banco Desio Group at the end of 2023, the figure becomes -7% (Scope 1)

⁹ Pro-forma figure net of consumption relating to the branch acquired from the BPER Group. Considering the broader scope of the Banco Desio Group at the end of 2023, the figure becomes +27%

¹⁰ Previous target on the use of recycled paper only

¹¹ Pro-forma figure net of consumption relating to the branch acquired from the BPER Group. Considering the broader scope of the Banco Desio Group at the end of 2023, the figure becomes +2%

Scope	Commitments	Baseline	Unit of Measurement	Target as at 2023	2023 Final Balance
	start-up study on the feasibility of a photovoltaic plant at the Desio headquarters car park with electric car charging stations	2022	Number	1	Start of discussions with the municipal administration
Environmental awareness	planting initiatives in the group's areas of operation	2022	Number	≥ 1	Activities included in the new " Beyond 26 " business plan as part of the carbon neutrality commitment + M'illumino di meno initiative

Impacts related to people, diversity & inclusion



Scope	Commitments	Baseline	Unit of Measurement	Target as at 2023	2023 Final Balance
Work-life balance	Promoting policies that facilitate the balance between personal and professional life in the knowledge that this balance is fundamental in ensuring the well-being of each Group employee	2022	Number	subsidy for day nursery	Activities to be reconsidered from a people survey perspective
		2022	Number	support for learning disorders (DSA)/purchase of books/summer camps/sports activities	Activities to be reconsidered from a people survey perspective
Talent attraction and retention	Promotion of a policy to promote the new generations (under 30s) and young talent	2022	%	Stabilisation rate ≥ 70%	100%
	Organisation of team-building initiatives involving Group employees	2022	Number	At least 1 per year	Organisation of an on-boarding event for colleagues from the BPER Group, Roadshow with the network Participation in the "Banco Alimentare" initiative Participation in the "In Farmacia per i Bambini" initiative, promoted by the Francesca Rava Foundation
Diversity, inclusion and equal opportunities	Least represented gender in management roles	2022	%	≥ 15%	15%
	Least represented gender in middle management roles	2022	%	≥ 32%	32%
	Gender pay equality in new recruitment	2022	%	100%	99%
	Gender pay equality on total employees	2022	%	100%	> 100%

Scope	Commitments	Baseline	Unit of Measurement	Target as at 2023	2023 Final Balance
	New hires of the least represented gender	2022	%	≥ 50%	51%
	Hours of training per capita on women's leadership issues	2022	Number	≥ 2 hours per capita	2
Professional and skills development	Non-compulsory training per capita	2022	Number	≥ 40 hours per capita	67

The main initiatives carried out during the reporting year include the following:

- diversified stakeholder engagement activities through the administration of the 2023 Sustainability Issues Survey for all stakeholder categories, holding two Stakeholder Days and desk analysis;
- staff training on environmental responsibility, valuing diversity in work teams, parenting as an opportunity;
- communication and awareness-raising activities on sustainability issues following the acquisition of the 48 branches;
- induction and workshops for the Board of Directors and Top Management on sustainability issues with a focus on strategic ESG positioning: value proposition on Financing, protection policies, investment services/products and ESG Funding;
- induction for the Board of Directors and top management on topics regarding the evolution of non-financial reporting from a CSRD perspective.

The "Beyond 26" 2024-2026 Business Plan and "ESG Infusion"

Sustainability is one of the pillars of the "**Beyond 26**" 2024-2026 Business Plan; during 2023, the Group became more aware of the impact of sustainability issues on the competitive and regulatory environment, as well as on its strategies, business model and objectives, in its role of supporting SMEs and households in the process of transitioning towards an economy that combines economic sustainability with environmental and social sustainability.

ESG competition has been going on for a long time. Significant Financial Institutions (SIs) are progressively penetrating the Italian market with ESG business development goals. Ahead of the start of the transition in the years 2025-2026, SIs have made ESG a new pillar of their business plans, with statements to the financial community for an increasingly quantitative commitment. Less Significant Financial Institutions (LSIs), in light of the dialogue undertaken with the National Supervisory Authority on the integration of climate-environmental risks, are in turn enhancing their offerings with products and services featuring sustainability elements.

Banco Desio aspires to a leading position vis-à-vis the LSIs, and thus to a follower position vis-à-vis Significant Financial Institutions. In a context still characterised by significant regulatory and business evolution, Banco Desio believes it is essential to proceed with awareness, but at the same time to be recognised by the market, the National Supervisory Authority and its customers as a leading player in promoting the transition. To this end, it aimed to define ESG targets for the 2024-2026 plan period that communicate a distinctive institutional positioning with respect to the reference market, a concrete commitment to using private and institutional finance (funding) in favour of the environmentally sustainable transition (lending, assets under management and administration, owned portfolio), reducing the environmental impact of its economic activity (direct environmental impact) and further improving the development and care of its employees (diversity & inclusion).

The objectives of the 2024-2026 business plan have been defined in line with the ambitions of the top management and through performance indicators that are as quantitative as possible, insofar as the current context allows for more than just qualitative commitments. In this regard, however, it should be emphasised that the value of the numerical targets should currently be considered a reference in line with market benchmarks, rather than a precise value.

The main guidelines based on which Banco Desio management's analyses were developed to define its sustainability commitment are:

- **Institutional positioning:** i. Acquisition of an ESG rating from leading rating agencies and improvement of positioning over the plan period to a level at least in line with the sector peer average; ii. Plan adherence to the initiatives of the United Nations Environment Programme Finance Initiative¹² ("UNEP FI") including the Principles for Responsible Investment¹³ ("PRI"), the Principles for Responsible Banking¹⁴ ("PRB") and the Net Zero Banking Alliance¹⁵ ("NZBA").
- **Business sustainability:** i. Achieving an ESG lending ratio of 2% of the total stock at the end of 2026, in a context of increasing lending over the plan period, ii. Progressive reduction of exposure to Article 12 sectors of the Paris Agreement¹⁶ and support for the transition of sectors with a greater environmental impact, iii. Issue of the first sustainable bond in 2024 with the gradual extension of the Green-Sustainable-Social Bond Framework to the entire Funding Plan and iv. Increase in AuA/AuM products and volumes and ESG-insured assets in line with market trends.
- **Direct impacts:** i. Achieving carbon neutrality by 2030 (Scope 1 emissions), ii. Reducing the use of consumables, iii. Developing human capital without gender discrimination and improving employee well-being, iv. Commitment to support youth cultural and sports initiatives in local communities and vi. Commitment to increasingly transparent sustainable governance.

In an inertial scenario experiencing a slowdown in bank fundamentals due to inflation, market rates and the economic cycle, the business plan calls for a major growth manoeuvre leveraging mainly new corporate/small business lending services, personal finance (through the subsidiary Fides) and indirect deposits.

With total direct and indirect costs of around EUR 8 million for the 2024-2026 three-year period (slightly more than half directly attributable to ESG initiatives and the other half as indirect transversal costs or investments) already included in the business plan cost structure, ESG initiatives make a significantly positive contribution to business plan results.

As mentioned, the goal of Banco Desio and the Group is to assist and support current and future customers in understanding and addressing the challenges linked to the transition to a sustainable economy through dedicated products and services. Particularly with reference to lending, for the consumer target, the new Mutuo Green mortgage was finalised in 2023, for energy-efficient home purchases or building renovations to reduce their environmental impact. The Group's willingness to support SMEs and households engaged in transition projects is embodied in the challenging Business Plan target of achieving a 2% incidence of green loans aligned with the EU Taxonomy (Regulation 2020/852) out of outstanding loans at the end of 2026.

In order to achieve these important objectives, the Group works constantly to progressively integrate ESG criteria within its lending policies and to expand its lending specifically intended for sustainable projects. With reference to the commercial offer, the next commitments for the year 2024 will be dedicated to companies, through the launch of an initial Green Enterprise Unsecured Loan and then an Enterprise Unsecured Loan with the SACE Green Guarantee, to support them on their path of environmental transition, as well as to individuals with personal loan solutions dedicated to sustainability.

¹² The United Nations Environment Programme Finance Initiative (UNEP FI) is a partnership between the United Nations Environment Programme (UNEP) and the global financial sector to promote dialogue between financial institutions on economic performance, environmental protection and sustainable development.

¹³ The Principles for Responsible Investment (PRI or "Principles for Responsible Investment") grew out of the partnership between the UNEP FI and the Global Compact. These are investment principles that signatories voluntarily commit to follow in order to improve their performance through a series of measures aimed at integrating ESG criteria into their investment processes.

¹⁴ The Principles for Responsible Banking (PRBs or "Principles for Responsible Banking") are open-ended commitments that aim to integrate sustainability criteria into the banking sector, incentivising banks to set sustainable development goals and promoting the measurement of the impacts of banking on people and the planet. The PRBs fit into the political and institutional framework outlined by the Paris Agreement and the 2030 Agenda for Sustainable Development.

¹⁵ The Net-Zero Banking Alliance (NZBA) is the initiative promoted by UNEP FI that aims to accelerate the sustainable transition of the international banking sector. It requires participating banks to commit to aligning their lending and investment portfolios to achieve net-zero emissions by 2050, in line with the targets set by the Paris Climate Agreement.

¹⁶ In 2015, a new post-2020 climate agreement was adopted at the Paris Climate Conference, binding all countries to reduce their greenhouse gas emissions. The Agreement, which entered into force on 4 November 2016, is a legally binding instrument under the Climate Convention that pursues the goal of limiting average global warming to less than 2 degrees Celsius compared to the pre-industrial period, aiming for a maximum increase of 1.5 degrees. In addition, it aims to direct cash flows towards low greenhouse gas emission development and improving the capacity to adapt to climate change.

As part of its asset management activities, aware of the importance of creating value for both the investor and the community, the Bank intends to act to direct its resources accordingly, also towards investments that combine a return on capital with ESG objectives. In addition to a constant expansion of the range of investment products offered to customers from a sustainability perspective, both asset management and products placed (e.g. mutual funds, SICAVs, IBIPs), a path has been set in motion to integrate ESG aspects into the provision of investment services. This includes the roll-out of the sustainability preference survey through the MiFID profiling questionnaire.

Below are the main commitments that the Banco Desio Group intends to make with the new "**Beyond 26**" business plan, in line with the path of progressively integrating sustainability elements undertaken over time with increasing conviction, also taking into account the expectations of the National and European Supervisory Authorities published on climate-environmental risks.

ESG Institutional Positioning

Scope	Objectives	Target as at 2026
Multi-year ESG plan	Development of the multi-year ESG transformation plan according to the expectations of the National and European Supervisory Authorities published on climate-environmental risks	Completion of E(SG) Masterplan activities currently scheduled for 2025
ESG rating	Standard Ethics	Progressive improvement of the sustainability rating assigned by rating agencies in alignment with best practices in the Italian financial market
	S&P Global ESG	
	Sustainalytics	
Adherence to international initiatives	Principles for Responsible Investment	Signing of PRIs as Investment Manager by 2024
	Principles for Responsible Banking	Signing of PRBs by 2025
	Net Zero Banking Alliance	Joining the Net Zero Banking Alliance by 2026

Commitment to sustainability in the business

Scope	Objectives	Target as at 2026
Sustainability of Loans	Supporting the climate-environmental transition of enterprises (SMEs, Small Business) and individuals	Loans aligned with the EU taxonomy (Regulation 2020/852) at 2% of the total stock by 2026
		Progressive reduction of exposure to Paris Agreement Article 12 sectors and support for the transition of sectors with a greater environmental impact
Sustainability of Direct Deposits	Green Social Sustainability (GSS) Bond	Issue of the first sustainable PO in 2024 and gradual extension of the GSS Bond Framework to the entire Funding Plan
Bancassurance sustainability	Non-life (physical risks) & life solutions	Expansion of the range of life (pursuant to Arts. 8/9 SFDR) & non-life (internal taxonomy eligible or aligned ¹⁷) ESG products/policies in the catalogue and volume development
Sustainability of Indirect Deposits (Wealth Management)	Asset Management Service	Expansion of the ESG-rated AM range (pursuant to Arts. 8/9 SFDR) and volume development (23% of AUM in 2026)
	Consulting Service	Development of portfolio models, according to different risk profiles, with second-tier ESG-rated asset classes (pursuant to Arts. 8/9 SFDR) and volume development
		Expansion of the ESG investment product range (e.g. FUNDS, SICAVs, IBIPs) (pursuant to Arts. 8/9 SFDR) and volume development

¹⁷ In the process of being finalised at the date of publication of this document

Direct environmental impacts



Scope	Objectives	Target as at 2026
Net zero	Direct CO2 emissions	Achieving carbon neutrality by 2030 through (i) further consumption efficiency and, for residual direct emissions, (ii) purchase of carbon credits and/or planting initiatives
	Electricity from certified renewable sources	Maintenance of 100%
Use of consumables	Non-recycled and/or FSC/PEFC paper¹⁸	Maintenance of the 3% ceiling
	Recycled toners	Maintenance of 100%

Direct impacts related to people, diversity & inclusion



Scope	Objectives	Target as at 2026
Diversity & Inclusion	Increasing the least represented gender in managerial roles	Increasing by 5% ¹⁹ the least represented gender in managerial roles by 2026
	Maintaining the commitment to recruit the least represented gender	Maintenance of at least 50% for new recruits
	Maintenance of gender pay equality	Maintenance of 100% ²⁰ in the pay ratio for new hires
Young talents	Maintaining the commitment to hire young people	Maintaining the commitment to increasing young talent (under 30) ²¹
ESG training	Enhancing ESG training for employees	General/specialist ESG training for 100% of employees

Community engagement & sustainable governance



Scope	Objectives	Target as at 2026
Community engagement	Support for/participation in cultural, financial education and youth sports activities	Maintaining the commitment to economic support or through the organisation of specific activities including corporate volunteering initiatives
ESG induction	Training sessions per year on sustainability issues	Delivery of at least three training sessions per year to strategic supervisory bodies and the top management

¹⁸ Paper with Forest Stewardship Council (FSC)/Programme for Endorsement of Forest Certification schemes (PEFC), which guarantees that the wood and/or paper materials used to make products come from responsibly managed forests

¹⁹ Calculated considering the average figure for the increase of the least represented gender (i) with executive and middle management status, (ii) in management roles in the local network (area or branch) and (iii) in management roles in central structures (headquarters, area or office)

²⁰ Except for specific situations justified by characteristics linked to role/classification

²¹ A quantitative target is no longer set in view of the requirements for the evolution of the organisational structure functional to business plan implementation

Transparency	Increased accountability	Increased transparency of corporate policies through full or excerpted publication of the relevant content
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Also in 2024, the Banco Desio Group will therefore decisively continue on its sustainability development path (i) through the implementation and periodic monitoring of the ESG initiatives and objectives defined in the Business Plan, as mentioned above, (ii) by continuing to listen to its stakeholders in light of the most recent stakeholder days experience and (iii) in view of the evolution of non-financial reporting as set forth in the CSRD Directive.

The plan to integrate E(SG) factors into the Bank's decision-making system

During the year, project activities continued on the programme launched at the beginning of 2022 for the progressive integration of sustainability factors into Banco Desio's decision-making system, with the establishment of an E(SG) Working Group or Sustainability Management Committee, consisting of basically all heads of the company departments, which drew up an action plan, in accordance with the expectations of the National and European Supervisory Authorities published on the matter, aimed at progressively meeting three targets:

- *Supporting local communities in the transition to a circular and low-carbon economy (i.e. NetZero Commitment to 2050, Sustainable & Responsible Investments);*
- *Ensuring the gradual compliance of climate-environmental risk management practices with the expectations defined by national²² and European²³ supervisory authorities;*
- *Publishing integrated sustainability reporting, in line with the requirements defined by the European Commission on non-financial climate-related disclosure.*

During the reporting period, the Plan was enhanced and refined with additional initiatives aligned with the targets of the new Business Plan mentioned above.

In particular, please take note of the following:

1. **Strategic direction**, aimed at defining the ESG competitive positioning up to 2026 in order to add to the business plan, improve the ESG ratings assigned by some of the most recognised specialised agencies and take part in international initiatives (e.g. NetZero Banking Alliance) committed to portfolio decarbonisation;
2. **Commitment to the Green Transition** (*NetZero, Sustainable & Responsible Investments*), aimed at supporting the economic transition towards a circular and low-carbon economy by developing ESG lending services and finalising activities to adapt the enabling lending process, develop ESG investment and bancassurance services/products and issue ESG bonds for retail and institutional customers. The project stream also calls for the enhancement of the employee ESG training plan in relation to legislative and regulatory developments and the initiatives undertaken by the Bank.
3. **Control system**, aimed at ensuring the progressive integration of ESG factors into the risk governance and control system and the integration of ESG factors into the Risk Management, Compliance and Internal Audit framework;
4. **Public disclosure**, aimed at the publication of sustainability reporting in accordance with evolving regulatory requirements with regard to reporting on activity alignment with the EU Taxonomy (EU Regulation 2020/852) and the preparation of integrated sustainability reporting in accordance with Directive (EU) 2022/2464, the CSRD, starting from 2024;
5. **ICT processes and systems**, aimed at enabling commercial, financial, credit, risk management, financial and non-financial reporting business processes in consideration of E(SG) information and legislative and regulatory developments;

²² Set forth in the Bank of Italy's "Supervisory expectations for climate-related and environmental risks" of April 2022 and reaffirmed in the document "Climate and environmental risks - Survey on a sample of non-bank financial intermediaries" of January 2023 and in the document "Action plans on the integration of climate and environmental risks in LSI business processes: main evidence and best practices" of December 2023

²³ Set forth in the European Central Bank's "Guide on climate-related and environmental risks" of November 2020

In line with similar initiatives already taken by the European Central Bank, the Bank of Italy, in April 2022, published the document "Supervisory expectations for climate-related and environmental risks", which contains an initial set of supervisory expectations regarding the integration of climate and environmental risks into business strategies, governance and control systems and the disclosure of supervised banking and financial intermediaries. The Bank of Italy thus carried out an initial survey on the state of integration of climate and environmental risks with respect to the aforementioned expectations of less significant banks by participating, with a sample of 21 less significant banks (including Banco Desio), in the ECB's survey of significant banks. This was followed by a second survey on the same subject conducted on a sample of 86 non-banking financial intermediaries supervised by the Bank of Italy itself.

In November 2022, the Bank of Italy published an information note requesting the boards of directors of banks subject to its supervision to approve an appropriate three-year plan of initiatives, aimed at defining a path of progressive alignment with expectations. On 26 January 2023, Banco Desio then submitted for approval by the Board of Directors the updated Group plan for the "Integration of E(SG) factors into the Bank's decision-making system" (so-called "E(SG) Masterplan") which was then transmitted to the Bank of Italy by the end of January.

In January 2023, the Bank of Italy published an information notice requesting the boards of directors of non-banking financial intermediaries, including Fides (which had not been involved in the related thematic investigation), to approve and transmit to the same National Supervisory Authority by 31 March 2023 an appropriate plan of initiatives, with the same requirements as the one described above.

As part of an in-depth campaign on environmental issues with the participation of the intermediaries involved in the ESG 2022 thematic survey, during the year Banco Desio had discussions aimed at providing the National Supervisory Authority with an update on the implementation of its action plan.

Lastly, in order to continue the discussion with the financial sector (started in 2022) on best practices in this area, the Bank of Italy therefore invited Banco Desio, together with a qualified representative of LSI, to participate in the round table discussion held on 7 September 2023, again for a discussion on the progress of the projects carried out.

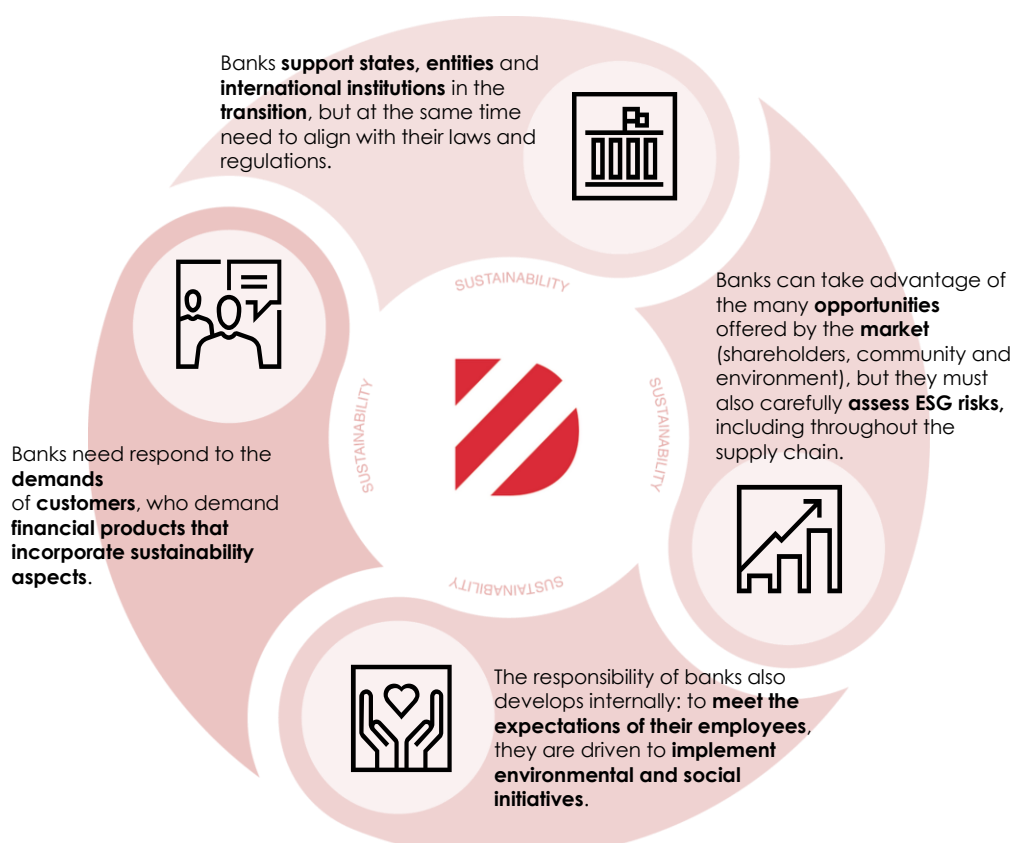
In the continuation of the project activities, the qualifying aspects will be leveraged that emerged from ongoing dialogue with the National Supervisory Authority, which led, among other things, to the publication of the main results of the analysis of the action plans developed by Less Significant Institutions (LSIs) and non-bank intermediaries for the progressive integration of climate and environmental risks into business strategies and governance and internal control systems (risk management framework, compliance framework, internal audit framework).

Stakeholder engagement and materiality analysis

The role of banks in the market

Banks play a **key role** in the **transition** and adoption of the **ESG framework**.

The central position of banks means that they are in **dialogue** with the main **stakeholders** affected by this phenomenon, offering them the opportunity to **benefit** from the **transition**, while at the same time being **subject to** non-negligible **risks**.



[GRI 2-29]

Relationship with stakeholders

The Materiality Analysis is the process of ongoing dialogue with stakeholders that allows for the identification of priority sustainability issues for an organisation and its stakeholders, and is instrumental in the preparation of the Non-Financial Statement.

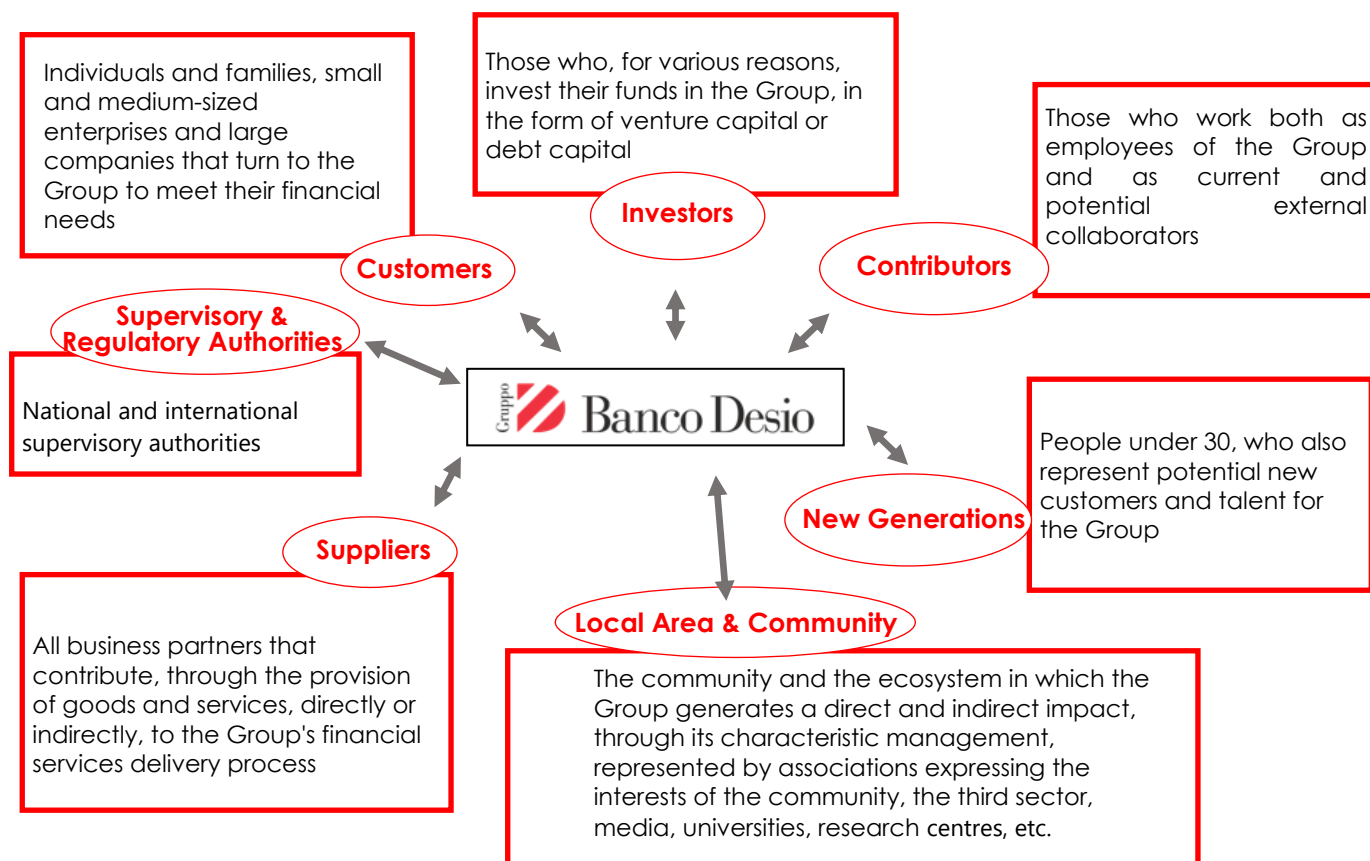
Material topics for the Banco Desio Group and its stakeholders are defined annually on the basis of a structured process compliant with the reference standards and the requirements of Legislative Decree no. 254/2016 and governed by the internal **Group policy for non-financial reporting**.

The Banco Desio Group considers constant dialogue with its stakeholders to be of primary importance as the foundation for a solid and long-lasting relationship. Their involvement in activities is in fact an opportunity for mutual growth and improvement aimed at identifying and sharing expectations, needs and opinions.

The Group identifies key stakeholders by taking into consideration three fundamental factors:

- the relevance of the interaction;
- the potential to be affected by the Group's activities;
- the ability to influence that activity in turn.

The specific analysis conducted led to the identification of the following categories:



Below are the main channels through which, in general, the Group consolidates its relations with stakeholders:

- constant dialogue with customers (households, professionals, artisans, SMEs) through customer satisfaction surveys, institutional websites, home banking, apps, social media, dedicated meetings;
- promotion of meetings, seminars and events (also in virtual mode) on financial and topical issues involving students, SMEs and trade associations using both the Banco Desio Conference Centre and external facilities;
- discussion and dialogue with investors at Shareholders' Meetings of the Parent Company and other Group companies, through institutional websites and through the IINFO dissemination system and storage mechanism²⁴;
- annual meeting with Relevant Shareholders, which is organised after the approval of the half-yearly results, in order to promote a discussion on economic, social and governance issues, also in comparison with corporate strategies. The meeting was held on 19 September 2023;
- periodic training activities, company intranet and other internal communication tools with employees and periodic meetings with company and Group trade union representatives;
- regular documentation and reporting addressed to *stakeholders*;
- press releases and local initiatives.

²⁴ As a listed company, Banco Desio is obliged to disclose, by means of a regulated procedure, relevant information that could influence the performance of its stock on the stock exchange. Dissemination is therefore carried out through the IINFO SDIR (Systems for the Dissemination of Regulated Information) service. Similarly, disseminated information should be stored for a number of years so that it is accessible and searchable (IINFO Storage service).

Materiality analysis

The 2021 update of the GRI Universal Standards, defines the material topics of an organisation as those topics "that represent its most significant impacts on the economy, the environment and people, including impacts on their human rights", where impact is defined as "the effect an organisation has or could have on the economy, environment and people, including effects on their human rights, which in turn may indicate its (negative or positive) contribution to sustainable development".

The process of updating the materiality analysis was carried out by the Budget & Sustainability Area with the collaboration of all Group Departments to identify the positive and negative impacts associated with each potentially material issue.

For the purposes of the analysis, taking into account the information requirements set forth in Art. 3, paragraph 1 of Legislative Decree no. 254/2016, and in the absence of banking Sector Standards to be taken into account to understand the context of the organisation, the following internal and external sources were evaluated:

- **internal documentary sources:** the Code of Ethics (which currently incorporates the Code of Business Conduct), the Corporate Social Responsibility (CSR) Guidelines, the OMC 231, previous Sustainability Reports, the strategic planning documents that led to the new 2024-2026 business plan, management and top management communications (Newsletter, D@letter, Newsletter Innovation), minutes of Shareholders' Meetings, company policies;
- **market benchmarks:** a panel of peers operating in the banking sector was taken into consideration;
- **national regulatory sources:** Legislative Decree no. 254/2016, Consolidated Law on Occupational Safety 81/2008, NRRP, OMC 231/2001, Bank of Italy Supervisory Expectations on ESG Risks;
- **international regulatory sources:** sustainability performance reporting standards (GRI standards and updates), SASB, TCFD, UN Guiding Principles on Business and Human Rights, UNEP FI, Taxonomy (environmental and social), WEF's Global Risks Report, European Sustainability Reporting Standards (ESRS) and SFDR.

In addition to the context analysis, the Banco Desio Group carried out direct stakeholder engagement activities that provided an in-depth understanding of their expectations and interests, as well as identifying priority issues for them.

A list of the topics considered is provided below, with a representation of the main positive and negative impacts identified for each topic, refined from last year's representation by virtue of a greater awareness resulting from dialogue with stakeholders and the new 2024-2026 Business Plan.

MATERIAL TOPICS Material Topic	POTENTIAL POSITIVE IMPACTS	POTENTIAL ADVERSE IMPACTS	Scope	Impact
Sustainability governance Governance Model that includes areas of sustainability in the organisation and in the composition of the Board and Top Management to ensure the ability to generate long-term value through a strategy and policies aimed at sustainable development.	- Responsible Business; - Integrating ESG issues within governance ensures that people across every level act responsibly	- Non-compliance with applicable laws, regulations, external standards and codes of business conduct; - Inefficiencies resulting from overly complex and/or non-transparent governance processes, as well as inadequate governance structure selection criteria	Banco Desio Group	Caused by the Group
Ethics, identity and transparency Application of values and principles in the conduct of business, in compliance with national and international regulations, in order to protect the interests of stakeholders	- Transparent approach to taxation, transparent relationship with institutions and supervisory authorities; - Dissemination of a culture of ethics, integrity, honesty, impartiality and transparency	- Incidents of corruption, anti-competitive behaviour and other conduct in breach of laws and regulations; - Loss of stakeholder trust due to non-compliance with the principles of transparency, truthfulness and comprehensiveness in dialogue	Banco Desio Group	Caused by the Group

and ensure transparency towards the market.		with the regulators with which the company interfaces		
Creating shared value Responsible business management to ensure financial soundness and sustainability, creating value for the Group and its stakeholders, adapting the business model to changing internal and external conditions.	- Maximisation of value generation and distribution to shareholders/stakeholders (e.g. employees and suppliers); - Contribution to national economic growth	- Potential reduction in the value of the organisation, with negative consequences in terms of the redistribution of value to shareholders/stakeholders; - Loss of trust by stakeholders and the financial system due to economic/financial performance not meeting expectations	Banco Desio Group	Caused by the Group
Talent attraction and development Strategy to attract the best talent, through transparent and meritocratic talent management policies, competitive remuneration and the development of people, through a relationship based on communication and listening, in order to define personal and professional growth paths, enhancing individual potential and improving the Group's competitiveness.	- Employee retention; - Growth of staff skills and capabilities through training and professional development activities, also linked to personalised growth and assessment targets	- Potential increase in turnover and loss of key knowledge and skills; - Possible negative impacts on employee satisfaction levels due to ineffective performance assessment systems and definition of career development plans	Banco Desio Group (excluding SPVs)	Caused by the Group
Protection of employee health, safety and well-being The Group's ability to protect the health and safety of its employees through prevention measures, education, health training and monitoring of workplace accidents. The Group's ability to foster the development of a positive, motivational and flexible working environment, able to guarantee work-life balance, by providing benefits and company welfare policies.	- Employee satisfaction and mental-physical well-being, thanks to the development of tools to ensure work-life balance and the provision of benefits; - Ensuring the stable employment and well-being of Group employees at work	- Occupational accidents and illnesses resulting from the ineffective application of preventive procedures and actions; - Potential loss of motivation of people in the company resulting from the inadequate consideration of individual needs	Employees of the Banco Desio Group ²⁵ (excluding SPVs)	Caused by the Group and directly related to its activities
Innovation, digital transformation, security and data protection Ability to develop technologically advanced digital financial and banking products and services aimed at meeting customer needs and the ability to enter into collaboration relationships with Fintech companies. Compliance with data privacy laws and regulations and implementation of processes and safeguards to ensure the security and confidentiality of sensitive customer data.	- Improvement of the customer experience; - Strengthening of IT security and data protection and security through training, governance and the introduction of new incident control and prevention tools; - Continuous innovation of digital products and services and promotion of digital innovation and transformation processes	- Difficulties in the use of new technologies/applications by customers; - Malfunctioning of systems available to customers and/or loss of customer data; - Breach of IT systems/intentional and/or unintentional data compromise involving confidential information, to the detriment of the organisation and with direct or indirect external impacts	Banco Desio Group (excluding SPVs)	Caused by the Group and directly related to its activities

²⁵ The scope of data and information on health and safety in the workplace refers only to Group employees and not to other professional staff who are not directly employed and for whom Banco Desio does not have specific health and safety obligations under current legislation.

Adequacy and transparency of customer products and services The Group's ability to build and consolidate customer relationships based on values of trust and transparency, through innovative tools that meet current and future customer needs for digitalisation and flexibility.	- High service quality and resulting customer satisfaction with positive impacts on other stakeholders; - Satisfaction of customer needs and contribution to customer financial knowledge	- Low customer satisfaction due to potentially ineffective/inefficient handling of disputes/complaints and customer relations; - Potential loss of customer contact and employment due to branch closures; - Partial and/or non-transparent information and communication about the products and services offered by the Group	Banco Desio Group	Caused by the Group and directly related to its activities
Diversity and equal opportunities Promotion and enhancement of diversity in all its forms and commitment to abolishing all forms of discrimination, promoting employee inclusion and equal opportunities with a view to respecting human rights.	- Creation and dissemination of the culture of Diversity & Inclusion and enhancement of equal opportunities with positive impacts on individuals, minorities and society at large; - Improvement of the gender gap through programmes dedicated to gender equality and women's empowerment (e.g. Women Leadership Program)	- Discrimination in remuneration between men and women and non-inclusive workplace practices that do not take into account diversity and minority groups; - Lack of respect for diversity and gender equality due to differential treatment conditioned by factors such as gender, sexual orientation, religion, ethnicity and language	Banco Desio Group (excluding SPVs) and suppliers	Caused by the Group and directly related to its activities
Local development and community support Ability to foster access to credit, business growth and local development, also through direct and indirect support for initiatives, activities, and projects of a social and cultural nature, in cooperation with public institutions, associations and local organisations.	- Widespread social, economic and cultural development in the local areas where the Group is present, including through investments and donations; - Generation of a positive socio-economic impact in the communities where the Group is present	- Lack of and/or incorrect identification of those to which support initiatives should be addressed	Banco Desio Group (excluding SPVs)	Caused by the Group and directly related to its activities
Sustainability risk management A structured risk management model aimed at identifying, assessing and managing risks and uncertainties also related to climate change, cyber-security and environmental and social risks, which could impact the ability to generate value in the long term.	- Integration of ESG risks into the bank's core business; - Compliance with standards in force	- Exposure to counterparty subject to climate change/environmental risk; - Unexpected use of credit lines for activities other than the purpose of the loan granted (e.g. rehabilitation, bankruptcy, etc.); - Compliance and data breach risk management	Banco Desio Group	Caused by the Group
Transition towards a sustainable, green and circular economy Policies, initiatives and programmes aimed at mitigating the effects of climate change by setting targets to reduce emissions (GHG) from Group activities and to consciously use the resources required to carry out business activities. The Group's ability to initiate engagement activities and awareness-raising initiatives for companies with regard to	- Promotion of energy efficiency initiatives and the use of renewable energy within the organisation, resulting in reduced atmospheric emissions; - Support for client companies in the transition to a low-carbon economy; - Reduction of environmental impacts by raising awareness about resource use amongst customers and employees (e.g. printing of contractual documents)	- Generation of indirect (Scope 3) GHG emissions linked to the securities and receivables portfolio, corporate travel and purchases of goods and services; - Generation of energy direct and indirect (Scope 1 and Scope 2) GHG emissions	Banco Desio Group (excluding SPVs), customers and business partners	Caused by the Group and directly related to its activities

ESG issues aimed at supporting the transition to a low-carbon economy.				
Sustainable credit and investment Integration of ESG criteria and relative climate change risks into credit management and investment choices in order to contribute to the achievement of the Sustainable Development Goals (SDGs) by supporting local communities with products and services for the transition to a low-carbon and circular economy.	- Contribution to sustainable development through specific investment and insurance instruments with positive economic, environmental, social and governance impacts; - Contribution to the energy efficiency of the country's buildings through targeted products	- Lack of or partial influence in sustainable development processes through specific investment and insurance instruments, with negative economic, environmental, social and governance impacts; - Deterioration of the economic-financial value of companies and sectors that are less virtuous or less capable of ESG transformation	Banco Desio Group (excluding SPVs)	Caused by the Group and directly related to its activities
Responsible supply chain management Responsible sourcing practices aimed at minimising the Group's environmental impacts and maintaining control over the supply chain by assessing and selecting suppliers according to ESG criteria. Adoption and implementation of purchasing procedures that promote socially and environmentally responsible behaviour and practices (respect for human rights, workers' health and safety, appropriate labour practices) among suppliers.	- Contribution to the improvement of supplier ESG performance, including by means of practices adopted by Bank procurement; - Raising of supplier awareness on sustainability issues	- Violation of human rights throughout the value chain and within the Group (e.g. the right to freedom of association and collective bargaining, child labour, forced or compulsory labour, etc.); - Increased social and environmental impacts due to ineffective management of supplier selection, evaluation and monitoring processes in accordance with sustainability criteria	Banco Desio Group (excluding SPVs) and suppliers	Caused by the Group and indirectly related to its activities

In October 2023, after appropriate internal analyses to define a qualified sample of stakeholders, a special stakeholder engagement process was carried out, which, unlike last year, involved different engagement methods: i) online questionnaire, ii) stakeholder day, iii) desk analysis.
The details are provided below:

i) online questionnaire: in alignment with what was done for 2022, a questionnaire was prepared with the aim of reaching a more significant group of stakeholders as well as the Bank's Top Management;

ii) stakeholder day: an initiative that Banco Desio undertook for the first time during two days at its Desio and Spoleto offices on 20 and 24 October. These were multi-stakeholder meetings, involving a sample of about 50 people, aimed at activating direct dialogue in order to better understand their perceptions and expectations with respect to what Banco Desio does and should do to integrate sustainability factors into its way of doing business.

After an initial introduction regarding the Bank's commitment to sustainability, a presentation of the more challenging objectives achieved with the first three-year 2020-2022 Sustainability Plan and a description of the main initiatives outlined in the new business plan, the two days continued with a more interactive phase involving focus groups in which stakeholders were able to express their views and considerations on the list of 13 material topics previously presented and the relative positive and negative impacts identified, and then proceeded to vote, using a special tool, in order to prioritise those topics.

Qualified representatives of customers, suppliers, employees, new generations (under 30) and local representatives, including local administrators, university professors working on sustainability issues and representatives of the association of chartered accountants, who from the Bank's point of view will play a key role in supporting small and medium-sized enterprises in knowledgeably integrating sustainability into their way of doing business, were brought together around discussion tables;

iii) desk analysis: analysis of the perspectives of stakeholders belonging to the “Authorities and Regulators” category through an in-depth analysis of the main publications and regulatory developments.

The table below shows the engagement methods for each stakeholder category.

Stakeholder Category	Engagement method
1. Shareholders	Questionnaire
2. Collaborators	Questionnaire / Stakeholder Day
3. New Generation	Questionnaire / Stakeholder Day
4. Suppliers	Questionnaire / Stakeholder Day
5. Local Area & Community	Questionnaire / Stakeholder Day
6. Supervisory & Regulatory Authorities	Desk Analysis
7. Customers	Questionnaire / Stakeholder Day
8. Group's Top Management	Questionnaire

[GRI 3-2]

The process of aggregating the findings obtained from the different stakeholder engagement methods made it possible to prioritise the material topics that represent the most significant impacts for the Group. These results are therefore a reflection of i) evaluations of the impacts generated, expressed by internal and external stakeholders during the online questionnaire and stakeholder days, ii) evaluations of the impacts generated, expressed by the top management through the online questionnaire, iii) evaluations of the impacts generated, determined through desk analysis.

Material topics	Ranking 2023
Sustainability governance	1
Sustainable credit and investment	2
Ethics, identity and transparency	3
Innovation, digital transformation, security and data protection	4
Adequacy and transparency of customer products and services	5
Protection of employee health, safety and well-being	6
Local development and community support	7
Creating shared value	8
Talent attraction and development	9
Transition towards a sustainable, green and circular economy	10
Sustainability risk management	11
Responsible supply chain management	12
Diversity and equal opportunities	13

From the aggregation of the results obtained, the following topics were confirmed as priorities, in continuity with the previous year:

- “**Sustainability Governance**”; and
- “**Ethics, identity and transparency**”

confirming the strategic role of sustainability and the importance of ethical and responsible business, aimed at protecting stakeholder interests and ensuring transparency with respect to the market.

The positioning of topics related to the business is significant:

- “**Sustainable credit and investment**”;
- “**Innovation, digital transformation, security and data protection**”;

• **“Adequacy and transparency of customer products and services”**; and as well as its most important resources: employees, reflected in the topic **“Protection of employee health, safety and well-being”**, which also ranked high.

This result appears to be in line with expectations, by virtue of a stakeholder engagement process structured for 2023 in a different manner, which allowed for a greater awareness of and sensitivity to the topics addressed.

The following table presents a connection between the material issues identified by the Banco Desio Group and the areas envisaged by Legislative Decree no. 254/2016:

Areas of Legislative Decree no. 254/2016		Banco Desio Group relevant issues
	Environment	Sustainable credit and investment Innovation, digital transformation, security and data protection Transition towards a sustainable, green and circular economy Responsible supply chain management
	Company	Sustainability governance Sustainable credit and investment Ethics, identity and transparency Innovation, digital transformation, security and data protection Adequacy and transparency of customer products and services Local development and community support Creating shared value Transition towards a sustainable, green and circular economy Responsible supply chain management Diversity and equal opportunities
	Employees	Ethics, identity and transparency Innovation, digital transformation, security and data protection Protection of employee health, safety and well-being Creating shared value Talent attraction and development Diversity and equal opportunities
	Human rights	Ethics, identity and transparency Protection of employee health, safety and well-being Responsible supply chain management Diversity and equal opportunities
	Combating active and passive corruption	Sustainability governance Ethics, identity and transparency Sustainability risk management

E: Our responsibility towards the environment

Transition towards a sustainable, green and circular economy

[GRI 2-23]
[GRI 3-3]

Aware of the climate changes that are affecting our planet, the Banco Desio Group is sensitive to the issue of environmental protection as a resource for the well-being of humanity. Climate change, depletion of natural resources, water availability and air and soil degradation are some of the possible negative impacts of human activity on ecosystems and society. We are convinced that a different focus, compared to the past, on the use of energy and the disposal of everyday materials would lead us to better preserve a more natural and intact environment than the degradation it has undergone over time at the hands of man, as well as promoting more conscious resource consumption patterns and thus the possibility of being able to innovate operating processes as well as limit operating costs.

The European Union in particular has set itself targets and deadlines, which, however obvious, must report audited and measured results in a certified manner. Our nation, through the issuance of Ministerial Decrees with the technical support of ENEA (e.g. Decree Law no. 102/2014), has set itself the goal of pursuing objectives, common to other European nations as well, in order to implement a programme that envisages targeted investments in energy efficiency with certified verification of the results achieved.

In this context, in recent years the Banco Desio Group has embarked even more decisively on a path aimed at developing initiatives to reduce its consumption of raw materials and the continuous commitment to the use of recycled or certified (FSC/PEFC) materials²⁶, committing itself to adopting a precautionary approach to relevant environmental issues, with the dual objective of, on the one hand, containing the risks associated with business operations and, on the other, enhancing the new business opportunities arising from the management of the issue, in all strategic areas of activity. The monitoring of the ESG credit and investment portfolio valuation, the composition of the supplier portfolio and the consumption of raw materials and energy, together with the measurement of emissions and waste generation, reflects the Group's real commitment to environmental and economic sustainability and allows it to track continuous performance improvement.

It should be noted that with the aim of defining in greater detail the criteria and methods for implementing the aforementioned objectives, the Parent Company has adopted a specific "Environmental Policy", in which it reaffirms its commitment to orienting its business activities so as to "meet the needs of the present without compromising the ability of future generations to meet their own needs"²⁷ in order to create sustainable value for all its *stakeholders*.

In particular, the Policy defines the key principles related to environmental protection and the ways in which the Banco Desio Group intends to manage its direct environmental responsibilities (by applying technological, procedural and behavioural standards in the performance of its activities) and indirect environmental responsibilities (by including environmental aspects in its lending and responsible investment policies and in the offer of products and services to its customers), promoting awareness among its *stakeholders*.

Through the Policy, the Banco Desio Group intends to contribute to the achievement of the Sustainable Development Goals (SDGs) defined by the UN in the context of the 2030 Agenda; for this reason, as highlighted in the section "The Banco Desio Group's **"Beyond 26"** Business Plan and the Sustainable Development Goals (SDGs)" of the Banco Desio Group, the most significant performance indicators have been identified, achievable improvement targets have been set and the results achieved have been periodically monitored by adopting appropriate management solutions.

²⁶ FSC (Forest Stewardship Council): is an international certification established in 1993, specifically for the forestry sector and products deriving from forests that are managed fairly and responsibly according to strict environmental, social and economic standards.

PEFC (Programme for Endorsement of Forest Certification schemes): sustainable forest management certification that ensures that forests are managed in line with stringent environmental, social and economic requirements.

²⁷ World Commission on Environment and Development - WCED, 1987.

In order to promote conscious consumption of raw materials, among which paper and toner are particularly important, the Group has implemented the following rules:

- remote monitoring of printers and their subsequent configuration in duplex mode;
- dematerialisation of documents through the use of tablets at the counter to affix the “Advanced Electronic Signature” (F.E.A.);
- the extension of separate collection to all types of waste produced and maximisation of the share of waste sent for recycling/reuse;
- development and dissemination of informative messages to customers no longer based solely on traditional posters but increasingly through monitors and other digital tools and solutions, also remotely.

With regard to the use of energy resources, on the other hand, the Group is aware that office equipment, work tools and technological systems in the workplace are the most significant elements in the consumption of electricity and fuel. In this context, the Group has long since adopted special “Provisions on the use of energy resources” consistent with the objectives of savings and efficiency that can guarantee over time both the elimination of waste and the safeguarding of common energy resources, and the optimisation of internal costs.

In this regard, activities continued so as to renovate and/or adapt the technologically outdated and low-yielding facilities at the parent company and branch offices.

The main activities pursued include:

- the signs of 10 branches were converted to LED;
- the adaptation and upgrading of electrical installations to support Disaster Recovery at the Desio office was completed;
- air-conditioning systems were replaced at 18 branches with the aim of:
 - increasing the efficiency of equipment energy performance, reducing the consumption of energy sources;
 - improving the comfort of working environments for the benefit of staff and customers;
- the lighting system was upgraded at 3 branches;
- gas boilers were replaced with heat pump systems at 4 branches.

With a view to the removal of architectural barriers, a company was also engaged in 2023 to inspect 30 branches and a feasibility study was recommended, aimed at ensuring increasing accessibility to the Bank's buildings for people with reduced motor or sensory function. In the course of 2024, the aim is to carry out at least 50% of these actions in order to prepare a schedule of activities for the removal of architectural barriers.

As far as the subsidiary Fides is concerned, since 2022 the Company has been able to benefit from a new workplace, duly renovated in compliance with occupational safety and prevention criteria.

In particular, the spaces:

- ensure comfort and efficiency in the use of workplaces (also with a view to workstation rotation for smart working);
- are equipped with lighting that uses only LED lamps;
- have highly soundproof flooring and sound-absorbing ceiling panels.

In terms of sustainable mobility, the Group uses cars from the company fleet of market-leading brands that guarantee adequate green standards with eco-friendly technologies (including, for example, hybrid or electrically powered vehicles). It should be noted, in this regard, that in 2020 the Group's new policy was approved on the allocation and use of company cars, adopting a catalogue of cars (in terms of make, model and equipment) with specific limitations also with reference to CO₂ emissions.

Discussions with the Desio Municipal Administration were undertaken in 2023 to evaluate the construction of a car park with photovoltaic canopies. In the course of 2024, the guidelines for the feasibility of this project will need to be defined in cooperation between the public and private sectors.

At the Desio office, six more fast-charging stations were also installed for company cars, bringing the total number to eight, and the adoption of hybrid or plug-in cars by employees was further promoted.

The Group is also committed to engage solutions with a lower environmental impact with respect to travel between home and work and business travel, as well as the increased use of virtual communication tools and policies related to work flexibility (e.g. smartworking). With particular reference to the latter, a one-year extension of the agreement to access the agile working mode is planned for 2023. Once again this year, videoconferencing tools were activated and favoured over the usual means of communication. This will continue to bring environmental benefits in the future.

Also with this in mind, Banco Desio has launched a specific project with Movesion, for the provision of "MobilityCompany", a software-as-a-service (web and App) IT platform for its employees, aimed at gathering together all alternative sustainable mobility services in a single environment, with a view to revolutionising people's travel habits and improving mobility in cities.

As part of the ABI-Lab Consortium, the Banco Desio Group participates in the ABI Energy Working Group; ABI-Lab's activity to support banks in the process of purchasing electricity and gas has always been aimed at allowing banks to save on supply costs. Thanks to the support of ABI Energia, the Group has opted for the use of renewable energy sources, thus achieving 100% certified electricity from these sources already in 2018.

The Group is a multi-site organisation, subject to specific energy and energy efficiency regulations:

- Law no. 10/1991 "Standards for the implementation of the national energy plan on the rational use of energy, energy saving and the development of renewable energy sources" and the related Presidential Decree no. 412/93 "Regulations on the Design, installation, operation and maintenance of thermal installations in buildings for the containment of energy consumption";
- Legislative Decree no. 102/2014 "Implementation of the energy efficiency directive 2012/27/EU": Banco Desio already issued to ENEA in December 2023 the energy audit on energy-intensive companies.

In this regard, it should be noted that, starting in 2018, the figure of the Energy Manager was established and assigned to the external company **UNOENERGY INNOVATIVE SOLUTIONS**, which was given the task of:

- complying with the normal energy activities that so-called energy-intensive companies have to fulfil (including Legislative Decree no. 102/2014),
- monitoring and verifying energy consumption data,
- contributing to design and/or renovation activities in the energy field.

For more details on specific targets defined in terms of direct/indirect environmental impacts, please refer to the section "The Banco Desio Group's "**Beyond 26**" Business Plan and the Sustainable Development Goals (SDGs)".

Reduction of direct/indirect environmental impacts

[GRI 301-1]
[GRI 301-2]

The main raw materials used by the Group are paper and toner for printing for internal use and for material for customers and other stakeholders.

Raw materials (Data in Kg)	31.12.2023	31.12.2022	31.12.2021
PAPER	256,983	202,465	240,426
of which Outsourcer ⁽¹⁾	35,998	26,828	37,456
of which FSC/PEFC PAPER ⁽²⁾	54,863	45,434	61,806
of which RECYCLED PAPER ⁽³⁾	212,063	157,532	177,586
of which NON-FSC/PEFC/Recycled paper ⁽⁴⁾	3,530	4,228	n.a.
FSC/PEFC paper ⁽²⁾ to total ratio	21%	22%	26%
Recycled paper to total ratio	83%	78%	74%
NON-FSC/PEFC/Recycled paper to total ratio	1%	2%	n.a.
Paper consumption per employee	107.48	95.73	112.30
Paper consumption per m2	2.10	1.88	2.21
TONER	2,453	2,409	2,855
of which Remanufactured Toner	-	-	4
of which recycled Toner cartridges	2,451	2,405	2,835
Remanufactured toner to total ratio	0%	0%	0%
Recycled toner cartridges to total ratio	100%	100%	99%
Toner consumption per employee	1.03	1.14	1.33
Toner consumption per m2	0.02	0.02	0.03

- (1) Quantity of paper used by external outsourcers for printing and sending communications to customers.
(2) Paper with Forest Stewardship Council (FSC)/Programme for Endorsement of Forest Certification schemes (PEFC), which guarantees that the wood and/or paper materials used to make products come from responsibly managed forests
(3) It should be noted that following a process of refining the data collection system, the figure as at 31.12.2022 has been restated from that reported in the Sustainability Report as at 31.12.2022 (which should be referred to for the data previously reported)
(4) Please note that the amount of "NON FSC/PEFC/Recycled paper" has been included in the statements with reference to 31.12.2023 and 31.12.2022

The Group continues to be committed to the use of "green" office supply products, with the distribution at the Group branches of recycled paper and remanufactured toner, followed by the use of recycled toner.

The increase in raw material consumption is mainly attributable to the acquisition of 48 branches from the BPER Group in February 2023²⁸. Thus, although paper consumption per employee increased compared to 2022, it decreased compared to 2021. On the other hand, toner consumption per employee also decreased in 2023, despite the acquisition of 48 branches.

As for the type of paper used, it is 100% recycled paper obtained by processing waste paper rather than cellulose, also using post-consumer waste from newspapers and magazines. By using recycled paper, deforestation can be reduced and materials destined for disposal can be reused. In addition, FSC/PEFC is used, which guarantees that the wood and/or paper materials used to make products come from responsibly managed forests.

In the path undertaken of gradual simplification and dematerialisation of contracts and in the revision of print management processes with the rationalisation of the printer fleet and the introduction of printing by authentication, the Group contributes to the reduction of print-outs and at the same time to the increasingly careful monitoring of consumption.

²⁸ Raw material consumption relating to the 48 branches acquired from the BPER Group as at 31 December 2023 is estimated at approximately 48,000 kg

The Group has maintained its steadfast commitment to publishing its Financial Report and Sustainability Report in digital format only, in order to further reduce paper consumption.

[GRI 302-1]

Fuels	Unit of Measurement	31.12.2023	31.12.2022	31.12.2021
Heating	GJ	14,687	15,964	18,835
of which:				
Natural Gas	GJ	14,687	15,964	18,835
	m3	428,329	465,551	549,323
District heating	GJ	2,670	4,158	4,343
	Kwh	741,775	1,154,990	1,206,358
Total Heating and District Heating	GJ	17,357	20,122	23,178
	Kwh	1,170,104	1,620,541	1,755,682
Energy consumption from heating and district heating per employee (GJ)		7,259	9,514	10,826
Energy consumption from heating and district heating per m2		0.142	0.187	0.213
Electricity	GJ	41,206	39,085	39,900
of which from renewable sources	Kwh	11,446,180	10,856,865	11,083,365
	GJ	41,206	39,085	39,900
	Kwh	11,446,180	10,856,865	11,083,365
	% of total	100%	100%	100%
Energy consumption from electricity per employee (GJ)		17,234	18,480	18,636
Energy consumption from electricity per m2		0.34	0.36	0.37
Company vehicle fleet fuel	GJ	4,380	4,702	4,825
of which:				
Petrol	GJ	2,313	1,866	1,667
	Litres	72,480	58,478	52,624
Diesel	GJ	2,067	2,836	3,157
	Litres	57,427	78,789	87,853
Energy consumption from company fleet per employee (GJ)		1,832	2,223	2,253
Energy consumption from company fleet per m2		0.04	0.044	0.044
TOTAL ENERGY CONSUMPTION	GJ	62,943	63,909	67,902

For the quantification of the condominium gas consumption of some of the Group's sites, estimates were made as a breakdown of the total condominium consumption with respect to the thousandths of surface area attributable to the sites in question.

Total energy consumption within the Group decreased compared to the two reporting periods, benefiting:

- with reference to the consumption of energy from heating and district heating: from the effect of the consolidation of specific system upgrading and energy efficiency initiatives implemented at the Parent Company and the branches, through the replacement of obsolete and high energy-consuming plants with technologically advanced and low energy consumption solutions. In addition, the temperature management set point also contributed to lower consumption.
- with reference to electricity consumption: there was a slight increase related to the acquisition of 48 branches from the BPER Group in February 2023²⁹;
- with regard to energy consumption by the company fleet: cars that guarantee adequate green standards with eco-friendly technologies (including, for example, hybrid or electrically powered vehicles).

In 2023, the Bank once again joined the "**M'illumino di Meno**" (I use less energy) initiative, the National Day for Energy Saving and Sustainable Lifestyles promoted by Rai Radio2 with Caterpillar, the programme that has been organising the event every year since 2005 to spread the culture of environmental sustainability and resource saving. On 16 February 2023 at the Desio Headquarters as well as in Palazzo Pianciani in Spoleto and throughout the entire branch network, lighting was switched off from 7:30 p.m. to 7:30 a.m. the following day, leaving only the lighting in the service areas (e.g. ATMs and Self-service areas) active. In addition, through ATM monitors, all customers were called upon to participate in the initiative and their awareness was raised as concerns the adoption of environmentally friendly behaviour, not only on this day, but in everyday life.

²⁹ Electricity consumption relating to the 48 branches acquired from the BPER Group as at 31 December 2023 is estimated at approximately 1.5 million Kwh

[GRI 302-2]

Energy consumption	31.12.2023	31.12.2022	31.12.2021
Data in GJ			
Business trips	7,784	4,325	3,513
of which:			
Personal car	5,003	3,889	3,257
Train	570	360	211
Plane	2,210	76	45
Bus	1.4	n.a.	n.a.
Ships	0.1	n.a.	n.a.
Total	7,784	4,325	3,513
Fuel consumption for business trips per employee	3.26	2.04	1.64
Fuel consumption for business trips per m2	0.06	0.04	0.03

The increase in energy consumption outside the organisation is attributable to:

- the acquisition of 48 branches from the BPER Group in February 2023, as described in the 2023 Consolidated Financial Report, which should be referred to for the details;
- the "**Crescere insieme a vele spiegate**" convention held in May, with the aim of sharing ideas and projects and promoting the on-boarding of colleagues at the new Lanternina branches;
- full resumption of travel following the gradual lifting of travel restrictions imposed by the Covid-19 pandemic.

[GRI 302-3]

Energy intensity does not include energy consumption outside the bank (indicator 302-2) and was calculated by dividing the total energy consumption inside the bank (indicator 302-1) by the number of Group employees at the year-end reference date and per square metre of floor space occupied by Banco Desio's head office and all Group branches.

Data in GJ	31.12.2023	31.12.2022	31.12.2021
Total energy consumption	62,943	63,909	67,902
Energy intensity per employee	26.3	30.2	31.7
Energy intensity per m2	0.5	0.6	0.6

With regard to reducing energy consumption, for some time now the Group has undertaken, with increasing commitment, initiatives aimed at rationalising the consumption of resources, also through the restructuring and/or adaptation of technologically outdated and low-efficiency plants at the Parent Company's headquarters and branch network, while aiming to optimise resources.

For several years now, the decision was made for the Banco di Desio headquarters to adopt the district heating solution, a centralised heat production system that is distributed directly to users by means of a network of double pipes and a heat exchanger that transfers the heat drawn from the network to the areas to be heated. Indeed, the Kyoto protocol lists district heating as one of the most effective tools for reducing carbon dioxide emissions; it is in fact a safe, clean, effective and economical system that not only eliminates emissions close to where people live and work, but also reduces operating and maintenance costs compared to traditional heating systems.

Activities were carried out to renovate and/or adapt the technologically outdated and low-yielding facilities at the parent company and branch offices.

With regard to the branch network in particular, the main interventions concerned the replacement of air-conditioning systems to improve equipment energy performance by reducing the consumption of energy sources, and, to improve the comfort of work environments for the benefit of staff and customers, the upgrading of the lighting system in some branches and the replacement of gas boilers with heat pump systems.

In terms of energy efficiency, in order to optimise overall property management, the Group has implemented actions and solutions aimed at reducing consumptions and emissions both to fulfil regulatory obligations and to achieve sustainability goals.

To guide these actions, the issue of the control, management and monitoring of building consumption data in order to achieve optimisation of internal lighting operating hours, signage operating hours and internal room temperature is of fundamental importance.

In the course of 2023, the Bank prepared the energy diagnosis pursuant to Legislative Decree no. 102/2014, noting that existing actions, such as monitoring and management of set point temperatures in summer air conditioning and winter heating, are already resulting in lower consumption over time.

Among the various initiatives aimed at increasing energy efficiency, the Bank has continued to promote comfortable and appropriate dress to help reduce energy consumption for cooling during the summer period (in force from 1 June to 30 September).

Further initiatives planned for 2024:

- replacement of air processing unit systems at the Desio office;
- adaptation of lighting systems in the underground parking area at the Desio office;
- continuation of the replacement of obsolete systems with heat pump systems in the branch network;
- adaptation of lighting systems in some branches.

In the 2023 Sustainability Plan, specific targets were defined for reducing energy consumption. For the results achieved as at 31 December 2023, please refer to the previous section "The Banco Desio Group's **"Beyond 26"** Business Plan and the Sustainable Development Goals (SDGs)".

Greenhouse Gas Emissions

The information required by the GRI standard on greenhouse gas emissions is based on the requirements of the GHG Protocol³⁰ which contains a classification of emissions into "Scope 1", "Scope 2" and "Scope 3" according to the following parameters:

Scope 1 - The relevant indicator considers emissions resulting from the direct combustion of fossil fuels, purchased for heating, electricity and thermal power generation, and the fuelling of transport vehicles; emission sources classified as Scope 1 are generally directly owned and controlled by the Group.

Scope 2 - The relevant indicator considers emissions from the production of electricity purchased by the Group and consumed for electrical equipment and lighting inside buildings; the Group is indirectly responsible for emissions generated by the supplier for the production of the required electricity.

Scope 3 - The relevant indicator considers emissions other than indirect GHG emissions from energy consumption, which are a consequence of the Group's activities, but which arise from GHG sources not owned or controlled by others, such as emissions related to business travel and employee mobility.

[GRI 305-1]

The indicators below are expressed in tonnes of carbon dioxide (CO₂) and tonnes of CO₂ equivalents, where this measure also expresses the amount, in addition to carbon dioxide, of the other greenhouse gases listed in the Kyoto Protocol and GHG protocol, i.e. methane (CH₄) and nitrous oxide (N₂O), and is obtained using a calculation formula defined in the "Guidelines on the Bank's Application of GRI Environmental Standards - December 2023".

³⁰ The Greenhouse Gas Protocol "A Corporate Accounting and Reporting Standard" – World Business Council for Sustainable Development e World Resources Institute - www.ghgprotocol.org/standards/corporate-standard

Emissions Data in Ton	31.12.2023		31.12.2022		31.12.2021	
	CO ₂	CO ₂ equivalent	CO ₂	CO ₂ equivalent	CO ₂	CO ₂ equivalent
Heating	859	864	925	932	1,085	1,094
of which:						
Natural Gas	859	864	925	932	1,085	1,094
Direct emissions from heating per employee	0.4	0.4	0.4	0.4	0.5	0.5
Direct emissions from heating per m2	0.0	0.0	0.0	0.0	0.0	0.0
Company vehicle fleet fuel	321	323	345	348	355	358
of which:						
Petrol	169	170	136	137	122	123
Diesel	152	153	208	211	233	235
Fuel emissions of the company fleet per employee	0.1	0.1	0.2	0.2	0.2	0.2
Total Emissions	1,180	1,187	1,269	1,279	1,440	1,451

[GRI 305-2]

This indicator provides for the reporting of Scope 2 emissions using two methodologies:

- **Location-based** which considers the contribution of the average emission factors of the national distribution network used by the Group for its electricity consumption, giving equal weight to emissions from both renewable and non-renewable sources:

Location-Based

Emissions Data in Ton	31.12.2023		31.12.2022		31.12.2021	
	CO ₂	CO ₂ equivalent	CO ₂	CO ₂ equivalent	CO ₂	CO ₂ equivalent
Electricity purchased	3,067	3,090	2,823	2,836	3,081	3,095
of which:						
from renewable sources	3,067	3,090	2,823	2,836	3,081	3,095
Total Emissions	3,067	3,090	2,823	2,836	3,081	3,095
Emission intensity per employee	1.3	1.3	1.3	1.3	1.4	1.4
Emission intensity per m2	0.0	0.0	0.0	0.0	0.0	0.0

- **Market-based** which considers the positive contribution in counting emissions of certain contractual forms chosen by the Group, such as the certified purchase of electricity from renewable sources through Guarantee of Origin Certificates, which reduce the relevant emission factor to zero. This positive contribution is reflected in the result of zero emissions from electricity (due to the fact that 100% of the electricity comes from renewable sources):

Market-Based

Emissions Data in Ton	31.12.2023		31.12.2022		31.12.2021	
	CO ₂	CO ₂ equivalent	CO ₂	CO ₂ equivalent	CO ₂	CO ₂ equivalent
Electricity purchased	-	-	-	-	-	-
of which:						
from renewable sources	-	-	-	-	-	-
Total Emissions	-	-	-	-	-	-

For the calculation of indirect emissions (referred to in Scope 2), those relating to district heating were not counted, since the thermal energy used comes from the waste-to-energy plant located in Via Gaetana Agnesi in Desio, which first transforms waste into thermal energy (steam) and then into electricity. The residual heat from this process is further recovered by a thermal power plant connected to the Desio waste-to-energy plant, which collects the hot water produced and, through a pumping plant, delivers it to a network of pipelines spread throughout the local area.

[GRI 305-3]

For indirect emission estimates, the emission coefficients for rail and air travel 2023 have been updated with the new source: Abilab Guidelines "Guidelines for the Bank's Application of GRI Environmental Standards' of December 2023", while the emission factors for car travel have been updated with the ISPRA

2021 source. Finally, the "UK Government Conversion Factors for greenhouse gas (GHG) reporting" database was considered for ship travel emission factors.

Emissions Data in Ton	31.12.2023		31.12.2022		31.12.2021	
	CO ₂	CO ₂ equivalent	CO ₂	CO ₂ equivalent	CO ₂	CO ₂ equivalent
Business trips	555	370	309	288	254	242
of which:						
Personal car	367	370	285	288	240	242
Train	30	n.d.	19	n.d.	11	n.d.
Plane	158	n.d.	5	n.d.	3	n.d.
Bus	0.1	0.1	n.d.	n.d.	n.d.	n.d.
Ships	0.03	n.d.	n.d.	n.d.	n.d.	n.d.
Total Emissions	555	370	309	288	254	242
Emissions from business trips per employee	0.2	0.2	0.1	0.1	0.1	0.1
Emissions from business trips per m2	0.0	0.0	0.0	0.0	0.0	0.0

[GRI 305-4]

Emission intensity includes Scope 1 emissions (indicator 305-1), Scope 2 emissions (indicator 305-2) and does not include Scope 3 emissions (indicator 305-3). The total emissions included in the calculation are divided by the number of employees in the Group at the reference date.

Data in Ton	31.12.2023		31.12.2022		31.12.2021	
	CO ₂	CO ₂ equivalent	CO ₂	CO ₂ equivalent	CO ₂	CO ₂ equivalent
Total Scope 1 and Scope 2 emissions ⁽¹⁾	4,247	4,277	4,092	4,115	4,521	4,546
Emission intensity per employee	1.8	1.8	1.9	1.9	2.1	2.1
Emission intensity per m2	0.0	0.0	0.0	0.0	0.0	0.0

(1) The Scope 2 emissions considered in the total were calculated using the Location based method.

[GRI 306-1]

Due to the specific activity conducted by the Group, the types of consumed materials that can become waste are mainly:

- raw materials such as paper and toner used for printing for internal use and for informative material for customers and other stakeholders;
- waste materials from discarded equipment and other bulky materials.

In observing how these materials, once acquired by the Group, become waste, one must exclude the paper used by the outsourcer to send communications to customers, which has an end-of-life at the customer's premises.

For the other types of materials used, the main activities that generate waste are listed below:

- periodic disposal of paper archives;
- disposal of personal computers and other electronic equipment;
- renovation of furniture and furnishings in the headquarters and/or branches.

There is no significant impact on the Group in connection with these activities.

[GRI 306-2]

The Group is aware that it can also contribute to the generation of impacts related to waste management processes through its own procurement policies, which may result in the generation of waste upstream as well as affect the generation of waste downstream.

For these reasons, among the measures taken to prevent the production of waste and manage the impacts generated by it, including measures in favour of circularity, the Group has chosen to source recycled paper and toner.

[GRI 306-3]

Municipal solid waste is managed by the public collection service for which there is no way to detect the quantities and methods of recovery or disposal.

Other types of waste, apart from municipal solid waste, are mainly the following:

- paper and cardboard packaging: these are delivered to operators charged with collecting them from branches for subsequent recycling/recovery, i.e. placing them in the distribution circuit via the Comieco Consortium or domestic and foreign paper mills. With reference to the headquarters of the parent company and the subsidiary Fides, differentiated waste from the respective municipalities of Desio and Rome is delivered to the collection system;
- discarded electronic equipment: this is delivered to local companies authorised to dismantle and treat these types of waste for raw material recovery. Only the fractions that can no longer be recovered are sent for disposal at authorised plants;
- spent toner cartridges: periodically delivered according to current regulations and collected by appointed and authorised third party companies.

Waste by composition Data in Ton	31.12.2023	31.12.2022	31.12.2021
Waste diverted from disposal			
Paper and Cardboard Packaging	11.2	42.7	82.4
Equipment	1.1	0.0	21.4
Toner	2.4	2.6	3.8
Other waste	21.9	1.5	0.0
Total	36.6	46.8	107.6
Waste sent for disposal			
Equipment	0.0	0.0	3.8
Other waste	0.0	1.5	2.8
Total	0.0	1.5	6.6
Total waste produced	36.6	48.3	114.2
Waste produced per employee	0.02	0.02	0.05
Waste for recycling/reuse	100.0%	96.9%	94.3%
Waste produced per m2	0.00	0.00	0.00

The year 2023 was characterised by a significant reduction in the tonnes of waste generated, mainly due to the reduction of waste related to paper and cardboard packaging. The 48 branches acquired from the BPER Group did not generate an increase in waste despite their partial renovation, which involved the replacement of some non-operational air conditioning and heating systems and the replacement of chairs in most branches. The quantity of paper and cardboard packaging for the year 2023, as well as the two previous years, includes the balance reported by the collection service at the Group's branches. With regard to the head office of the parent company, following the outsourcing of disposal to the municipal public service, as of 1 January 2020, which does not issue forms concerning the quantity disposed of, the figure was estimated by relating the quantity of paper and cardboard packaging disposed of per capita by each network employee to the number of head office employees.

For the subsidiary Fides, the figure for 2023, as for the two previous periods, was estimated by applying a per capita disposal coefficient weighted by the number of employees to the amount of "paper" raw material used by the company (as per GRI indicator 301-1).

The item on equipment intended for recycling/re-use can be traced back to the replacement of obsolete ATMs, PCs and printers.

Under "Other waste" in the table, evidence is given of the quantities of bulky materials, mainly wood, destined for recovery.

None of the waste produced by the Group can be classified as Hazardous Special Waste.

[GRI 306-4]

Waste diverted from disposal		31.12.2023	31.12.2022	31.12.2021
Data in Ton				
Hazardous waste		0.0	0.0	0.0
	Total	0.0	0.0	0.0
Non-hazardous waste				
Preparation for re-use		0.0	0.0	0.0
Recycling		7.1	32.8	82.4
Other recovery operations		29.5	14.0	25.2
	Total	36.6	46.8	107.6
Total Waste diverted from disposal		36.6	46.8	107.6

[GRI 306-5]

Waste sent for disposal		31.12.2023	31.12.2022	31.12.2021
Data in Ton				
Hazardous waste		0.0	0.0	0.0
	Total	0.0	0.0	0.0
Non-hazardous waste				
Incineration (with energy recovery)		0.0	0.0	0.0
Incineration (without energy recovery)		0.0	0.0	0.0
Landfilling		0.0	0.0	0.0
Other disposal operations		0.0	1.5	6.6
	Total	0.0	1.5	6.6
Total Waste directed to disposal		0.0	1.5	6.6

During 2023, there was an elimination of waste intended for disposal falling under the category of "Other disposal operations" understood as any operation, other than the previous ones, of end-of-life management of products, materials and resources by means of storage or chemical or thermal transformation that renders these products, materials and resources unavailable for further use.

European Taxonomy of environmentally sustainable activities

In June 2020, the Council and the European Parliament adopted Regulation (EU) no. 2020/852 (the so-called Taxonomy Regulation), aimed at defining a framework for redirecting capital flows towards sustainable investments. The objective of the EU Taxonomy is to promote comparability for companies and investors and help market participants establish a common language for identifying sustainable activities, thus mitigating the risk of "greenwashing".

The European Taxonomy established the gradual entry into force of disclosure requirements, distinguishing between eligible assets and aligned assets:

Eligible activity

An eligible economic activity is one that can be traced back to the descriptions of activities in Delegated Regulation (EU) no. 2021/2139 with respect to six environmental objectives.

Aligned activity

As defined by Regulation no. 2020/852, an activity can qualify as environmentally sustainable if:

- it contributes substantially to one or more of the six environmental objectives set out in Article 9 of the Taxonomy Regulation:
 - 1) climate change mitigation (CCM);
 - 2) climate change adaptation (CCA);
 - 3) the sustainable use and protection of water and marine resources;
 - 4) the transition to a circular economy;
 - 5) pollution prevention and control;
 - 6) the protection and restoration of biodiversity and ecosystems;
- it does not cause significant harm (DNSH) to any of the above-mentioned environmental objectives;
- it is carried out in compliance with minimum safeguards; and
- it complies with the technical screening criteria set by the European Commission.

This disclosure also refers to:

- Delegated Regulation (EU) no. 2021/2139 (Climate Delegated Act) was adopted, which presents the list of eligible economic activities and the related technical screening criteria with reference to the first two climate objectives, climate change mitigation and adaptation (Annex I and Annex II of the Delegated Regulation on Climate, respectively);
- Delegated Regulation (EU) no. 2021/2178 (Article 8 Delegated Act or Disclosure Delegated Act), containing the provisions on the presentation of information to be disclosed by financial and non-financial organisations regarding the methodology used for disclosure under the EU Taxonomy. For credit institutions in particular, reference is made to Annexes V, VI, XI for qualitative disclosure and XII;
- Delegated Regulation (EU) no. 2022/1214 with regard to economic activities in certain energy sectors, amending the previously mentioned Delegated Regulation on Climate and the Article 8 Delegated Act;
- Delegated Regulation (EU) no. 2023/2485 amending the previous Delegated Regulation (EU) 2021/2139 by setting additional technical screening criteria;
- Regulation no. 2023/2486 (Regulation on Remaining Environmental Objectives), supplementing Regulation (EU) no. 2020/852, and the associated technical screening criteria, and amending the Article 8 Delegated Act.

Results for the financial year 2023

In the 2021 and 2022 Sustainability Report, the Banco Desio Group reported its share of eligible economic activities, as required by Art. 10, point 3 of Delegated Regulation (EU) no. 2021/2178. In particular, in 2021, the eligibility analysis was also based on the use of estimates in the absence of available market data, while for financial year 2022, it was possible to find publicly available data without the use of proxies or estimates.

In compliance with the regulatory requirements mentioned above, for the year ended 31 December 2023, the Banco Desio Group is publishing its degree of alignment with the European Taxonomy (for the first two climate mitigation and adaptation objectives) and degree of eligibility for the remaining 4 objectives of its consolidated operations, with respect to the key performance indicators (hereinafter also referred to as KPIs) defined in Annex V of Delegated Regulation (EU) no. 2021/2178 established for credit institutions and represented through the templates included in Annex VI.

The disclosure of the five additional alignment templates for specific activities related to the fossil gas and nuclear power ("G&N") sectors presented in Annex XII of Delegated Regulation (EU) no. 2021/2178 was also integrated into this year's reporting.

The key performance indicators the Group is required to publish are the Green Asset Ratio and other KPIs related to off-balance sheet exposures, which are turnover-based (Turnover-based) and capital expenditure-based (CapEx-based).

Template 0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets ³¹	KPI ³² (Turnover-based)	KPI ³³ (CapEx-based)	% coverage (over total assets) ³⁴	% of assets excluded from the numerator of the GAR (Art. 7(2) and (3) and point 1.1.2 of Annex V) ³⁵	% of assets excluded from the denominator of the GAR (Art. 7(1) and point 1.2.4 of Annex V) ³⁶
Main KPI	GAR (green asset ratio) stock	Turnover-based: EUR 113.7 million CapEx-based: EUR 127.1 million	0.8%	0.9%	75.4%	53.0%	24.6%
Additional KPIs	GAR (flow)	Turnover-based: EUR 4.0 million CapEx-based: EUR 7.2 million	0.03%	0.05%	75.4%	-	24.6%
	Trading book³⁷	n.a.	n.a.	n.a.			
	Financial guarantees³⁸	-	-	-			
	Assets under management	Turnover-based: EUR 7.0 million CapEx-based: EUR 14.1 million	0.41%	0.82%			
	Fees and commissions income³⁹	n.a.	n.a.	n.a.			

³¹ In view of the absence of clear guidance on how to complete the column on total environmentally sustainable assets, the Banco Desio Group discloses this value by representing both KPIs based on turnover and on capital expenditure.

³² based on the turnover KPI of the counterparty.

³³ based on the capital expenditure KPI of the counterparty. For the completion of this column, reference was not made to what is set forth in the footnote (*****) of Delegated Regulation no. 2021/2178, in light of the clarifications provided by the European Commission in FAQ no. 46 of the Draft Commission Notice of 21 December 2023, which specifies precisely that general loans are included in both the turnover-based GAR and the capital expenditure-based GAR.

³⁴ % of assets covered by the KPI over banks' total assets.

³⁵ Numerator assets do not include exposures to small/medium-sized financial and non-financial undertakings or those not subject to NFRD reporting requirements, derivatives, on-demand interbank loans, the Bank's cash and cash equivalents and other asset classes.

³⁶ Exposures to central governments, central banks and supranational issuers are excluded from the assets in the denominator.

³⁷ Only as of 2026, reporting pursuant to the EU Taxonomy will be supplemented with two more KPIs, respectively the KPI for fees and commissions and the GAR for the trading book.

³⁸ There are no environmentally sustainable assets linked to financial guarantees.

³⁹ Only as of 2026, reporting pursuant to the EU Taxonomy will be supplemented with two more KPIs, respectively the KPI for fees and commissions and the GAR for the trading book.

Green Asset Ratio

The Green Asset Ratio (hereinafter also "GAR") corresponds to the ratio of the Group's assets financing Taxonomy-aligned economic activities or invested in such activities to total covered assets⁴⁰. In particular, the indicator is constructed:

- a. in the numerator, taking into account loans and advances, debt securities, equity holdings and repossessed collaterals financing Taxonomy-aligned economic activities on the basis of the turnover KPI and the capital expenditure KPI of the underlying assets;
- b. in the denominator, taking into account total loans and advances, debt securities, equity holdings and repossessed collaterals, as well as all other covered on-balance sheet exposures⁴¹.

The GAR must be reported:

- a. in terms of stock (hereinafter also referred to as GAR KPI Stock), based on the total gross book value of exposures at the reporting date (31 December 2023);
- b. in terms of flow (hereinafter also referred to as GAR KPI Flow), based on the gross carrying amount of the exposure during the year prior to the reporting date (i.e. exposures generated during 2023);
- c. with a separate breakdown for enabling activities⁴² and transition activities⁴³, as well as for specialised lending (hereinafter also known use-of-proceeds financing).
- d. with reference to its exposures to the sectors covered by the Taxonomy, using the relevant NACE codes.

KPI off-balance sheet exposures

The KPI for off-balance sheet exposures (hereinafter also referred to as KPI off balance – OBS) represents the ratio of Taxonomy-aligned economic activities to the off-balance sheet exposures that the Group manages and which directs, or helps direct, capital flows to sustainable economic activities. The disclosure refers to:

- a. financial guarantees to financial and non-financial undertakings (hereinafter also FinGuar KPI), calculated as the ratio of financial guarantees backing debt instruments financing Taxonomy-aligned economic activities to all financial guarantees backing corporate debt instruments;
- b. financial assets under management (hereafter also AuM KPI), calculated as the ratio of financial assets under management (debt and equity instruments) of companies financing Taxonomy-aligned economic activities to total financial assets under management.

As with the GAR, the two KPIs for off-balance sheet exposures are to be reported in terms of stock and flow, and with details relating to enabling and transition economic activities.

Eligibility and alignment disclosure

In 2023, the Banco Desio Group is publishing the information relating to the Taxonomy Regulation in table format, with the application of templates 0 to 5 established by Delegated Regulation (EU) no. 2021/2178:

- **Template 0 Summary of KPIs:** presented within this section, "Results for the year 2023", this template summarises the set of indicators that credit institutions must report pursuant to article 8 of Regulation 852/2020;

⁴⁰ Covered assets represent total gross assets excluding exposures to central governments, central banks, supranational issuers and the trading book.

⁴¹ Reference is made to other assets excluded from the numerator but included in the denominator, including derivatives, on-demand interbank loans, cash and cash equivalents and other asset categories (e.g. goodwill, commodities, etc.) (rows 44, 45, 46, 47 of Template 1 Annex VI of Delegated Regulation 2021/2178).

⁴² An economic activity that directly enables other activities to make a substantial contribution to one or more of the six objectives, provided that:

- a) it does not lead to dependence on assets that compromise long-term environmental objectives, taking into account the economic life of such assets; and
- b) it has a significant positive impact on the environment, based on life-cycle considerations.

⁴³ Economic activity for which there are no technologically and economically feasible low-carbon alternatives but which supports the transition to a climate-neutral economy aligned with a pathway to limit the temperature increase to 1.5° C above pre-industrial levels.

- **Template 1 Assets for the calculation of GAR:** all of the Group's exposures at the reporting date (31 December 2023), in gross book value;
- **Template 2 GAR sector information:** the Bank's exposures to sectors covered by the Taxonomy (with reference to NACE codes), in gross book value;
- **Template 3 GAR KPI (stock):** starting from the information reported in Template 1, the template summarises the stock GAR in % value;
- **Template 4 GAR KPI (flow):** starting from the information reported in Template 1, the template summarises the flow GAR in % value;
- **Template 5 KPI off-balance sheet exposures:** set of off-balance sheet exposures with details for financial collateral and financial assets under management, as a % of their total gross book values. The indicator will also be duplicated in order to provide the information from both a stock and a flow perspective.

All of the above templates, with the exception of the sector information template, are replicated in order to show the turnover-based and capital expenditure-based KPIs.

It should also be noted that as this year is the first year of Taxonomy-alignment reporting and the application of the above templates, the columns referring to the "T-1" period have not been completed.

As mentioned previously, this disclosure also includes the 5 templates⁴⁴ established by the Delegated Regulation on Gas and Nuclear ("G&N") defined in Annex XII of the Delegated Regulation (EU) no. 2021/2178, in particular:

- **Template 1 G&N:** nuclear and fossil gas related activities;
- **Template 2 G&N:** Taxonomy-aligned economic activities (denominator);
- **Template 3 G&N:** Taxonomy-aligned economic activities (numerator);
- **Template 4 G&N:** Taxonomy-eligible but not taxonomy-aligned economic activities;
- **Template 5 G&N:** Taxonomy non-eligible economic activities.

Assets for GAR calculation

Regulation (EU) no. 2021/2178 defines the scope of the total covered assets with respect to which the numerator and denominator of the Green Asset Ratio are calculated. In particular, exposures to central governments, central banks and supranational issuers are excluded from the denominator⁴⁵.

With reference to the covered assets in both the numerator and the denominator of the Green Asset Ratio, the indicator includes exposures to financial and non-financial counterparties subject to the disclosure requirements pursuant to articles 19a and 29a of Directive 2013/34/EU, exposures to households, local government loans and repossessed real estate collaterals.

The methodology adopted by the Group to verify the eligibility and alignment of certain categories of exposures is described in detail below.

Financial and non-financial undertakings subject to the NFRD obligation

For exposures to financial and non-financial counterparties subject to NFRD disclosure requirements (rows 2 to 23 Template 1 Annex VI of Delegated Regulation (EU) no. 2021/2178), loans and advances, debt securities and equity instruments are included. These exposures are calculated on the basis of the precise data published by the counterparties (on turnover and capital expenditure), contained in their respective non-financial statements for the previous year. Specifically:

⁴⁴ The five templates are presented for all applicable KPIs (GAR, AuM KPI, FinGuar KPI) based on turnover and capital expenditure, with reference to stock and flow.

⁴⁵ Article 7(1) Delegated Regulation (EU) no. 2021/2178.

- For financial counterparties, reference is made to the key performance indicators on eligible turnover and capital expenditure^{46,47}. In view of the fact that financial counterparties have not specified an environmental target for the year's eligibility figure, in order to avoid double counting, the figure is associated with the climate change mitigation target for all financial counterparties, with the exception of insurance counterparties, for which the climate change adaptation target has been associated in view of the specific nature of the business. In addition, for insurance counterparties, which published 3 KPIs (eligible Turnover-based, eligible CapEx-based, Underwriting KPI), an average is taken between the Turnover-based KPI and the Underwriting KPI for the calculation of the turnover-based indicator; the same approach was taken for the calculation of the Capital Expenditure-based KPI⁴⁸.
- For non-financial counterparties, reference is made to the key performance indicators relating to eligible and aligned turnover and capital expenditure in relation to climate change mitigation and adaptation objectives. It should be noted that it was not always possible to establish the environmental objective with respect to which non-financial counterparties were assessing eligibility. Therefore, in view of the above, if a counterparty submits alignment data for both objectives (CCM and CCA), the practice of allocating the entire eligible percentage to the CCM objective was formalised in order to avoid double-counting.

Retail exposures

Retail exposures (rows 24 to 27⁴⁹ of Template 1 Annex VI of the Delegated Regulation (EU) no. 2021/2178), include loans to households on residential immovable property and consumer credit for the purchase of motor vehicles. The Group carried out detailed analyses on the alignment methods established by the Taxonomy Regulation using information available in the Bank's management systems and data acquired externally from a qualified info provider.

Loans to households on residential property

The KPI requires the inclusion of the share of loans and advances for the purchase or renovation of real estate, taking into account compliance with the technical screening criteria⁵⁰ defined by Delegated Regulation (EU) no. 2021/2139 (Annex I).

The Bank has identified exposures under "7.2. Renovation of existing buildings", which are therefore considered eligible.

The Group carried out an analysis of its loan portfolio⁵¹, and identified the share of loans to households that can be categorised in "7.7 Acquisition and ownership of buildings" of Annex I to Delegated Regulation (EU) no. 2021/2139, which were therefore identified as eligible. Subsequently, the Bank performed an analysis to check the technical screening criteria:

- Buildings constructed before 31 December 2020 with an energy performance certificate (EPC) attributable to energy class A were identified, in compliance with the requirements of the criterion of substantial contribution to the climate change mitigation target;
- On the subset of properties identified, a physical risk assessment was carried out, using a physical climate score provided by an external info provider, in order to ensure compliance with the DNSH requirement of the Regulation on climate change adaptation. The physical risk score used is based on the material climate-related hazards pursuant to Appendix A of Delegated Regulation 2021/2139, and associates an assessment of exposure to these hazards (very low, low, medium, high, very high).

⁴⁶ In view of the gradual entry into force of the Taxonomy Regulation, it should be noted that for financial counterparties, data on the level of alignment is not available, as the disclosure obligation for this indicator is established as of this financial year.

⁴⁷ If the financial counterparty did not publish the Turnover-based and Capital Expenditure-based figure, in continuity with the approach taken in the previous reporting year, the figure is duplicated to present the Turnover-based and CapEx-based view.

⁴⁸ The approach used is aligned with what is set forth in the European Commission's FAQ 4 of 21 December 2023.

⁴⁹ All other categories of loans to customers that do not fall into the two categories mentioned above have been included in row 24.

⁵⁰ Points 7.2.; 7.3.; 7.4.; 7.5.; 7.6.; 7.7. of Delegated Regulation (EU) no. 2021/2139 (Annex I)

⁵¹ Data on real estate (i.e. energy performance certificates) as at 31 October were taken into account for the analysis, due to the lack of data required for the analysis relating to the months of November and December of FY23. It follows that any new loans or existing loans for properties that received an energy certificate or risk score (meeting the criteria of the detailed analysis below) after 31 October are excluded from the scope analysed.

The Group has therefore considered properties constructed before 31/12/2020, with EPC A certification and having a physical risk score classified as “very low” and “low” to be aligned.

Consumer credit for the purchase of motor vehicles

The GAR KPI for retail exposures requires the inclusion of loans for the purchase of motor vehicles, taking into account compliance with the technical screening criteria defined in activity 6.5. of Delegated Regulation (EU) no. 2021/2139 (Annex I). Due to the absence of adequate data and information to verify the technical screening criteria defined for this category, it was not possible to determine its alignment. However, such exposures are classified as eligible.

Assets excluded from the numerator for GAR calculation (template 1 Annex VI of Delegated Regulation no. 2021/2178)

With reference to the assets excluded from the numerator for the calculation of the GAR, but included in the denominator: exposures to small/medium-sized financial and non-financial undertakings or those not subject to NFRD disclosure requirements (rows 33 to 43), derivatives (row 44), on-demand interbank loans (row 45), the Bank’s cash and cash equivalents (row 46) and other asset classes (row 47).

Exposures to financial counterparties not subject to NFRD disclosure requirements have been included in row 33.

GAR – Industry information

Delegated Regulation no. 2021/2178 requires credit institutions to present, in a dedicated template, the gross book value of exposures to non-financial counterparties broken down by NACE sectors covered by the⁵²taxonomy, and then indicate the aligned portion, respectively, calculated by making reference to the aligned exposures pursuant to template 1.

GAR KPI stock

Financial institutions are required to present the GAR stock template, which represents the percentage of Taxonomy-aligned exposures at the reporting date in relation to total covered assets. The figure is calculated as the ratio between the value of the Taxonomy-aligned covered assets and total covered assets as reported in template 1, except for the column “Proportion of total covered assets” (column af of template 3 of Annex VI of Delegated Regulation no. 2021/2178), which is calculated as the ratio between the total gross book value and the value of the assets (thus also considering non-covered assets).

GAR KPI flow

In addition to the GAR KPI Stock, Delegated Regulation no. 2021/2178 requires reporting in the GAR KPI Flow template. This indicator, expressed in percentage terms, is calculated as the ratio of the gross book value of new Taxonomy-aligned exposures (i.e. new loans and advances, debt securities, equity instruments) to the total value of covered assets at the reporting date. The term new exposures refers to exposures that arose in the year prior to the reporting date, without deducting the amounts of loan repayments or disposals of debt/equity instruments that occurred in the previous year⁵³. During 2023, the Banco Desio Group completed the acquisition of 48 branches from the BPER Group, consequently the GAR KPI flow for 2023 will be impacted by the effects of this transaction. As for the GAR Stock, the values in the column “Proportion of total assets covered” (column AF of template 4 of Annex VI of Delegated Regulation no. 2021/2178) represent the ratio of the total gross book value (in this case relating to new exposures) to the value of the assets (thus also considering non-covered assets) of the specific asset class.

KPI off-balance sheet exposures

The Banco Desio Group also publishes the proportion of financial guarantees supporting loans, advances and debt securities financing Taxonomy-aligned economic activities compared to all financial guarantees. In order to identify aligned financial guarantees, a reconciliation was performed of the point data based on the turnover and capital expenditure of issuers of the guaranteed securities. Similarly, the Group reports the proportion of managed financial assets of companies that finance Taxonomy-aligned economic activities compared to total managed financial assets (debt instruments, equity instruments

⁵² Where a counterparty is active in more than one sector, the figure reported considers only the share of assets falling within the NACE sectors eligible under the EU Taxonomy.

⁵³ As stated in FAQ 65 of the Draft Commission Notice of 21 December 2023.

and other assets). In order to identify aligned securities under management, reference was made to point data based on turnover and capital expenditure published by the managers⁵⁴.

Disclosure relating to exposures to nuclear and fossil gas-related economic activities

As required by Regulation (EU) no. 2022/1214, Banco Desio reports on exposures to counterparties with activities linked to the nuclear energy and fossil gas sectors.

The regulation requires the publication of five templates showing the percentages and amounts of non-eligible, eligible but unaligned and aligned activities pursuant to the EU Taxonomy for all KPIs applicable to credit institutions.

Similar to the other indicators, the GAR for activities related to the nuclear energy and fossil gas sectors will also have to present the dual turnover-based and CapEx-based view.

Scope of consolidation and data limitation

The preparation of the disclosure regarding the eligibility and alignment of consolidated assets with respect to the requirements of the European Taxonomy is based on the prudential consolidation scope of the CRR Brianza Union Group as at 31 December 2023. The consolidation complies with the supervisory reporting of institutions pursuant to Regulation (EU) no. 575/2013 of the European Parliament and of the Council and Commission Implementing Regulation (EU) no. 2021/451 (FINREP).

Gross assets are provided by the total gross assets resulting from FINREP as at 31 December 2023 relating to the prudential supervisory scope of the CRR Brianza Unione Group, while covered assets are provided by the total gross assets excluding exposures to central governments, central banks, supranational issuers and the trading book⁵⁵.

The Group's approach to European Taxonomy

The Banco Desio Group is committed to integrating the requirements of the European Taxonomy and has planned to develop products based on the requirements of this Regulation. For more information, please refer to the section "Products and services with environmental purposes".

⁵⁴ The approach taken refers to what is suggested in FAQ 4 of the Draft Commission Notice of 21 December 2023.

⁵⁵ As provided for in Question 21 of European Commission Communication no. 2022/C 385/01.

Sustainability in portfolio investment choices

During 2019, the Banco Desio Group approved its "ESG framework for responsible investments" with the intention of integrating the way in which it decides and manages its investments by attributing relevance to factors that favour sustainable development, concern for society and the environment, aiming to adopt an approach to the selection of financial instruments⁵⁶ that takes ESG factors into account as an integral part of the investment process, in order to mitigate operational and reputational risks, when such financial instruments are not declared to be issued against specific projects or initiatives aimed at creating a positive impact for the environment and/or in the social sphere (e.g. green bonds, social bonds, sustainability bonds).

The responsible investment approach is structured in consequential steps, with a modular approach that considers in a first step, which is applied to the set of stocks and bonds considered as possible investments, an analysis of the so-called "negative screening" aimed at excluding sectors/activities considered to be at high reputational risk, and a second phase of analysis known as "positive screening", i.e. an ESG analysis of possible investments of EUR 1 million or more, for which ESG scores/ratings are available. The "positive screening" approach takes the form of a "best in class" responsible investment strategy, i.e. taking into consideration investment opportunities with a synthetic ESG score/rating⁵⁷ above the established acceptability threshold of at least investment grade (i.e. with a score/rating no lower than "B –").

In addition, the "ESG framework for responsible investment" defines a monitoring system for the securities portfolio that considers the evolution of the financial instruments also in terms of ESG risks, carried out with respect to the ESG performance of the financial instruments in the portfolio and the sector to which their issuer belongs (ESG sector score/rating) in order to manage any positions in potential conflict with the "ESG framework for responsible investments".

With regard to securities belonging to the investment universe indicated above (equities other than holding and bonds other than sovereign debt), it is periodically verified that at least 80% of the portfolio's countervalue has an ESG score/rating and that at least 90% of the countervalue has an ESG score/rating above the acceptability threshold.

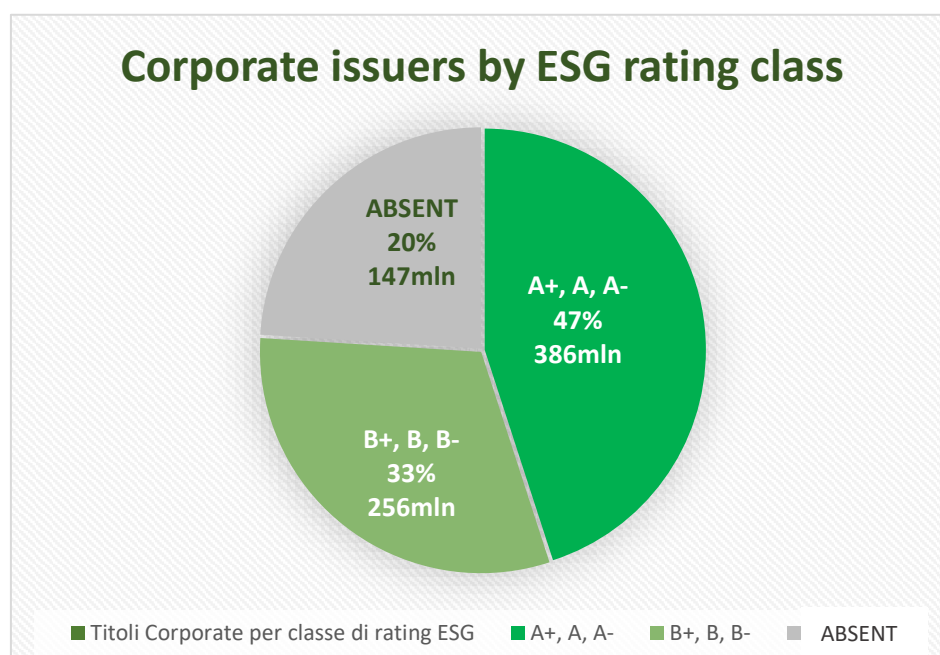
To this end, a contract was finalised starting in 2020 with one of the leading providers on the market to provide the ESG Score for monitoring investments in terms of sustainability.

In the parent company's securities portfolio, as at 31 December 2023, out of a total corporate bond portfolio of EUR 789 million, 81% of the securities were issued by companies with ESG scores above the acceptability threshold. In addition, there are no bonds from issuers below this threshold, while for the remainder (19%), 11% have no ESG score and 8% have no ESG score but have Social or Green Bond characteristics.

Clustering by issuer score	LOW RISK	MEDIUM RISK	HIGH RISK	SCORE ABSENT
	A+, A, A-	B+, B, B-	C, D	
# issuers	26	18	0	14
# issuers %	45%	31%	0%	24%
investment (€/mln)	386	256	0	147
investment %	47%	33%	0%	20%

⁵⁶ The Group considers this approach to be applicable to equities (other than holdings) and bonds listed on regulated markets. Investments in government bonds, asset management products and/or structured financial instruments on ETFs or derivatives (e.g. Securitised Securities, Investment Funds, Unit Linked, ETFs, Call/Put Options, Repos, etc.) are not subject to ESG screening.

⁵⁷ Indicator reflecting the overall environmental, social and governance performance of an issuer (so-called ESG score/rating).



As part of the plan to integrate ESG factors into the Bank's decision-making system, a further development of the framework described above is planned.

ESG Framework for Credit Policies

The Banco Desio Group's lending policies are primarily geared to supporting local economies, households, entrepreneurs, professionals and small and medium-sized enterprises. The special attention paid to the maintenance of the relationships established with customers and their development, represents a strong point for the Bank as it allows continuity of the relationship and support to customers in a long-term perspective.

The total value of loans to customers at 31 December 2023 amounted to approximately EUR 11.7 billion, up 1.5% compared to the balance at year-end 2022, and included loans arising from the acquisition of business unit from the BPER Group described in the 2023 Consolidated Financial Report, which should be referred to for the details.

On the overall portfolio, the Credit Department continued its monitoring activities and its analysis the positions revealed an increase in the deterioration of existing loans - albeit at levels in line with the pre-pandemic period - on which risk containment and management actions were activated. Monitoring the indirectly most exposed positions is one of the first drivers of attention in order to ensure the best quality of the credit portfolio over time and, at the same time, to identify the best solutions to enable companies to continue their business. In continuity with the actions taken in the Covid context, the Bank adopted the Temporary Crisis Framework (TCF) that allowed SMEs to apply for access to MCC-guaranteed financing to address liquidity needs related to the economic and financial turmoil caused by the ongoing conflict and by the measures implemented by the ECB, which led to a significant increase in rates.

With reference to the flooding events that particularly affected the territories of Emilia-Romagna and Toscana, was the implementation of the provisions of Art. 11 of Decree Law no. 61/2023 (so-called Emilia-Romagna Flood Decree) and the Ordinance of the Head of the Civil Protection Department (OCDPC) no. 992 of 8 May 2023 and the Ordinance of the Head of the Civil Protection Department no. 1,037 of 5 November 2023, as amended.

Non-impaired exposures, with a repayment rate of 2.4% as at 31 December 2023 among performing loans, despite a more difficult market context for new loan disbursements, are growing thanks to the above-mentioned acquisition of 48 branches from the BPER Group and the positive contribution of consumer lending; overall coverage of the performing portfolio stood at 0.97%, up from 0.88% as at 31 December 2022, reflecting the caution linked to the complex reference macroeconomic context.

The Group has contributed to supporting families, customers and employees to cope with the current economic situation by offering the possibility to reschedule loan repayment plans. The initiative, promoted by the Parent Company since the start of the reference year, aimed to mitigate the increase in instalments on variable-rate mortgages by allowing customers to extend the term of the loan up to 5 years without increasing costs. Customers with variable-rate mortgages, who have seen an increase of at least EUR 100 in their instalments, could in fact benefit from this facilitation measure through direct contact with their reference branch. In addition, Banco Desio offered a ceiling for further options to dilute payments over time or convert variable-rate mortgages into fixed-rate mortgages, depending on the needs of its customers.

The Banco Desio Group also considers the integration of social and environmental issues in the process of defining its strategic guidelines and in its business model, as a fundamental element to pursue the creation of value in the medium-long term in favour of all stakeholders. In this sense, the Bank continues on a path of consolidating sustainability within its business activities, integrating environmental, social and governance (ESG) factors into its business processes, developing the **ESG Framework for Credit Policies** - annexed to the **Credit Policy** on the basis of the values defined in the Code of Ethics, the mission and the sustainability commitments, with the aim of adopting a responsible approach in the credit disbursement process and contributing to the progressive awareness of its target customers towards increasingly sustainable economic models.

In the course of 2023, internal regulations were updated to reflect changes in the reference context, establishing for:

- the Credit Policy: the introduction of sustainability (or ESG) elements into both lending strategies and the lending process;
- the ESG framework for credit policies: the evolution of the framework with the introduction of (i) the Banco Desio Group's internal taxonomy, making explicit the concepts of "eligible sectors",

"environmentally sustainable economic activity" and "environmentally sustainable financing", the methods for "classifying environmentally sustainable financing" and the "environmentally sustainable guarantee eligibility criteria"; (ii) the reference to credit policy guidelines that also consider the integration of ESG factors, also with a view to improving the composition of the credit portfolio in the future from an ESG perspective; (iii) the principles underlying ESG products consistent with the reference legislation (Regulation EEU 2020/852, the "Taxonomy" Regulation).

The ESG Framework describes the process of screening and profiling the customer and the individual loan according to sustainability parameters that complement the assessment process defined in the Group's credit policies. The analysis process is structured in sequential stages, with a modular approach. The objective is to progressively improve the loan portfolio from the perspective of the Taxonomy, encouraging loans to counterparties belonging to sectors with less climate-environmental risk. In the course of 2023, the Credit Department continued its analysis and monitoring of the credit portfolio, thanks also to the acquisition of Climate Change Risk Score (physical and transition risk) from a qualified external info provider, which over the past year has further refined the calculation methodology adopted, providing more precise data. The main results for the corporate counterparty portfolio are shown below:

A) Transition risk

Transition risk - Enterprises	# NDG	% NDG	Uses Dec 23 (mln euro)	% Uses
Green	168	0.5%	75.7	1.3%
Negligible	16,478	45.7%	1,526.8	26.3%
Average	11,016	30.6%	3,023.3	52.2%
High	3,617	10.0%	878.9	15.2%
Very High	225	0.6%	73.6	1.3%
Not available	4,521	12.5%	216.5	3.7%
TOTAL	36,025	100%	5,794.8	100%

The info provider selected to provide the score has further refined its methodology by introducing a modification to discriminate between the wholesale and retail sectors within business activities, based on an analysis of the point data of sector companies, which show much higher levels of emission intensity for wholesale activities. Therefore, the transition risk score "Medium" (previously "Negligible") was assigned to companies operating in wholesale sectors, in order to take into account the higher environmental impact compared to companies operating in retail sectors, insofar as the assessment is mainly linked to emission intensity values due to the higher incidence of logistics activities (including transport-related activities).

B) Physical risk

Physical risk - Enterprises	# NDG	% NDG	Uses Dec 23 (mln euro)	% Uses
Very low	5,340	14.8%	1,066.6	18.4%
Low	9,351	26.0%	1,958.3	33.8%
Average	9,107	25.3%	1,601.3	27.6%
High	7,688	21.3%	997.9	17.2%
Very High	1,419	3.9%	126.2	2.2%
Not available	3,120	8.7%	44.5	0.8%
TOTAL	36,025	100%	5,794.8	100%

Also in this case, the info provider, in addition to incorporating updates of the data underlying the scores (e.g. ISPRA map update), introduced a change in the methodology used for the calculation of physical risk scores, in line with regulatory developments (e.g. Taxonomy and related Delegated Regulations), with the extension of the number of events analysed (from three events in 2022 to fourteen in 2023), which now include acute and chronic risk events. The extension of the number of events for the portfolio analysis for 2023 therefore changed the assessment on the individual subject analysed (company or property).

Of the approximately 36,000 counterparties, roughly 4% are classified with "Very High" physical risk, of which about 60% belong to the Central Italy geographical area.

In addition, physical risk exposure analyses were also conducted with reference to the real estate portfolio. Overall, with reference:

- to owned real estate, which amounted to 94 properties, the share of the portfolio exposed to physical risks, classified as "Very High" stood at about 6.3%;
- to collateral real estate, which amounted to around 45,600 properties, the share of the portfolio exposed to physical risks, classified as "Very High" stood at about 6%.

The physical risk score does not take into account mitigation actions (e.g. insurance or structural interventions to secure buildings), which could reduce the potential risk.

On the basis of the assessments that have emerged, for sectors considered sensitive and counterparties considered risky (so-called "high" and "very high" risk exposures), monitoring and in-depth actions are planned that also include the direct involvement of the Banco Desio Group's relationship managers, with the aim, after engaging the counterparty, of mitigating risk through dedicated products (e.g. renovation loan with an improvement in physical risk) and/or insurance products and evaluating any reduction in exposure through disengagement activities.

Products and services with environmental purposes

Banking services

In a complex economic environment, with exponential growth in energy costs in the first part of 2023, the Bank extended the partnership agreement with Sorgenia S.p.A., a leading company in solutions for the production and use of energy from renewable sources and the adoption of greentech solutions.

The collaboration stems from the need to support companies in a rapidly changing market environment and, as a bank, to financially support companies in their ecological transition processes.

To this end, Banco Desio has provided dedicated loans with a specific ceiling for companies that need to invest in photovoltaic systems.

With this agreement, Banco Desio wants to confirm itself as a reliable partner for SMEs in the area that want to choose more sustainable solutions and seize the opportunities of this important and transformative moment on these issues, in order to become more responsible but also more competitive.

Respect for the environment and environmental sustainability are issues that are increasingly felt by the community and the system's economic fabric. The Banco Desio Group's ambition is to be recognised by customers and the market as an institution that promotes the transition to a sustainable economy with full respect for environmental, social and good governance values; the Bank's commitment will continue over time, developing across customer segments, business lines, corporate culture development and community engagement.

It therefore becomes an opportunity to expand the Group's range of mortgages and loans for consumers and businesses, providing the latter with specific financial support, also for granting credit for green investment projects for their companies to reduce their environmental impact. This is all in accordance with the new "**Beyond 26**" 2024-2026 Business Plan, one of the cornerstones of which is the centrality of ESG issues.

With this in mind, the new "**Mutuo Green**" mortgage featuring subsidised conditions for energy-efficient home purchases or building renovations, favouring the environmental transition, was finalised for the consumer target in 2023. Continuing along the path of adding to the Banco Desio Group's offer, upcoming

product releases for the year 2024 will be dedicated to the corporate segment through the initial "**Green Business Financing**" that will reward environmentally sustainable choices with dedicated conditions, pursuing the Taxonomy-alignment established by Regulation 2020/852 and relative Delegated Acts.

During 2024, Banco di Desio e della Brianza will continue with the integration of ESG factors in support of the green economy, including by launching an **Enterprise Unsecured Loan with the SACE Green Guarantee**. The initiative will aim to promote sustainable business practices, focusing on investments in energy efficiency, photovoltaics and bioenergy, also in this case pursuing alignment with the taxonomy set forth in Regulation 2020/852 and the relative Delegated Acts.

The Group also pays particular attention to the environmentally sustainable choices of its customers by supporting them with personal loan solutions at advantageous conditions for sustainable mobility purchases and environmentally sustainable actions, which will be released soon. Therefore, the year 2024 will also see the launch by the subsidiary Fides of the "**Verde Migliora**" personal loan for the replacement of heating and plumbing systems, thermal insulation or for the purchase of sustainable durable goods (e.g. electric cars) in accordance with EU Regulation 2020/852.

The Group's willingness to support SMEs and households engaged in transition projects is embodied, in brief, in the challenging Business Plan target of achieving a 2% incidence of green loans aligned with the EU Taxonomy (Regulation 2020/852) out of outstanding loans at the end of 2026.

Investment services

Sustainability plays a central role in the company's strategy, also through the investment services offered. Banco Desio intends to actively contribute to the generation of positive change on a global level.

Aware in fact that ESG factors are essential in assessing the sustainability and related risks of an investment position, here too, we are constantly committed to a process of improving and updating our sustainability policies in line with continuously evolving regulatory developments.

Our commitment to clients is embodied in the pursuit of a strategy of integrating ESG factors into investment choices. ESG indicators provide additional information on the risks and opportunities of an investment decision.

Similarly, as part of its investment advisory service and in particular in the distribution of mutual funds, SICAVs and insurance investment products (IBIPs), the Bank is committed to offering and implementing a range of investment products managed by taking into consideration sustainability elements in order to meet the needs of customers increasingly sensitive and attentive to these issues.

Banco Desio considers the integration of sustainability risks in the process of defining its strategic guidelines and in its business model a fundamental element of risk management and value creation in the medium-long term and for the benefit of all *stakeholders*.

Aware of the importance of creating value for both the investor and the community, the Bank intends to act to direct its resources accordingly, also towards investments that combine a return on capital with ESG objectives. In addition to a constant expansion of the range of investment products offered to customers from a sustainability perspective, both asset management and products placed as part of the advisory service (e.g. mutual funds, SICAVs, IBIPs), a path has been set in motion to integrate ESG aspects into the provision of investment services. In this regard, the sustainability preference survey began as part of the MiFID profiling questionnaire.

Asset Management Service

Consistent with the provisions of Regulation (EU) no. 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector (so-called "SFDR Regulation"), Banco Desio has integrated sustainability risks into its decision-making processes related to Asset Management and considers the main negative effects that its investment decisions could have on sustainability factors.

In particular, Banco Desio has developed the **ESG framework for the investment decisions of the Asset Management business** on the basis of the values defined in the Code of Ethics and the sustainability commitments defined in the Sustainability Plan, adopting a financial instrument selection methodology

that takes ESG factors and sustainability KPIs into account as an integral part of the investment process, in order to mitigate operational, reputational and sustainability risks and strengthen the Group's commitment with respect to its stakeholders.

The ESG analysis process is structured in sequential stages, with a modular approach according to the characteristics of the investment, which are broken down into the so-called "negative screening", through the application of exclusion criteria from the investable universe and, subsequently, in the so-called "positive screening" through the adoption of an ESG rating associated with financial instruments and in the monitoring of managed portfolios using sustainability KPIs.

This approach stems from the commitment to sustainable development with low greenhouse gas emissions dictated by the Paris Agreement adopted under the United Nations Framework Convention on Climate Change, as well as the 2030 Agenda adopted by the United Nations General Assembly focusing on sustainable development (SDGs) and the United Nations Principles for Responsible Investment (PRI) guidelines and in particular PRI no. 158 which calls for the incorporation of environmental, social and governance factors into investment analysis and decision-making.

Moreover, in accordance with the above-mentioned regulatory framework, Banco Desio publishes on its website and specifies in the pre-contractual disclosures of qualified products under Arts. 8 and 9 (SFDR):

- any updates made to the ESG Framework for investment decisions and with impacts on policies for integrating sustainability risks into investment decision-making processes;
- updated disclosures relating to qualified products under Art. 8 or 9 and managed by Banco Desio.

In addition, the first **PAI Statement** referring to 31 December 2022 was prepared, in accordance with Regulation (EU) 2022/1288 and the ESAs' Consultation Paper of 12 April 2023 concerning the review of the SFDR in relation to Principle Adverse Impacts (PAIs) and the associated disclosure. The document, intended to measure the main adverse impacts on sustainability factors of the Bank's assets under management, was published on Banco Desio's website by the 30 June 2023 deadline.

Consulting service

Banco Desio has pursued the path of integrating ESG factors within the investment services framework as well, leading to the adoption of the **"Policy for the integration of ESG factors of financial products subject to investment services provided to customers ("Mifid ESG Policy")**", aimed at taking into consideration the evolution in the regulatory context, EU Regulation 2019/2088 (SFDR) and Delegated Regulation (EU) 2021/1253 (MiFID II Integration).

Banco Desio has selected a specialised qualified info provider to provide the ESG rating of financial instruments/insurance investment products and services, which has enabled it to progressively integrate the assessment of consistency between sustainability preferences expressed by the customer during MiFID profiling and its investment portfolio.

In parallel with the adjustments related to the MiFID framework on the adequacy assessment, activities have continued in relation to the definition of the informative disclosures concerning the process of integrating ESG factors in advisory services, asset management and related ESG investment solutions, both on the website and in pre-contractual documentation, established based on the gradual implementation of Regulation (EU) no. 2019/2088 (so-called SFDR Regulation) and Regulation (EU) no. 2020/852 (the so-called Taxonomy Regulation). As mentioned, the ESG factor integration process will continue along the lines already laid out in 2023, particularly with regard to the acquisition of customer preferences concerning Principal Adverse Impacts (PAIs) to be integrated into the suitability assessment.

Indirect funding and sustainable products and services offered

As part of the Bank's investment services business as at 31 December 2023, customers had invested EUR 1,862.7 million in mutual funds/SICAVs managed in consideration of sustainability criteria (Art. 8 and Art. 9 SFDR). The increase is generated by the gradual development of the market for products offered by product manufacturers that are increasingly orienting their investment strategies by integrating sustainability factors into their policies.

In the stock of AuM relating to asset management, the equivalent value of the Ethics Line with SFDR Art. 8 qualification is EUR 103.4 million.

The insurance investment products component amounted to EUR 7.3 million.

Investment products and services subscribed by clients <i>(amounts in Euro thousands)</i>	31.12.2023	Incidence %	31.12.2022	Incidence %	31.12.2021	Incidence %
Mutual funds and SICAV	1,862,651	9%	1,546,282	9%	972,209	5%
Asset Management in funds	103,385	1%	127,965	1%	144,908	1%
Insurance investment products	7,261	0%	5,826	0%	4,091	0%
Total ESG-rated products and services ⁽¹⁾	1,973,297	10%	1,680,073	10%	1,121,208	6%
<i>Year-on-year increase</i>	17%		50%		-	
Total direct inflows	20,075,207	100%	17,082,615	100%	18,018,035	100%
<i>Year-on-year increase</i>	18%		-5%		-	

- (1) The allocation between sustainable instruments of the reference year was made on the basis of Regulation no. 2019/2088 (SFDR) Art. 8 and Art. 9, and in particular for Mutual Funds and SICAVs on the basis of the indications received directly from management companies and for Insurance Investment Products using a criterion of prevalence of the policy component declared sustainable (Regulation no. 2019/2088) directly by the Company.

Insurance products and services

As a distributor of insurance products and services, the Banco Desio Group is committed to the continuous improvement of the products offered to its customers, for both the "Protection" and "Saving" lines.

As regards the "Saving" line, the Bank started distributing the "**Doppia GS Limitless**" product of Italiana Assicurazioni S.p.A., a whole-life, class I insurance investment product, which is innovative because it features a "multi-segment" structure, but with two segregated funds to optimise returns. The product promotes environmental and/or social characteristics, as the segregated fund proactively includes ESG criteria in its investments, favouring both issuers that distinguish themselves positively by directing an appropriate focus towards sustainability factors, and instruments that generate a positive environmental and/or social impact. The segregated fund also pursues thematic strategies aimed at achieving United Nations 2030 Agenda goals by prioritising alignment with the "Climate Resilience", "Smart Life" and "Just Transition" macro-themes.

S: Our social responsibility

[GRI 3-3]

Valuing our people

The Banco Desio Group devotes much attention to its human resources, considered a capital to be preserved and enhanced, a qualifying element that constitutes a potential competitive advantage.

The personnel policies practised by the Banco Desio Group are defined in the regulatory framework prepared by the parent company as part of its policy and coordination activities. In particular, the regulatory sources can be found in the "Resources Management Policy", the "Acquisition, Management and Development of Human Resources" Process Regulation and Operating Manual and the "Remuneration and Incentive System" Process Regulation and Operating Manual, which govern the processes, roles and responsibilities of the structures involved and the line checks inherent to the operations described therein.

In addition to these, the **"People, Diversity and Inclusion Policy"**, updated in February 2024, which sets out the key principles related to the protection and enhancement of diversity and equal opportunities and constitutes a tool for defining standards of conduct and behaviour, as well as **"The guidelines on rank advancement and salary increases"** defined over the last two years and gradually enriched with specific safeguards to protect the principle of equal pay for men and women.

With specific regard to remuneration policies, these are set out in the **"Annual report on remuneration policy and rewards paid in 2023"** prepared at Group level and published on the institutional website of Banco di Desio e della Brianza S.p.A. at www.bancodesio.it, to which reference should be made for further details.

Banco Desio has also adopted an **"Integrated Environment, Health and Safety Management System"** (IMS), aimed at pursuing continuous improvement in performance and compliance with the relevant laws and regulations.

The Group's commitment remains constant in the area of technological and organisational transformation, where it incorporates the following enablers of its business strategy:

- responsible technological development aimed at improving and streamlining IT and operational processes to rebalance the weight between administrative and commercial activities;
- a strong focus on human capital through continuous dialogue with the Group's employees and the launch of new incentive and training programmes respecting diversity as an element of added value for the achievement of strategic objectives according to ESG guidelines.

The strengthening of the structure through the search and selection of new recruits to encourage generational change and the focus on respect for *diversity* through the progressive gender rebalancing of resources are characteristic elements of the Plan. Indeed, in 2023, the recruitment of specialised profiles, both Network and Headquarters, continued in line with generational transition objectives, investing in new skills and remaining sensitive to the needs of colleagues in view of retirement.

In order to achieve the continuous and constant involvement of all resources and clear sharing of the main guidelines, a number of important internal communication initiatives have been launched since 2020:

- creation of a monthly newsletter on news concerning the Bank (**D@letter**);
- creation of a periodic newsletter that recounts the main steps taken on the issue of technological development and the main challenges for the future (Innovation Banco Desio), emphasising the importance that the issue of innovation holds for the Bank and the inclusiveness that this focus must encompass;

- activation of a direct channel with the Chief Executive Officer ("**the CEO replies**"), which allows questions or suggestions from all employees to be collected quickly and easily via an email address on the intranet;
- creation of the "**Training Column**": a space dedicated to the in-depth study of different topics regarding soft skills, which aims to promote content of common interest, suggesting food for thought.

[GRI 2-7]

[GRI 2-8]

Workforce	31.12.2023						31.12.2022						31.12.2021					
	Men	Women	Total	% Incidence Men	% Incidence Women		Men	Women	Total	% Incidence Men	% Incidence Women		Men	Women	Total	% Incidence Men	% Incidence Women	
Group employees	1,341	1,050	2,391	56%	44%		1,238	877	2,115	59%	41%		1,271	870	2,141	59%	41%	
of which																		
Permanent	1,330	1,033	2,363	56%	44%		1,218	854	2,072	59%	41%		1,255	851	2,106	60%	40%	
Fixed-term	11	17	28	39%	61%		20	23	43	47%	53%		16	19	35	46%	54%	
External collaborators	26	27	53	49%	51%		15	11	26	58%	42%		6	7	13	46%	54%	
of which																		
Collaboration contracts	4	1	5	80%	20%		1	-	1	100%	0%		1	-	1	100%	0%	
Staff leasing contracts	15	20	35	43%	57%		7	5	12	58%	42%		4	2	6	67%	33%	
Internship	7	6	13	54%	46%		7	6	13	54%	46%		1	5	6	17%	83%	
Total Workforce	1,367	1,077	2,444	56%	44%		1,253	888	2,141	59%	41%		1,277	877	2,154	59%	41%	

The figures shown are calculated considering the company population at the end of the reporting year and on the basis of employees expressed in Full Time Equivalent (FTE) (excluding part-time contracts). The calculation does not include employees hired and terminated in the same year, or intra-group transfers.

The acquisition from the BPER Group of the business unit mentioned previously made a positive contribution to the percentage proportion of women compared to men, which rose from 41% to 44%.

It should be noted that the category "external collaborators" includes consultants and financial advisers, as well as collaborators (in the various contractual forms).

A representation of employees by geographical region is also provided below.

Employee breakdown by region	31.12.2023				31.12.2022			
	Fixed-term employment	Permanent employment	Grand total		Fixed-term employment	Permanent employment	Grand total	
Region	Full time	Full time	Part time		Full time	Full time	Part time	
Abruzzo	-	7	-	7	-	7	-	7
Emilia-Romagna	-	91	8	99	3	61	3	67
Lazio	2	208	13	223	5	240	11	256
Liguria	1	105	23	129	-	27	1	28
Lombardia	15	1,031	70	1,116	17	948	73	1,038
Marche	2	57	1	60	3	52	1	56
Piemonte	1	77	3	81	5	70	3	78
Sardegna	-	65	5	70	-	-	-	-
Toscana	1	89	10	100	3	70	4	77
Umbria	4	411	16	431	3	418	14	435
Veneto	2	64	9	75	4	62	7	73
Grand total	28	2,205	158	2,391	43	1,955	117	2,115

[GRI 2-30]

Employees by contract type	31.12.2023						31.12.2022						31.12.2021					
	Men	Women	Total	% Incidence Men	% Incidence Women		Men	Women	Total	% Incidence Men	% Incidence Women		Men	Women	Total	% Incidence Men	% Incidence Women	
Employees with full-time contracts	1,332	901	2,233	60%	40%		1,227	771	1,998	61%	39%		1,261	759	2,020	62%	38%	
Employees with part-time contracts	9	149	158	6%	94%		11	106	117	9%	91%		10	111	121	8%	92%	
of which																		
Part-time contract renewable from year to year	9	119	128	7%	93%		11	103	114	10%	90%		10	104	114	9%	91%	
Part-time contract without expiry date	-	30	30	0%	100%		-	3	3	0%	100%		-	7	7	0%	100%	
Group employees	1,341	1,050	2,391	56%	44%		1,238	877	2,115	59%	41%		1,271	870	2,141	59%	41%	

All Group employees are covered by national collective bargaining agreements (Banking CCNL). It should also be noted that the trade unions signed the agreement to renew the National Collective Labour Agreement for the Credit and Financial Sector (ABI CCNL).

[GRI 3-3]

Talent attraction and development

Personnel recruitment and selection activities are handled by the Parent Company's Resources Department.

During the year 2023, the Resources Department, also with a view to enhancing the indispensable generational bridge envisaged in the 2021-2023 Business Plan and the 2023 Sustainability Plan, continued its activities aimed at identifying young talents to be included in the Bank's workforce.

With this in mind, the significant use of online recruitment channels was confirmed (e.g: LinkedIn), making it possible to channel the search for different professional profiles included in extra-curricular internship paths across the various Company Functions: this recruitment method favoured the introduction of new expertise, thus responding to the different stated company needs. In addition to extra-curricular courses, the curricular internship courses activated were also structured through partnerships with various local universities: all programmes for the recruitment of resources in the various types of internships were set up through "on-the-job training" at specific Organisational Units. Headquarters resources had the opportunity to participate in project work and/or cross-functional working groups, with the aim of stimulating organisational integration.

Furthermore, projects aimed at leveraging the potential of the Bank's resources continued, also involving extending the participation of Headquarters structures in the "Talents" project. The first phase of the project (the assessment phase) was completed in 2023, making it possible to identify the potential of the resources involved using the assessment tool and providing each one with the resulting professional profile. The project will continue in 2024 by developing a range of training programmes aimed at strengthening resource skills and potential, also consistent with the self-development plan outlined.

Specific targets for talent attraction and retention were defined in the 2023 Sustainability Plan. For the results achieved as at 31 December 2023, please refer to the section "The Banco Desio Group's **"Beyond 26"** Business Plan and the Sustainable Development Goals (SDGs)".

[GRI 401-1]

The rate of new hires in the year 2023 (equal to total new hires out of the total number of employees at the end of the reporting period) was 5% at Group level (5% and 3% respectively in the two previous periods), of which the rate for female resources (equal to total new female hires out of the total number of female employees at the end of the reporting period) was 6% (6% and 4% respectively of the two previous periods). The turnover rate for 2023 (i.e. total terminations over total employees at the end of the reporting period) was 4% at Group level (6% and 5% respectively of the two previous periods), of which the turnover rate for female resources was 2% (5% and 3% respectively of the two previous periods).

Specific targets for talent attraction and retention were defined in the 2023 Sustainability Plan. For the results achieved as at 31 December 2023, please refer to the section "The Banco Desio Group's **"Beyond 26"** Business Plan and the Sustainable Development Goals (SDGs)".

Details are provided below of "Recruitments" and "BU Acquisitions", understood as the new hires resulting from the acquisition of the business unit from the BPER Group, which, as noted above, made a positive contribution to increasing the proportion of the least represented gender:

Recruitment	31.12.2023					31.12.2022					31.12.2021				
	Men	Women	Total	% Incidence Men	% Incidence Women	Men	Women	Total	% Incidence Men	% Incidence Women	Men	Women	Total	% Incidence Men	% Incidence Women
Total Group Recruitment	60	62	122	49%	51%	46	51	97	47%	53%	39	31	70	56%	44%
Contractual form - permanent fixed-term	50 10	43 19	93 29	54% 34%	46% 66%	30 16	32 19	62 35	48% 46%	52% 54%	30 9	13 18	43 27	70% 33%	30% 67%
Age															
Less than 30 years of age	16	24	40	40%	60%	13	20	33	39%	61%	11	16	27	41%	59%
From 30 to 50 years of age	33	34	67	49%	51%	28	27	55	51%	49%	27	15	42	64%	36%
Over 50 years	11	3	14	79%	21%	5	4	9	56%	44%	1	0	1	100%	0%

Acquisition of company branches	31.12.2023				
	Men	Women	Total	% Incidence Men	% Incidence Women
Total Acquisition of company branches	115	135	250	46%	54%
Contractual form - permanent fixed-term	115 0	135 0	250 -	46% 0%	54% 0%
Age					
Less than 30 years of age	1	1	2	50%	50%
From 30 to 50 years of age	47	67	114	41%	59%
Over 50 years	67	67	134	50%	50%

[GRI 202-2]

In terms of management figures, the Group's recruitment was concentrated in North West and Central Italy, consistent with the local presence of the legal entity.

In particular:

- in 2023, two male managers were hired, one residing in Lombardia and one residing in Emilia-Romagna;
- in 2022, one manager, a female residing in Lombardia was hired;
- in 2021, three male managers were hired, all residing in Lombardia.

Terminations	31.12.2023					31.12.2022					31.12.2021				
	Men	Women	Total	% Incidence Men	% Incidence Women	Men	Women	Total	% Incidence Men	% Incidence Women	Men	Women	Total	% Incidence Men	% Incidence Women
Total Group Terminations	72	24	96	75%	25%	75	44	119	63%	37%	83	25	108	77%	23%
Termination Type															
Voluntary resignation	20	13	33	61%	39%	20	11	31	65%	35%	22	8	30	73%	27%
Contract term	10	6	16	63%	38%	6	3	9	67%	33%	-	1	1	0%	100%
Retirement	12	0	12	100%	0%	13	4	17	76%	24%	29	3	32	91%	9%
Dismissal	2	0	2	100%	0%	-	-	-	0%	0%	-	1	1	0%	100%
Other ⁽¹⁾	28	5	33	85%	15%	36	26	62	58%	42%	32	12	44	73%	27%
Age															
Less than 30 years of age	9	7	16	56%	44%	6	3	9	67%	33%	0	2	2	0%	100%
From 30 to 50 years of age	20	12	32	63%	38%	16	10	26	62%	38%	17	6	23	74%	26%
Over 50 years	43	5	48	90%	10%	53	31	84	63%	37%	70	17	87	80%	20%

(1) "Other" mainly includes consensual terminations, deaths and terminations for justified objective reasons, as well as terminations related to voluntary access to the "windows" of the Solidarity Fund.

Contractual transformations	31.12.2023						31.12.2022						31.12.2021					
	Men	Women	Total	% Incidence Men	% Incidence Women		Men	Women	Total	% Incidence Men	% Incidence Women		Men	Women	Total	% Incidence Men	% Incidence Women	
From fixed-term to permanent	10	19	29	34%	66%		2	6	8	25%	75%		8	3	11	73%	27%	
of which																		
Less than 30 years of age	6	14	20	30%	70%		1	5	6	17%	83%		7	3	10	70%	30%	
From 30 to 50 years of age	3	5	8	38%	63%		1	1	2	50%	50%		1	-	1	100%	0%	
Over 50 years	1	0	1	100%	0%		-	0	-	0%	0%		-	-	-	0%	0%	

[GRI 3-3]

Training and development

In continuity with the previous two years, the year 2023 also concluded by confirming a significant investment in training, consistent with the training plan development drivers outlined at the start of the year. Training programmes took the form of activities aimed both at supporting the strengthening of technical knowledge and enhancing the reinforcement of behavioural capabilities, necessary in the performance of the various organisational roles.

This investment is also confirmed by the recorded training hours, reaching 174,629 total man-hours provided (ex 135,076), corresponding to 9.7 average days per employee (ex 8.5). Therefore, the increase over the last three years is significant in percentage terms: compared to the year 2022, it is 29.3% (corresponding to 39,553 hours), compared to the year 2021 it is 32% (corresponding to 42,354 hours).

Among the various programmes provided, it is worth noting the on-boarding programme delivered to all resources newly introduced into the organisational structure due to the extraordinary acquisition of 48 branches from the BPER Group, which saw the entry of 250 resources and the establishment of the new Liguria/Sardegna Area. This programme was structured in different phases and delivered in different manners: video tutorials to illustrate application systems and business procedures, video lessons to explore the world of the business and gain knowledge about the Bank's products and services, and webinars to support Network operations. Furthermore, in order to ensure significant support for new resources, several individuals in the various geographical areas were appointed as ambassadors; these resources were involved in specific training activities: from initiatives focused on the interpretation of the role, to in-depth thematic analyses through the collaboration of the Company Functions. Following the delivery of this initial training phase, a second intensive phase structured across different thematic areas was carried out to deepen and consolidate knowledge on the Bank's processes, procedures and products and services.

A number of training programmes were provided as part of the initiatives inherent in the Group's 2023 Sustainability Plan and in correlation with the stated targets. In particular, the module on the "Management of differences" explores the issue of Diversity Management and is addressed to the entire corporate population with the aim of providing relational tools to resources to enhance effectiveness in managing differences within the corporate context, enhancing all the different types of "differences" in the manifold methods of interaction.

In addition, the "Making a difference, strengthening your value" programme was launched, developed on three behavioural modules offered with a view to increasing resource awareness of their professional expertise. In particular, the course focuses on teamwork skills, which are increasingly in demand in the corporate context, in which the ability to work as part of a team is a distinctive feature to ensure the continuity of the corporate identity. In continuity with previous years, the e-learning module "Recognising Bias" was also available, addressed to specific professional figures with the aim of drawing attention to the relevance of behavioural mechanisms in accompanying the inclusion processes in which the Bank is investing.

Other initiatives aimed at enhancing "sustainability" issues (environmental, economic, social, etc.) also include modules included as part of the ESMA and IVASS professional qualification maintenance path; in particular, reference is made both to the insurance-related topic inherent in the "integration of ESG factors in the insurance industry: a focus on "ESG insurance products"" and to that relating to the sphere of investment services with the "New MiFID II Profiling Questionnaire and ESG overview". Finally, it is also necessary to highlight the various occasions for participation in inter-company workshops addressed at resources in the different Company Functions, with the aim of acquiring/updating specific knowledge on the reference context.

The 2023 proposal was broken down across the following 3 pillars, the most salient features of which are described below.

1) Training programmes:

- new **multi-disciplinary programmes** were created through micro-learning sequences that allowed for the re-use of content within different programmes targeted at different professionals, in order to ensure a customised learning experience for different areas of expertise;
- particular attention was paid to the way in which content was **designed**, with the involvement of multiple resources from the different Company Functions both in the content construction phase and in the delivery phase, with the aim of providing pathways focusing on company processes and procedures.

2) Delivery tools:

- a range of tools for understanding **professional requirements** (check lists and surveys) have been included in training programmes in order to address a structured training response in a more targeted manner according to the real skill gaps identified, also through the use of the assessment;
- a **self-planning** tool was created and offered to trainees in order to allow them to choose which of the planned sessions to attend, with a view to making the planning of training even more flexible, which moreover is already facilitated through the use of Smart Learning;
- **situational case studies** were set up within different training programmes in order to make the skills acquired practically applicable.

3) Delivery methods:

- different on-the-job training opportunities were created to support learning, making the acquired skills practically applicable: this approach made it possible to increase knowledge about the working tools that can be used to manage professional activities more effectively;
- the use of **in-house teaching** continued as part of multiple technical-professional training programmes, in order to contextualise the delivery of content on the specific situation within the organisation and respond in a targeted manner to real professional requirements;
- the use of **interactive tools** and **gamification dynamics** was also strengthened for the discussion of topics linked to the regulatory environment, in order to facilitate trainee interaction and engagement.

These elements have made it possible to continue along the path of creating a diversified learning experience oriented towards providing ever expanding working tools, useful for both reading and understanding organisational dynamics and acquiring the additional skills required to increasingly knowledgeably undertake professional duties. This also includes the programmes that have continued in line with the *Develup* project, which has been implemented over the last two years through the lines of action defined in the annual training plan.

The various initiatives provided are represented within the three types of training offered; a description is given below.

"General" training groups together initiatives covering transversal knowledge aimed at all the professional families. The alignment of the required competences according to changes in the regulatory environment is ensured by the activities considered as compulsory training (included in this grouping).

- **Regulatory Area**

Within this area on the subject of "Anti-Money Laundering", an initiative addressed to both Branch Managers and Private Bankers aimed to raise resource awareness concerning issues relating to due diligence and suspicious transaction reporting, with a view to ensuring the continuous monitoring of money laundering and anti-terrorism risks.

In addition, a training programme was launched to increase the awareness of Network resources on the Bank's risk management methods and tools: this programme was structured in different modules, the first of which - delivered via webinar - focused on "Internal and External Fraud" and was attended by about 1,460 resources.

In addition, there were the "Payment Systems" training course and the "Cyber Training" programme, consisting of multiple videos and informational snippets exploring the language of the web and providing useful content for both the personal and professional realms. A specific programme on privacy was also delivered to specific Headquarters Company Functions in order to contextualise the content based on the reference organisational context.

As part of the on-boarding programme, the modules on "usury", "OMC 231", "whistleblowing" and "Bank POG" were reintroduced - in continuity with previous years - with additional short refresher courses to be held during 2024. Lastly, programmes were also provided for new resources (acquisition of 48 branches from the BPER Group), in order to align positions in the field of Health and Safety in the Workplace (fire-fighting, first aid, basic programme for workers and for resources appointed as supervisors).

- **Other Training**

The training programme for Business Data Specialists was launched to support them in building the specialised knowledge required to manage the projects identified. It is also worth highlighting the investment confirmed through participation in inter-company workshops and specialised programmes aimed at the resources of the various Company Functions, with the aim of acquiring/updating specific professional knowledge.

"Technical-professional" training includes initiatives aimed both at building the technical skills needed to perform a specific role and at consolidating skills functional to the professional profile held.

- **Insurance Area and Finance Area**

These two areas recorded a significant number of training hours delivered.

In particular, it is worth mentioning the launch of the ESMA and IVASS integrated maintenance programme, which has been broken down across six different pathways defined both according to the results of the ESMA assessment and the project inherent in the "New Insurance Advice and Needs Analysis Model", introduced through four specific training modules: "Service Model", "Financial Advice", "Protection" and "Pension", addressed to the 1,300 resources involved in the project.

Particular attention was paid to the composition of the content inherent in the different professional qualification programmes, consisting of both technical topics such as, for example, "Macro-economic scenario analysis", "Risk profiling in investment choices" and Soft Skill modules: "Learning AGILITY" and "Handling objections in insurance brokerage", with the aim of providing fundamental behavioural tools also for the application of specialised knowledge.

Lastly, of particular relevance are the two master's degree courses (the first concerning pensions and the second focusing on Private Banking and Wealth Management skills) offered with the aim of further strengthening the specialised skills of the resources involved, also based on business objectives.

- **Credit Area**

All initiatives belonging to this thematic area were delivered by internal instructors, with the aim of strengthening the technical knowledge of Network resources in credit matters, contextualising its application.

The training programmes delivered on the subject of "Creditworthiness assessment" and "Loan disbursement process" were particularly useful and included two sessions: the first didactic in nature and the second with a more applicational aspect, in order to provide participants with concrete operational tools for managing operations. Again in order to facilitate operations and deepen the knowledge of resources on the various operational steps, there were also several on-the-job training sessions involving multiple resources from different geographical areas. Particularly as concerns the new Liguria-Sardegna Area, specific classroom sessions were dedicated both to Branch Managers on the subject of "Credit Monitoring and NPLs" and to resources belonging to the corporate segment on topics such as "Credit Policies" and "Credit Monitoring: CQM", in order to go into greater depth on some specialised content acquired during the first on-boarding training phase.

Another thematic module addressed to the Branch Managers segment is the one relating to the "AIRB rating system", which was subject to both training activities delivered via e-learning - in continuity with previous years - and specific webinars aimed at aligning operational behaviour and introducing new indicators, while at the same time responding to the training needs that emerged during roadshows addressed to the Network.

- **Commercial Area**

In order to acquire and deepen their knowledge of the Bank's commercial offer for the various customer segments, various video lessons were provided during the on-boarding programme dedicated to the resources newly recruited into the organisational structures. A particular focus was devoted to the digital theme, through a training course structured both in multiple training snippets and through a video lesson

exploring "Digital Evolution at Banco Desio": these initiatives were accompanied by a Digital Mindset module stimulating reflection on the need to acquire an increasingly digital-oriented attitude, providing an overview of the skills needed to take such an approach.

In this context, the "Digital Lending" initiative was also particularly significant: projects were also introduced through specific training sessions devoted to the Network.

The use of specialised product modules also continued, such as: "Asset Management", "Structured Finance", "Insurance solutions to protect against business risks" and "Family Protection" for different Network professionals, while on-site sessions were also held, particularly targeting the corporate segment and Branch Managers.

"Behavioural" training aimed at developing relational, managerial and organisational skills, enabling the best application of the technical-professional knowledge possessed.

The **"Talent Project"** also restarted, including with the involvement of Headquarters resources: the objective of identifying the potential expressed in the assessment phase and then enhancing it was confirmed. The project - concluded in its first stage in the year 2023 with the return of feedback, in which each resource was given a precise snapshot of his or her professional positioning - will continue over the next year with the launch of customised and differentiated training courses, in keeping with the development plan outlined for each resource.

In addition, programmes were also developed in the area of sustainability: the first is the "Making a difference, strengthening your value" course structured around three behavioural modules offered with a view to increasing resource awareness of their professional expertise. In particular, the course focuses on teamwork skills, which are increasingly in demand in the corporate context, in which the ability to **work as part of a team** is a distinctive feature to ensure the continuity of the corporate identity. The second programme deals with the topic of "Management of differences", addressed to the entire corporate population with the aim of providing relational tools to resources to enhance effectiveness in managing differences within the corporate context.

[GRI 404-1]

Training by type	31.12.2023		31.12.2022		31.12.2021	
	No. hours of training	% Incidence	No. hours of training	% Incidence	No. hours of training	% Incidence
Behavioural Training	4,388	3%	7,153	5%	4,284	3%
Technical and Professional Training	131,445	75%	80,855	60%	96,107	73%
of which:						
Finance Area	54,668		14,689		21,335	
Credit Area	7,644		3,032		2,721	
Insurance Area	61,371		48,075		60,113	
Commercial Area	6,627		14,924		11,509	
Other Training	1,136		134		429	
General Training	38,796	22%	47,068	35%	31,884	24%
of which:						
Regulatory Area	37,389		45,968		28,741	
Other Training	1,407		1,100		3,143	
Total	174,629	100%	135,076	100%	132,275	100%

Training by job classification	31.12.2023			31.12.2022			31.12.2021		
	No. Employees involved	No. of hours	Average hours per capita	No. Employees involved	No. of hours	Average hours per capita	No. Employees involved	No. of hours	Average hours per capita
Managers	25	824	31	25	728	27	30	1,069	35
Men	21	713	31	21	577	25	26	857	32
Women	4	111	28	4	151	38	4	212	53
Middle managers	1,133	89,767	77	1,018	66,586	64	1,006	67,399	66
Men	772	61,123	76	719	46,665	64	724	48,154	65
Women	361	28,645	77	299	19,921	66	282	19,245	67
Professional Areas	1,147	84,038	71	1,027	67,761	64	1,049	63,807	59
Men	506	38,837	75	472	32,192	67	489	30,534	61
Women	641	45,200	67	555	35,570	62	560	33,273	58
Total (*)	2,305	174,629	73	2,070	135,076	64	2,085	132,275	62
Men	1,299	100,673	75	1,212	79,434	64	1,239	79,545	63
Women	1,006	73,956	70	858	55,641	63	846	52,730	61

(*) Actual participants

There were 67 average hours per capita of non-compulsory training, involving 2,321 employees: the focus was on topics relating to behavioural training programmes, technical-professional training programmes and specialised programmes aimed at different resources belonging to the various specialised Headquarters functions.

[GRI 404-2]

As part of the training plan defined for the year 2023, specific programmes were included to update functional skills for the various organisational roles. These courses are structured according to the different thematic areas that make up the training offer intended for all Bank employees and are designed both to accompany the development of new expertise and to further enhance resource skills, in line with the professional needs identified.

In 2023, the recruitment of specialised profiles at both Network and Headquarters level continued in line with generational transition objectives, investing in new skills and remaining sensitive to the needs of colleagues in view of retirement, with an ongoing investment in terms of professional growth oriented towards resource enhancement with a view to future roles of greater complexity and responsibility.

[GRI 404-3]

In 2023, the corporate population was involved in the performance assessment process, revised as of 2021, as a fundamental support in the definition of human resources governance processes: from the identification and selection of profiles to be addressed to new organisational positions, to the planning of horizontal and vertical mobility, up to the identification of potential.

Again in 2023 the process of assessing resources involved employees of Group companies hired on both permanent and fixed-term contracts, after identifying the respective appraisers, i.e. those with direct responsibility for managing resources.

Performance assessment represents an important process aimed at the development of employees with a view to enhancing resources using, as tools, a careful professional appraisal of individual contribution in addition to the structured assignment of objectives for the current year.

The total number of Group resources that participated in the performance assessment process as at 31 December 2023 was 1,990⁵⁹ employees.

⁵⁹ The scope of the assessments includes colleagues who can be evaluated during the year: colleagues on maternity leave, colleagues on extended leave, on leave of absence, first-line managers and staff hired after 1 July are excluded from the assessment

	31.12.2023 Performance assessment		31.12.2022 Performance assessment		31.12.2021 Performance assessment	
	No. Resources subjected to assessment process	% Incidence compared to average resources by job classification	No. Resources subjected to assessment process	% Incidence compared to average resources by job classification	No. Resources subjected to assessment process	% Incidence compared to average resources by job classification
Managers	7	25%	14	49%	12	37%
Men	7	30%	13	53%	12	42%
Women	-	0%	1	24%	-	0%
Middle managers	1,017	89%	1,003	98%	999	97%
Men	687	88%	716	102%	724	96%
Women	330	90%	287	88%	275	98%
Professional areas	966	79%	948	89%	1,034	95%
Men	444	83%	439	94%	494	96%
Women	522	76%	509	84%	540	94%
Total	1,990	82%	1,965	92%	2,045	95%

Remuneration policies and incentive systems

The elements constituting the personnel remuneration package⁶⁰ are as follows:

- **Fixed annual remuneration:** commensurate with the professional classification and the actual experience, seniority and competence of the employee, constantly monitored and verified in relation to the market context, taking into account the level of experience and professional skills required for each position, in accordance with fair and meritocratic criteria;
- **Variable remuneration:** consisting of the Company Bonus provided for in Art. 51 of the CCNL (19 December 2019) and linked to the Company's economic performance and a Monetary Incentive Component, which rewards annual "performance" in relation to the objectives assigned and the results achieved. The amount of the monetary incentive component allocated to the Remaining Personnel may not, however, individually exceed a predetermined percentage of the gross annual income;
- **Benefits:** to complement the remuneration, employees are offered a package of additional benefits, such as, for example, a supplementary pension plan, supplementary forms of insurance, health cover and discounts on Group banking products.

As far as the variable component of remuneration is concerned, it is a performance incentive tool.

The monetary incentive system envisaged for specific categories of personnel (Network and Head office) is developed in compliance with a set of guidelines consistent with the general principles underpinning the Group's remuneration policies. In particular, this system:

1. respects the corporate objectives and values, long-term strategies and prudent risk management policies of the Group. In fact, the variable component of Network staff remuneration does not provide for incentives that may prejudice the provision of investment services in the interest of the client or that put the interests of the Group before those of the client;
2. is based on a bonus determination methodology linked to the achievement of pre-determined targets, assigned through an explicit and shared process;
3. takes into account, with regard to the remaining personnel, the Group's annual performance through a mechanism that entails the cancellation of the "bonus pool" (related to the Group's overall performance) in the event of unsatisfactory results and in any case in the presence of negative results;
4. links the disbursement of bonuses to the presence of two access conditions (so-called "gate" targets) that reflect the Group's level of capital resources and liquidity in order to make the monetary incentive system sustainable with respect to the Group's financial situation.

⁶⁰ With the exclusion of the most significant personnel, for which reference is made to the aforementioned "Annual Report on Remuneration Policies" for the year 2022 published on the corporate website at www.bancodesio.it

There are no incentive systems based solely on commercial objectives, while there are explicit provisions for specific controls aimed at containing the legal and reputational risks inherent, above all, in customer relations, with the aim of pursuing:

- protection and loyalty of clientele;
- compliance with the applicable self-regulatory provisions;
- compliance with banking transparency and anti-money laundering provisions;
- fairness of relations between intermediaries and clientele.

The Group's remuneration policy in 2023 was also supplemented with appropriate safeguards to protect the principle of equal pay for men and women.

For additional details, please refer to the remuneration policies described in the "Governance" section.

Protection of Human Rights and Diversity

[GRI 2-23]
[GRI 3-3]

Diversity and equal opportunities

Diversity is considered a source of professional and, more generally, cultural enrichment. The Group therefore believes in the importance of an inclusive culture, committing itself to preventing any form of unfairness, favouritism, abuse or discrimination in the personnel selection process, in the definition of remuneration, in training and professional development opportunities, up to and including the termination of employment relationships.

The **"People, Diversity and Inclusion Policy"** defines the key principles related to the enhancement of diversity and equal opportunities and represents a tool for defining standards of conduct and behaviour in the following areas: personnel composition, personnel selection, professional and skills development, remuneration policies, corporate welfare and work-life balance.

Through the Policy, the Banco Desio Group is committed to promoting initiatives and activities that make respect for the principles of diversity and equal opportunities not only an ethical choice but also a strategic priority. Thus, it intends to contribute to the achievement of the Sustainable Development Goals (SDGs) defined by the UN in the context of the 2030 Agenda through the definition, in the **"Banco Desio Group 2023 Sustainability Plan"**, of performance indicators, periodically monitored, for which the adoption of appropriate management solutions is assessed.

Group renewed its adherence to Charter for enhancing gender diversity promoted by ABI, called **"Women in Banking"**, with which the Group strives to reaffirm its commitment to the enhancement of gender diversity, understood as a key resource for development, sustainable growth and value creation. From this perspective, Banco Desio joined other initiatives, such as **"Valore D"**, aiming to spread the values of inclusiveness in the Bank, promoting a corporate culture oriented towards the enhancement of female talent in the company.

In particular, the training proposals promoted by **"Valore D"** delivered in 2023 that involved several colleagues from different company functions include:

- 1) *Training modules* covering behavioural content, such as **"Unconscious Bias"**, as well as the modules **"Biases and their impact"**, **"Self-awareness and its importance"** and **"Team Working skills"**, dealt with as part of the programme **"Making a difference, strengthening your value"**, offered with the aim of making explicit the factors impacting the inclusion processes in which the Bank is investing.
- 2) *Cross-company mentoring courses*, aimed at increasing cross-company discussion on behavioural issues and at the same time fostering skills development through networking among participants.
- 3) *Specific programmes by professional target group* (*senior managers, middle managers, young talent*), aimed at the managerial development of resources who, in these dedicated learning spaces, were able to experience multiple expressions of inclusive leadership.

These programmes enabled the participants to share best practices, strategies and tools adopted by others, fostering participants' reflection on the different behavioural methods adopted, in order to reinforce an approach characterised by essential inclusiveness in their own organisational context.

With this in mind, during 2022, Banco Desio joined **"STEAMiamoci"**, an initiative initiated in November 2016 in Assolombarda thanks to five business women who laid the foundations of an entity that has now become a synergistic network of companies, universities, bodies and associations, both national and international, engaged in projects to enhance female talent in scientific and technological professions. All STEAMiamoci projects and events concretely promote gender diversity in the business world and in all scientific, technological and IT professions, also through training and school orientation activities.

In addition, two hours of training per capita were provided by the Group on **"female leadership"**, reaffirmed in the **"management of differences"** course, with a focus on the treatment of the different soft skills surrounding **"female leadership"**, such as: conflict management, communication as a managerial lever, gender inclusiveness in leadership and awareness of behavioural biases.

For the diversity results achieved as at 31 December 2023, please refer to the section “The Banco Desio Group's “**Beyond 26**” Business Plan and Sustainable Development Goals (SDGs)”.

[GRI 405-1]

Employees by diversity indicators	31.12.2023								31.12.2022								31.12.2021							
	No. Employees				% incidence of total employees				No. Employees				% incidence of total employees				No. Employees				% incidence of total employees			
	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total
Gender																								
Men	23	799	519	1,341	1%	33%	22%		23	734	481	1,238	1%	35%	23%		27	740	504	1,271	1%	35%	24%	
Women	4	374	672	1,050	0%	16%	28%		4	301	572	877	0%	14%	27%		4	287	579	870	0%	13%	27%	
Total	27	1,173	1,191	2,391	1%	49%	50%		27	1,035	1,053	2,115	1%	49%	50%		31	1,027	1,083	2,141	1%	48%	51%	

Employees by diversity indicators	31.12.2023								31.12.2022								31.12.2021							
	No. Employees				% incidence of total employees				No. Employees				% incidence of total employees				No. Employees				% incidence of total employees			
	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total
Protected categories	0	11	107	118	0.0%	0.5%	4.5%		-	9	89	98	0.0%	0.4%	4.2%		-	17	101	118	0.0%	0.8%	4.7%	

Employees by diversity indicators	31.12.2023								31.12.2022								31.12.2021							
	No. Employees				% incidence of				No. Employees				% incidence of				No. Employees				% incidence of			
	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total	Managers	Middle managers	Profess. Areas	Total
Age																								
Less than 30 years of age	0	2	78	80	0.0%	0.1%	3.3%		-	2	61	63	0.0%	0.1%	2.9%		-	-	55	55	0.0%	0.0%	2.6%	
From 30 to 50 years of age	4	456	789	1,249	0.2%	19.1%	33.0%		7	408	762	1,177	0.3%	19.3%	36.0%		9	409	803	1,221	0.4%	19.1%	37.5%	
Over 50 years	23	715	324	1,062	1.0%	29.9%	13.6%		20	625	230	875	0.9%	29.6%	10.9%		22	618	225	865	1.0%	28.9%	10.5%	

[GRI 405-2]

The ratio of women's average remuneration to men's average remuneration is presented below, both with reference to the base salary component, represented by the fixed amount contractually defined with each employee, and with reference to total remuneration, composed of the base salary mentioned above and the other variable components awarded together with other benefits.

Average basic salary of women compared to men	31.12.2023	31.12.2022	31.12.2021
Managers	101%	94%	87%
Executives - no GM	106%	101%	91%
Middle managers	99%	98%	99%
Middle managers 4	97%	96%	98%
Middle managers 3	98%	98%	99%
Middle managers 2	100%	99%	99%
Middle managers 1	100%	101%	101%
Professional areas	100%	100%	100%
Prof. Areas 3A-4th	101%	101%	101%
Prof. Areas 3A-3rd	104%	102%	102%
Prof. Areas 3A-2nd	100%	100%	100%
Prof. Areas 3A-1st	98%	99%	99%
Prof. Areas Single Level	98%	99%	98%
Total Employees no GM	102%	100%	96%

Average total remuneration of women compared to men	31.12.2023	31.12.2022	31.12.2021
Managers	96%	95%	88%
Executives - no GM	105%	101%	93%
Middle managers	98%	97%	100%
Middle managers 4	97%	96%	100%
Middle managers 3	97%	99%	99%
Middle managers 2	98%	97%	99%
Middle managers 1	99%	98%	100%
Professional areas	99%	99%	100%
Prof. Areas 3A-4th	100%	101%	101%
Prof. Areas 3A-3rd	102%	101%	102%
Prof. Areas 3A-2nd	100%	100%	100%
Prof. Areas 3A-1st	97%	98%	99%
Prof. Areas Single Level	97%	98%	97%
Total Employees no GM	101%	99%	96%

In these tables, under Executives, the ratio between the average values of base salary/total remuneration per employee in the same category (with and without General Management members) is shown, while under Middle Managers and Professional Areas, the arithmetic average of the ratios detailed in the table is shown (ratio between the average values of base salary/total remuneration per employee for each classification level that makes up the category).

The ratio under "Total employees", on the other hand, is calculated by taking into account the arithmetic average of the ratios expressed for each professional category. It should also be noted that the "ad personam" component (for stability pacts and non-competition agreements) was excluded from the base salary in order to better represent the indications contained in the 25th update of Bank of Italy Memorandum no. 285 "Supervisory Provisions for Banks" aimed at transposing the EBA Guidelines on remuneration and incentive policies and practices.

Specific gender pay-gap targets were defined in the 2023 Sustainability Plan. For the results achieved as at 31 December 2023, please refer to the previous section "The Banco Desio Group's "Beyond 26" Business Plan and the Sustainable Development Goals (SDGs)".

The following tables show the situation regarding the percentage ratio of basic salary/average salary of women compared to men with reference to new recruits in the reference and previous years.

Average basic salary of women compared to men - New recruits	31.12.2023	31.12.2022	31.12.2021	Average total remuneration of women compared to men - New recruits	31.12.2023	31.12.2022	31.12.2021
Managers	n.d.	n.d.	n.d.	Managers	n.d.	n.d.	n.d.
Executives - no GM	n.d.	n.d.	n.d.	Executives - no GM	n.d.	n.d.	n.d.
Middle managers	96%	94%	94%	Middle managers	96%	93%	100%
Middle managers 4	86%	87%	n.d.	Middle managers 4	85%	87%	n.d.
Middle managers 3	88%	98%	101%	Middle managers 3	98%	100%	102%
Middle managers 2	107%	96%	87%	Middle managers 2	97%	98%	97%
Middle managers 1	105%	94%	n.d.	Middle managers 1	104%	89%	n.d.
Professional areas	102%	102%	101%	Professional areas	102%	104%	100%
Prof. Areas 3A-4th	99%	105%	108%	Prof. Areas 3A-4th	99%	109%	108%
Prof. Areas 3A-3rd	110%	n.d.	95%	Prof. Areas 3A-3rd	111%	n.d.	96%
Prof. Areas 3A-2nd	n.d.	n.d.	92%	Prof. Areas 3A-2nd	n.d.	n.d.	85%
Prof. Areas 3A-1st	100%	n.d.	110%	Prof. Areas 3A-1st	99%	n.d.	110%
Prof. Areas Single Level	100%	100%	100%	Prof. Areas Single Level	100%	100%	99%
Total Employees no GM	99%	98%	96%	Total Employees no GM	99%	99%	100%

Please note that the indicator is not available if resources of both genders were not recruited in the same reporting period.

[GRI 202-1]

The standard remuneration for new recruits is consistent with the basic salary according to the National Collective Agreement and does not have any gender-related differences; it follows that the ratio of the standard salary to the local minimum wage is 100% for both 2023 and the previous two years.

In defining the standard salary of new employees, the lowest first-employment salary level was considered.

[GRI 2-21]

Below is a representation of the ratio of the annual total remuneration of the highest paid person to the median of the annual total remuneration of all employees (excluding the aforementioned person) plus a percentage change during the year.

Total pay ratio	31.12.2023	31.12.2022	31.12.2021
Total pay ratio	9.6	8.9	7.9
% change total remuneration	8%	12%	-

The cash basis was used to determine the ratio, which indicates the amount actually received in the reference year. Total remuneration for the year includes salary, special agreements, bonuses, equity and non-equity incentive plans and any other remuneration. In the total annual remuneration of the employee with the highest remuneration, we only considered remuneration as an employee, not as a director.⁶¹

[GRI 406-1]

[GRI 3-3]

In the reporting period, as in the two previous years, there were no incidents of discrimination of any kind. Moreover, even before the adoption of the **"People, Diversity and Inclusion Policy"** with which Banco Desio reaffirmed its commitment in this regard, the Group adopted specific internal regulations, represented by the **"Human Resources Acquisition, Management and Development Process Regulation"**, which explicitly excludes discriminatory conduct throughout the entire resource management process, from selection to the management and development of resources.

[GRI 412-2]

[GRI 3-3]

In line with its Code of Ethics and Sustainability Plan, the Group pursues the protection of human rights and recognises its approach to business and the adoption of formalised policies as a sign of its concrete

⁶¹ The data on the salary of the highest-paid person with reference to the year 2022 were restated to refine the calculation methodology

commitment to the elimination of child labour, forced labour and respect for freedom of association and collective bargaining, as well as non-discrimination.

Training on policies and procedures relating to the protection of human rights flows both into the updates introduced from time to time to the Group's Organisational Model (and specific protocols) and into the recommendations and commitments defined in the Group's Code of Ethics disclosed to all resources through Internal Communication tools.

For details of the number of employees and members of the highest governance body who have received training on the OMC 231, please refer to the section on "Communication and training about anti-corruption policies and procedures" (GRI indicator 205-2).

During 2023, training on the Group's OMC 231 was offered in continuity with previous years through the delivery of the e-learning module "The Organisation and Management Model according to Legislative Decree no. 231/2001 of the Banco Desio Brianza Group companies". Specific modules are expected to be released in the course of 2024 in order to update resources on changes in the model.

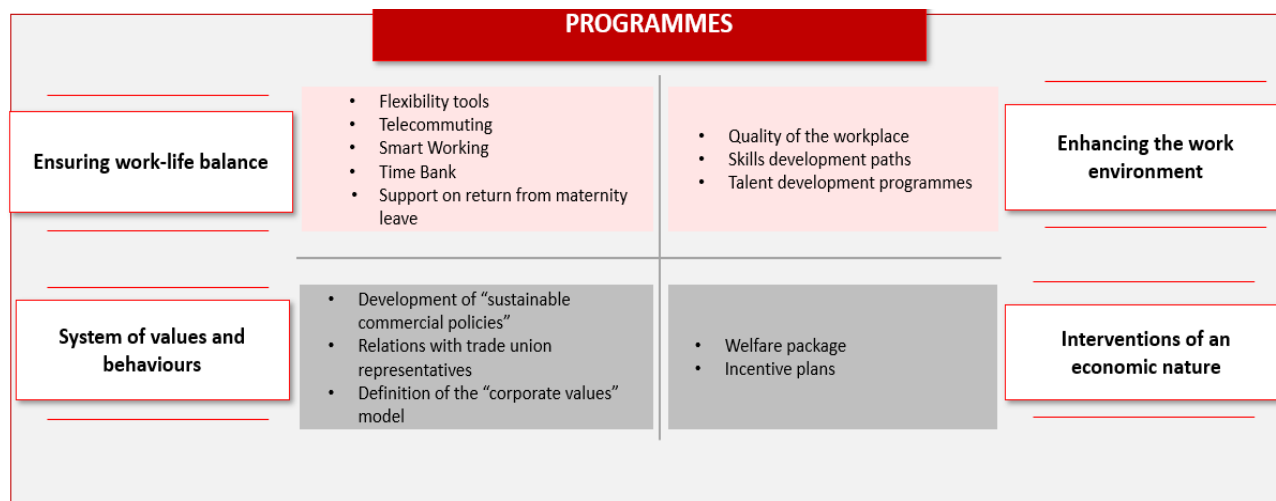
Details are provided in the table below:

Employee training on human rights policies or procedures	31.12.2023	31.12.2022
total number of hours	958	1,820
percentage of employees trained	56%	28%

Quality of life and corporate welfare

The Group's focus on people is embodied in a specific strategy of enhancing the resources belonging to the organisational structure, aimed at developing the skills of each individual, with the objective of meeting the needs of the various professional figures.

In the context of resource management and development, this strategy is reflected in the following programmes and initiatives proposed in the reporting year:



1. Tools to reconcile work and family needs

In this context, the following should be noted:

- The use of forms of flexibility: use of the time bank, granting of part-time work contracts (particular attention is paid to situations that show difficulties in managing family commitments);
- teleworking initiatives;
- the activation of smart learning, available to all Group employees, understood as the possibility to benefit from distance learning courses outside the assigned place of work, at home;
- the establishment of the so-called "time bank", aimed at providing access to an allocation of paid leave in addition to the ordinary one, fed by the company and the solidarity of the Resources who decide to join the initiative, for the benefit of employees affected by specific and serious personal or family needs.
- the activation of "ordinary" smart working (for Head Office staff), in line with the provisions of the applicable collective bargaining agreement and industry best practices, to replace so-called "emergency" smart working related to measures to counter the spread of the Covid-19 virus.

Smart working and, more generally, the ways of carrying out activities remotely, have been made possible thanks to the reinforcement of the technological infrastructure, including the gradual implementation of equipment.

2. Actions to enhance the working environment, understood both as a physical place and as a professional context

In this context, the following should be noted:

- functional interventions to improve work spaces;
- training actions aimed at both the development of employees' skills and the development of new expertise, in line with business needs and organisational trends;
- up-skilling and re-skilling programmes, which translated into specific initiatives aimed at aligning behaviour and strengthening the technical-professional knowledge required in different roles, in line with the specialisation requirements needed in the reference context;
- the "Talent" development programme, which was also extended to Headquarters resources, with the aim of investing in both training programmes and professional development paths, in

order to recognise the potential expressed by resources. Also within the scope of this project, the use of the community also continued, which facilitated the exchange of reflections and the sharing of professional experiences gained by the same resources.

In addition, the involvement of both Network and Headquarters resources in the construction of training programmes was also reinforced, in order to foster sharing and discussion on the different topics subject to the training investment.

3. System of values and modes of behaviour adopted in relations with the external environment and internal stakeholders

In this context, the following should be noted:

- the development of “sustainable commercial policies” in order to promote conduct characterised by rigorous professional ethics in relations with customers and to foster respect for fundamental values such as dignity, responsibility, trust, integrity and transparency. In this regard, the Group is committed to providing tools to support commercial actions, directing them towards correct use;
- recognition of the principles laid down in the fundamental ILO (International Labour Organisation) Conventions and in particular the right of association and participation in trade union organisations and collective bargaining.

4. Interventions of an economic nature

In this context, the following should be noted:

- the broad range of services offered in the corporate welfare package also in line with the evolution of tax provisions on the subject;
- further increase in the value of the meal voucher;
- the recognition of an annual bonus of € 3,000 paid to employees with dependent children or spouses with disabilities ascertained in accordance with Article 3, paragraph 3 of Law no. 104/1992, in addition to a one-off contribution for the purchase and/or replacement of instruments (50 % expenditure, max € 4,000 per year);
- health plan for employees, with expansion of the cover provided against the increase in its economic value.

It is also intended to continue in the current financial year with proposals that enhance not only aspects with monetary content, but also those with non-monetary content, in line with the company's various projects.

[GRI 401-2]

Group employees, both full-time and part-time, benefit from:

- supplementary health care (for permanent contracts);
- donations on the occasion of significant events (such as weddings, graduations, recognition of seniority with the company);
- scholarships for student children.

For supplementary pensions, all Group employees with an open-ended contract can join predetermined external pension funds, benefiting from a defined employer contribution within the framework of supplementary company agreements. Employees may also allocate a portion of their salary to supplementary pension schemes.

Employees are granted favourable conditions on bank charges and commissions, loans and credit facilities.

Group employees benefit from insurance cover against the risk of death or permanent disability from occupational and non-occupational accidents and the risk of death from illness.

Banco Desio has also launched a specific project with Movesion, for the provision of "MobilityCompany", an IT platform that, by collecting all alternative sustainable mobility services in a single environment, aims to revolutionise people's travel habits and improve mobility in cities, offering discounts and facilitations to employees.

Employees enrolled in the Banco Desio recreational club (CRAL) also benefit from all the conventions and socio-cultural and sporting activities proposed by the club, examples of which are provided below:

- Gran Fondo "**Tre Valli Varesine**": a national and international point of reference for amateur and competitive cycling enthusiasts. The route, immersed in greenery, leads to the discovery of the beauty of the Varese area between pre-Alpine lakes, historic villages and fascinating mountains.
- Gran Fondo "**Il Lombardia**": partly follows the route of "Il Lombardia", offering many fans the opportunity to compete on the same roads and climbs as the great champions.
- **Deejay TEN in Milan**: a big party that attracts fans from all over Italy. Two routes, 5k and 10km, to be run in the heart of some of Italy's most beautiful cities.

[GRI 401-3]

Parental leave (Maternity or Paternity) is granted to all Group employees as provided for in the relevant CCNL. In particular, the following indicator includes these specific types of leave: Ante-partum, Compulsory Maternity, Optional Maternity, Paternity, with the exclusion of Optional Maternity by hours.

During 2023, no extraordinary leave was provided.

Number of employees who took parental leave	31.12.2023	31.12.2022	31.12.2021
Maternity	98	64	67
Paternity	36	32	44
Total Parental Leave	134	96	111
Return rate ⁽¹⁾	100%	100%	100%
Retention rate ⁽²⁾	91%	99%	99%

100% of employees who took parental leave returned to work. The retention rate, representative of terminations following return to service, had a higher incidence on the male population in 2023.

(1) Percentage of employees who returned to work after parental leave.

(2) Percentage of employees still employed in the reference year 12 months after returning from parental leave taken in previous years.

Communication and dialogue with social partners

The Group is committed to maintaining ongoing dialogue with the social partners, ensured, inter alia, by regular meetings with company and Group trade union representatives. Freedom of association and collective bargaining is guaranteed to all Group employees in compliance with national legislation.

Employee members of trade unions	31.12.2023	31.12.2022	31.12.2021
Number of trade unions in the Group	5	5	5
Number of employee members	1,959	1,699	1,716

The figure representing increased membership takes into account the entry of 250 resources, resulting from the extraordinary acquisition of 48 branches from the BPER Group (mostly with union membership). The percentage increase in membership out of the total increase in the total workforce is about 2%, resulting in greater worker participation.

It should also be noted that the trade unions signed the agreement to renew the National Collective Labour Agreement for the Credit and Financial Sector (ABI CCNL), achieving a great result: indeed, the agreements establish strong economic recognition, new protections for workers and the introduction of the tools required to manage sector changes resulting from technological innovation and digitalisation processes.

In the second part of 2023, the usual discussions were carried out with the trade unions, beforehand also during the Joint Technical Committee, on the employee health plan, ensuring its continuation throughout the year 2024.

Furthermore, the Group's Joint Sustainable Policies Committee met for a moment of dialogue and discussion to continue actively pursuing respect for the fundamental ethical values of responsibility, integrity and transparency underpinning fair business policies.

[GRI 402-1]

With regard to the minimum notice period for operational changes, the Group companies refer to the provisions of the national collective agreement for the credit sector to which they belong, in addition to the applicable legal provisions.

Health and Safety

[GRI 403-1]

Protection of employee health, safety and well-being

As is well known, the WHO declared the end of the COVID-19 pandemic on 5 May 2023.

Please recall that the evolution of the COVID-19 health emergency has been constantly monitored, putting in place all the measures issued by the competent Local and National Authorities from time to time, and adopting any further appropriate and precautionary measures to limit the exposure to the existing health risk of colleagues, customers, external personnel.

Within the broader context of its relationship with its employees, the Group considers the promotion of health and safety as a principle to which it directs its actions; this is why we are committed to compliance with the requirements defined by the specific applicable regulations.

In compliance with the provisions of Article 30 (Organisation and Management Model) of Legislative Decree no. 81/2008, the Occupational Health and Safety Code, Banco Desio has adopted for all its employees an "Integrated Environment and Health and Safety Management System" (IMS)⁶², aimed at pursuing continuous improvement in performance and compliance with the relevant laws and regulations at all Banco di Desio e della Brianza locations.

The Integrated System adopted makes it possible to achieve, among others, the following objectives:

- Work continuously on pollution prevention and continuous improvement of environmental performance;
- Ensure the health and safety of personnel working within and on behalf of the Group, through the prevention of accidents and occupational diseases;
- Understand and satisfy the customer's needs by providing a service that complies with current regulations and is carried out under conditions that respect the environment and safety regulations for the protection of workers;
- Maintain through the offering of its products/services a leading reputation for quality.

In this regard, the actions implemented by the Group took the form of:

1. adoption of an effective Integrated Management System that complies with the requirements of ISO 45001/18 and UNI EN ISO 14001/15;
2. adoption of the Organisational Model pursuant to Legislative Decree no. 231/01 in order to ensure, by means of targeted control activities, compliance with the regulations in force in the areas of Administrative Responsibility, the Environment and Occupational Health and Safety;
3. definition of responsibilities and procedures to ensure proper management of all aspects of the Integrated Management System related to its activities;
4. identification and allocation of adequate resources, economic means and skills for the proper functioning of its Integrated Management System;
5. exercising adequate control over the environmental impact and health and safety risks arising from the company's activities;
6. continuous improvement of its efficiency by verifying the objectives set and defining new improvement targets involving the Integrated Management System;
7. awareness-raising and empowerment of personnel at all levels towards Environment and Safety aspects with appropriate training meetings, both of their own personnel and of all those working on behalf of the organisation.

[GRI 403-2]

⁶² Due to the small size of its workforce and the location of its activities at a single production unit, the subsidiary Fides has not adopted an "Integrated Environment and Health and Safety Management System", but has nonetheless taken suitable measures to prevent accidental threats, complying with the regulatory provisions on health and safety in the workplace by appointing a Risk Prevention and Protection Service Manager (RSPP) and a Medical Officer external to the company.

The Employer assesses all risks to the health and safety of workers in accordance with the provisions of Legislative Decree no. 81/2008, in relation to the nature of the Group's activities, including those concerning groups of workers exposed to particular risks, also in the choice of work equipment.

In the Group, the assessment was carried out considering normal, abnormal and emergency situations through the collection of documentation, identification of work sites, workers' tasks, duties and responsibilities, machinery, collection of the company's accident history of the last three years and identification of the list of all possible risk factors, then defining prevention and protection measures.

In the Integrated Management System, there is a procedure for managing accidents, incidents, nonconformities and dangerous behaviour, defining how they are managed and the related corrective and preventive actions implemented to eliminate the actual or potential causes of risk. It also defines their competences and standardises their operational practices. Reporting documentation is provided to catalogue and examine the incident for its management and define the related treatment and mitigation actions.

Banco Desio and its subsidiary FIDES carry out risk assessments and draw up the "Risk Assessment Document" (DVR) in collaboration with the Head of the Prevention and Protection Service and the Medical Officer, after consulting the Workers' Safety Representatives.

The risk assessment and DVR are revised when there are changes in the company's activities that are significant for the safety and health of workers, or in relation to the degree of development of technology, prevention and protection, or following significant accidents or when the results of health surveillance show it to be necessary.

[GRI 403-3]

The Group has identified and assessed the risks, in cooperation with the Medical Officer, as health surveillance is required for the presence of video terminal workers.

All the figures involved, the Employer, the Head of the Prevention and Protection Service (RSPP), the Medical Officer and the Workers' Safety Representatives (RLS), contribute, each on the basis of their competence, to prevention and guaranteeing health and safety in the workplace.

The Bank has publicised the Safety Management System and with it the related policy where, among other things, it guarantees the health of Personnel. The Institute has publicised, by means of official communications, that it uses the services of responsible Doctors. The subsidiary Fides, where there are video terminal workers, also carried out a risk identification and assessment in cooperation with the Medical Officer.

Health surveillance also continued after the COVID-19 pandemic, as a means of protecting the health of all workers.

The Medical Officer:

- a) contributes to the management of information and training on containment measures and individual behaviour;
- b) in his clinical role, he is also called upon to handle personal cases related to workers' health concerns and to manage issues related to workers with particular frailties that are susceptible to particularly severe consequences in the event of Covid-19 infection;
- c) to integrate and propose all regulatory measures related to Covid-19, collaborating with the Employer, the RSPP and the RLS.

The Medical Officer applies the indications of the Health Authorities and, in view of his role in risk assessment and health surveillance, suggests the adoption of any diagnostic means if considered useful for the containment of the spread of the virus and the health of workers.

The Medical Officer is always involved in the identification of individuals with particular situations of fragility and in the reintegration of individuals with a previous Covid-19 infection.

Access to the Occupational Health Service is provided through the Resources Directorate.

[GRI 403-4]

In all Group companies, in accordance with the provisions of Legislative Decree no. 81/2008 "Occupational Health and Safety Code" in Art. 35 (Periodic Meeting) and in implementation of the Integrated Management System (in the Parent Company), periodic meetings were regularly held with the participation of each Group company:

- the Employer or his representative;
- the Head of the Prevention and Protection Service (RSPP);
- the Medical Officer;
- workers' safety representatives (RLS).

Periodically, the parent company's RSPP is summoned by the 231 Supervisory Board, highlighting the critical issues noted and/or workers' problems encountered in the area of occupational health and safety.

Workers' Safety Representatives (RLS) are elected at all Group companies; they are consulted in advance and on a timely basis with regard to the provisions of Art. 50 of Legislative Decree no. 81/2008 with regard to their responsibilities; they were involved in the work-related stress assessment project.

The RLSs participate and are consulted on the assessment of health and safety risks in the workplace and have been part of the work group on the assessment of work-related stress, taking an active part in highlighting the critical issues detected and/or workers' problems.

[GRI 403-5]

As concerns "Occupational Health and Safety", programmes were provided for new resources acquired from the BPER Group, in order to align the different positions (fire-fighting, first aid, basic programme for workers and for resources appointed as supervisors); in addition, refresher programmes also continued for the different positions at Group level (fire-fighting, first aid officers, disabled persons' tutors, Workers' Safety Representative (RLS), Prevention and Protection Service Manager (RSPP) and Prevention and Protection Service Officer (ASPP)), as well as the new figures of "workers" and "supervisors".

Lastly, in continuity with previous years, the modules inherent in the five-year update plan were provided to all employees; in particular, the modules concerned "Work-related stress" and Soft Skills, which accompany the in-depth study of the different risks.

[GRI 403-6]

Under the more specific profile of health protection, the responsible Doctors organise both periodic visits to personnel, which are compulsory by law, and inspections of workplaces, activities that make it possible to constantly monitor the state of health of the population and the healthiness of the places where work activities are carried out.

On this point, it should be noted that the Bank and the company trade unions have undertaken to renew the agreement with the insurance company that guarantees the health policy for enrolled workers with the option of including the family in the cover.

[GRI 403-7]

Among the risks highlighted in Banco Desio's Risk Assessment Document is the risk of attacks/robberies by customers⁶³.

Specific training for workers is dedicated to this critical issue, presenting how the event is managed and the safety systems adopted by the Group. Information is also provided on the possible risk of post-traumatic stress that may arise following an event, with the aim of helping to recognise it and manage it better.

[GRI 403-9]

As determined in Legislative Decree no. 81/08, in relation to the nature of the Group's activity, the Employer assesses all risks to the health and safety of workers, including those concerning groups of workers exposed

⁶³ See also next section "Work-related injuries".

to particular risks. The evaluation was carried out considering normal, abnormal and emergency situations. All risks are listed in the Risk Assessment Document.

An analysis of the accident phenomenon does not reveal any categories of workers in the Banco di Desio Group who are more exposed than others to the risk of being involved in accidents in relation to their professional role.

It is also confirmed that most of the accidents in 2023, as well as in 2022 and 2021, relate to workers on their home-to-work journey, a risk to which all resources are exposed indifferently.

The table below provides details of the accidents recorded in 2023 by gender:

Accidents by gender	31.12.2023			31.12.2022			31.12.2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total employees									
Number of deaths as a result of accidents at work ⁽¹⁾	0	0	0	0	0	0	0	0	0
Rate of deaths as a result of accidents at work ^{(1) (2)}	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Number of work-related injuries with serious consequences (excluding deaths) ^{(1) (3)}	0	0	0	0	0	0	0	0	0
Rate of work-related injuries with serious consequences (excluding deaths) ^{(1) (4)}	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Number of recordable occupational accidents ^{(1) (5)(6)}	1	3	4	3	2	5	1	2	3
Rate of recordable occupational accidents ^{(1) (5) (7)}	0.41	1.78	0.97	1.34	1.37	1.35	0	1.37	0.78
Number of hours worked ⁽⁸⁾	2,435,648	1,689,765	4,125,413	2,238,780	1,456,260	3,695,040	2,371,898	1,460,558	3,832,455

(1) Includes injuries resulting from commuting accidents only when the transport was organised by the Banco Desio Group.

(2) The rate of deaths resulting from work-related injuries is equal to (total number of deaths resulting from accidents at work in the year/total hours worked)x 1,000,0000.

(3) Work-related injuries with serious consequences refer to work-related injuries such that the worker cannot, or is not expected to, fully recover from the pre-injury state of health within 6 months.

(4) Rate of work-related injuries with serious consequences (excluding deaths) is equal to (total number of work-related injuries with serious consequences in the year/total hours worked)x 1,000,0000.

(5) Including deaths.

(6) Recordable work-related injuries relate to the following cases: death, days of absence from work, limited work or transfer to another role, medical treatment other than first aid, loss of consciousness; or cases of occupational disease diagnosed by a doctor or other authorised health professional followed, even if not resulting in death, by days of absence from work, limited work or transfer to another role, medical treatment other than first aid, loss of consciousness.

(7) Rate of recordable work-related injuries is equal to (total number of recordable work-related injuries of the year/total hours worked)x 1,000,0000.

(8) The calculation of the number of hours worked is estimated on the basis of monthly working days, weighted by the number of staff on the payroll at each month-end, distinguishing between "full-time" employees (assigned a weight of 1) and "part-time" employees (assigned a weight of 0.5).

The injuries shown above relate to Banco Desio Group employees, due to the fact that both in 2023 and in the two previous years, the Group was not aware of any injuries to employees, temporary workers or interns.

Local development and community support

The Group's specific business means it is continuously serving the real economy with a physical presence in the local areas of action that allows it to maintain deep local roots.

Commitment to the local area, understood as the set of economic, social and cultural activities of civil society and institutions located in the areas where the Group's companies operate, is an integral part of the business mission and over time has found practical implementation in constant dialogue with families and businesses, promoting meetings and seminars on financial and topical issues involving trade associations in the local areas.

For over thirty years, the Group has been publishing the magazine "**La BancoNota**", a quarterly event dedicated to news, stories and people from the world of the bank and its local area; the magazine is distributed throughout the Group's sales network and sent in electronic format to stakeholders via a mailing list, and is also published on the institutional website www.bancodesio.it. The circulation of the printed version has been progressively reduced over the years in favour of the electronic version.

In the socio-economic context that characterised 2023, the Banco Desio Group manifested its commitment to supporting the local area, setting up various initiatives to support it, which will be discussed in more detail in the following section "engagement of local communities and areas".

[GRI 203-2]

[GRI 3-3]

Given its nature and local articulation, the Banco Desio Group is aware that it produces significant indirect effects on the local economic system⁶⁴ which mainly concern:

- competitiveness of the production system, as a function of supporting small and medium-sized enterprises for growth and technological innovation and for overcoming the crisis;
- development of depressed economic areas, depending on the geographical choices for the location of branches and the allocation of economic resources;
- development of the green economy and the reduction of environmental costs by supporting investments in energy saving and the development and use of renewable energy;
- reduction of risks and maximisation of the social benefits of development, based on a focus on issues such as inclusion and education, occupational health and safety, non-discrimination and equal opportunities;
- reduction of the social costs of economic imbalances, the efficiency and stability of the financial system and the fight against illegal behaviour.

[GRI 413-1]

Engagement of local communities and areas

During 2023, Banco Desio renewed its commitment to associations and non-profit organisations, engaging local communities and actively participating in charitable initiatives.

Some of the most important initiatives held in 2023 are described below, along with the associations involved:

- **ASSOCIAZIONE VISIONI IN MUSICA** The Association carries out musical productions and events at the highest level. In 2023, Banco Desio sponsored the Christmas concert held at S. Francesco church in Terni with Gospel Show.
- **ESSE EDITORE SRL** Sponsorship of the Btob Award event - Teaser 18/05 and Gala evening 19/06. Every year an entrepreneurial excellence prize is awarded during an event organised at Villa Reale Monza.
- **ISTITUTO LUIGI EINAUDI PER GLI STUDI BANCARI FINANZIARI E ASSICURATIVI** Sponsorship of the initiative Catalogue of Italian Banks from 1861 to the present, which consists of the creation of a

⁶⁴ See "Economic Value Created and Distributed" in the "Value Creation" section

database in which all credit institutions from the 1861 Unification of Italy to the present day are surveyed and described on illustrative cards.

- **FONDAZIONE ACCADEMIA CHIGIANA** Sponsorship for concerts and associated events organised by Accademia Chigiana at Villa Reale in Monza.
- **ASSOCIAZIONE ARS AETERNA** Association that organises the LACMus Festival held in the setting of Lake Como. This year featured a series of concerts by artists of international calibre, including that of pianist Giuseppe Gibboni, winner of the Paganini competition.
- **ISTITUTO TEATRO LIRICO SPERIMENTALE** contribution to the Teatro Lirico Sperimentale which in the 2023 Season offered a contemporary opera, for which important figures from the contemporary drama and music scene were contacted and involved, a title from the 18th century opera repertoire and a title from the great Italian opera repertoire.

In continuity with previous years, the Group contributed once again this year to the organisation of the 66th **Spoleto Festival dei due Mondi**, an international music, art, culture and entertainment event, participating in the opening night and the Final Concert on closing night.

Finally, donations were made to support projects and initiatives valued in terms of their concrete support to the community. These include:

- **FRANCESCA RAVA FOUNDATION N.P.H. ONLUS** The Foundation is involved in the country of Haiti with numerous health care, education and empowerment projects carried out at NPH Saint Damien hospital, the only paediatric hospital in Haiti, which cares for 80,000 children a year. Local staff is trained through twinning with Italian hospitals of excellence. The same Foundation also operates in Italy with the "In the pharmacy for children" initiative, which helps 47,000 children experiencing medical poverty;
Banco Desio supported the Foundation with a financial contribution and by actively taking part in the "In the pharmacy for children" initiative, involving some of our employees for a day of volunteering at participating pharmacies.
- **ASSOCIAZIONE BANCO ALIMENTARE DELLA LOMBARDIA "DANILO FOSSATI" ONLUS** An association that deals with the recovery of basic necessities and helps needy people through assistance to charitable organisations, distributing food products free of charge.
In November 2023, a team of 30 Banco Desio employees participated in the "Company Volunteer" day and made a concrete contribution to the Foundation's activities.
- **ASSOCIAZIONE AMICI DI COMETA ONLUS** An association that carries out reception, education and work projects; the Bank contributed to the non-profit organisation's projects through its participation in the "Dinner with Cometa" dinner on 13 November 2023 to raise funds to support the initiatives promoted.
- **ASSOCIAZIONE PIZZAUT** Participation in the #100Mattoni per Monza campaign for a contribution to the training costs of 25 autistic children who will work in the restaurant and for the necessary equipment, but also to set up the Residential Autonomy Gymnasium. The Wall of Bricks, on which the logo of the Bank, which believes in social inclusion, has been embossed, will be built in the restaurant.
- **FAI FONDO AMBIENTE ITALIANO** Contribution as **Corporate Golden Donor** to support activities for the protection of the environment and cultural and artistic heritage.
- **FONDAZIONE UMBERTO VERONESI** Contribution to support the Foundation's initiative to set up a network of oncology facilities for the development of immunotherapy treatments for paediatric patients called "PROJECT PALM". The initiative includes the participation of some colleagues during the evening at the Theatre of Como.

Overall, during the reporting year, the Banco Desio Group provided approximately EUR 230,000 to cultural initiatives, EUR 125,000 to social initiatives and EUR 50,000 to sports initiatives.

Finally, a Convention was organised on 12-14 May 2023 under the title "**Growing Together in Full Sail**". The purpose of the event was to share ideas and the plans for the future of the Banco Desio Group and team building in the particular circumstance of the entry of colleagues from the new branches coming from the acquisition of the BPER Group business unit, to achieve a shared vision of the Banco Desio Group's values and objectives.

Responsible supply chain management

The Banco Desio Group is aware of the role that supply chains play as an engine of the global economy, and therefore responsible supply chain management means not only guaranteeing the quality of its products or services but also managing operational and reputational risks in the best possible way, ensuring business continuity, generating significant economic impacts and reducing environmental impacts.

**[GRI 2-6]
[GRI 3-3]**

The Group's Code of Ethics⁶⁵ includes a specific section dedicated to relations with Suppliers, which must be managed according to principles of maximum cooperation, helpfulness, professionalism, as well as respect for the principles of transparency, equality, fairness and competition.

When establishing relations with Suppliers or managing existing ones, it is forbidden to entertain relations with counterparties for whom there is a well-founded suspicion that they are involved in unlawful activities and in any case lack the necessary requirements of reputability and commercial reliability. Each supplier's compliance with the principles enshrined in the Code of Ethics is decisive for the establishment of the contractual relationship.

The rules governing the procurement of goods and services in general and the rules governing the outsourcing of essential or important functions or critical supplies have been merged into a single set of Process Rules, namely the "Sourcing and Supplier Management Rules" into which the previous "Expenditure and Investment Rules" and the "Governance Rules for Agreements with Outsourcers and Third Parties" have been merged.

This regulation has the following objectives:

- establish the guideline and harmonise purchasing practices at Group level;
- align procurement procedures for goods and services with strategic directions;
- ensure traceability, transparency and clarity of the goods/services procurement process;
- strengthen the acquisition and management of essential or important functions/critical suppliers.

In the Sourcing Process, in general, in order to comply with the regulatory framework of reference, including the EBA Guidelines, Group companies take into account the principle of proportionality according to which, occasional purchases and purchases of small amounts cannot be handled with the same procedural complexity as purchases that are more important for the company.

This principle ensures that governance arrangements, including those relating to outsourcing contracts and with Third Parties, are consistent with the individual risk profile, the nature and business model of the Group, and the scope and complexity of its activities, in order to effectively achieve the objectives laid down in internal rules and regulations (Model 231, Code of Ethics, Anti-Corruption Policy).

The Group's selection of suppliers is carried out in compliance with the criteria of transparency, traceability, publicity, free competition, non-discrimination, equal treatment and rotation on the basis of objective criteria linked to competitiveness and the quality of the products and services requested.

Moreover, the activities for the acquisition of goods and services envisage the involvement of the various corporate functions responsible for the acquisition and control of the expenditure budget (Expenditure Responsibility Centres), which also support the Cost, Sourcing and Third Parties Area in identifying on the market the suppliers that best meet the defined requirements. The rules under which these entities, together with the cross-functional advisory body, Cost Meeting, are involved are based on criteria of threshold value of expenditure, classification of supply and type of supplier (whether new selection or existing).

⁶⁵ The latest version approved by the Parent Company Board of Directors on 17 December 2020 incorporated the "Code of Business Conduct".

Moreover, the selection of suppliers is based on the quality and competitiveness of the products and services offered, and on adherence to the Banco Desio Group's sustainability principles and values, which is a prerequisite for a lasting development of the business relationship with Group companies in a commercial partnership context. In particular, the Group requires its Suppliers to observe and share its general principles of conduct, in the Group's Code of Ethics (and in the Corporate Social Responsibility Guidelines published on the corporate website www.bancodesio.it) and at the same time requires compliance with the rules and recommendations set out in the Organisational Model adopted pursuant to Legislative Decree no. 231/2001 on the administrative liability of companies and entities ("Model 231").

Suppliers, informed of these contents, are consequently required to adopt behaviour in compliance with the principles set out therein. To this end, the contractual texts generally include a specific clause that binds the counterparty (potential or existing supplier) to comply with the contents of the Code of Ethics and Model 231; if the supplier does not intend to accept the aforesaid clause, it must submit its own Code of Ethics, any Model 231 and/or any corporate policy to allow the existence and formalisation of principles consistent with those of the Banco Desio Group to be verified. In the event of a negative evaluation, it will not be possible to proceed with the conclusion of the contract with the counterparty.

In particular, the Group requires:

- compliance with the principles of social responsibility in labour relations with its own employees and those in the subcontracting chain;
- recognition of the value of human rights protection in their approach to business and the adoption of formalised policies as a sign of their concrete commitment to the elimination of child labour, forced labour and respect for freedom of association and collective bargaining, as well as discrimination;
- concrete engagement in activities to raise awareness and promote respect for social issues along the supply chain;
- commitment to the principles contained in the Group's policies, in particular on anti-corruption and anti-money laundering;
- compliance with relevant national and international environmental regulations, as well as the promotion of initiatives aimed at raising environmental awareness.

Should violations of these principles emerge, the Group reserves the right to reconsider the continuation and development of business relations with the business partners involved and to take any further steps to protect its reputation.

It should be noted that within the scope of the process at the subsidiary Fides, all contracts with Suppliers in excess of € 75,000 (both those relating to ordinary expenses and those relating to non-ordinary expense initiatives) are subject to the same approval process as for the Parent Company.

The Group has also implemented an ESG screening system of its supplier portfolio, both at present and in the start-up phase of new business relations, through the administration of the "CSR Supply Chain Checklist - Suppliers", in order to be able to rely on a supply chain characterised by an increasingly high level of environmental and social responsibility, protection and respect for human and workers' rights, and good governance.

The objective of fostering responsible business practices with the supply chain is also implemented through the decision to use the DProcurement Portal, the Bank's platform dedicated to the purchasing process (RFI, RFQ, tenders, auctions).

When accessing the portal, the potential supplier is asked to qualify by, among other things, filling in the above-mentioned "CSR supply chain - suppliers' checklist".

During the course of 2023, the screening of a further 17 suppliers was added. At the reference date of 31 December 2023, the turnover of these suppliers totalled EUR 75.3 million and the situation per ESG Score band is shown in the following table:

[GRI 308-1, GRI 414-1]

clustering by individual score	LOW RISK	MEDIUM RISK	HIGH RISK
	score $\geq$ 50	50 > score $\geq$ 30	30 > score
# item	64	23	-
# item %	74%	26%	0%
sales/turnover (euro/mln)	71.7	3.6	-
sales/turnover %	95%	5%	0%
average sector ESG score	70	38	NA

At the end of the process of analysing the counterparties' sustainability models, if the overall score is "Medium", the Bank encourages the counterparties concerned to consider taking steps to improve their monitoring of ESG dimensions to enhance their ESG risk profile. If, on the other hand, the overall score is "Low" and therefore in the presence of a "High" ESG risk profile, the Bank undertakes an engagement activity with the counterparties concerned with the aim of sensitising them to close the gaps detected in the management of the sustainability areas assessed and, if no improvements are made, initiating a process aimed at progressively reducing supply relationships.

A further evolution of the supplier selection process is planned in the coming years in view of the new Corporate Sustainability Due Diligence Directive (CDDD), with the aim of responsibly managing social and environmental impacts throughout the entire supply chain.

[GRI 204-1]

As at 31 December 2023, the number of active suppliers, calculated in terms of turnover, amounted to 1,769, an increase compared to the previous year (1,702).

The volume of purchases made locally is considered by the Group as an important factor in contributing to the local economy and in maintaining relations with the community: this is confirmed by the large concentration of active suppliers⁶⁶ of the Group in the main local areas in which it operates, North and Central Italy, consistent with its main operating sites.

As can be seen from the table below, the Group also works almost exclusively with suppliers resident in Italy and the use of foreign suppliers amounts to only 2% of the total number of suppliers.

Supplier segmentation by geographical area	31.12.2023			31.12.2022			31.12.2021		
	No. Suppliers	Value distributed (in Euro thousands)	% Incidence of Value distributed	No. Suppliers	Value distributed (in Euro thousands)	% Incidence of Value distributed	No. Suppliers	Value distributed (in Euro thousands)	% Incidence of Value distributed
North - West	830	50,600	41.5%	812	45,090	41.7%	829	43,185	36.7%
North - East	179	42,678	35.0%	163	34,038	31.5%	169	50,862	43.3%
Centre	641	21,637	17.7%	640	21,704	20.1%	729	16,455	14.0%
South and Islands	81	5,668	4.6%	52	5,753	5.3%	42	5,621	4.8%
Foreign	38	1,387	1.1%	35	1,625	1.5%	30	1,401	1.2%
Total suppliers	1,769	121,970	100.0%	1,702	108,209	100.0%	1,799	117,524	100.0%

⁶⁶ "Local suppliers" are those suppliers whose registered office is in the national territory in which the Banco Desio Group operates.

Quality and innovation in customer relations

[GRI 2-6]

The Group operates through the Parent Company, with the brands Banco di Desio e della Brianza (and Banca Popolare di Spoleto in the Umbria area), and with that of the product company Fides - Ente Commissionario per Facilitazioni Rateali ai Lavoratori, in Italy and operates through a distribution network that as at 31 December 2023 consisted of 280 bank branches and 46 Fides financial shops.

Banco Desio's distribution network is rooted in its historical reference territory, Lombardia, and in contiguous and complementary areas, in the regions of Emilia-Romagna, Piemonte, Liguria, Veneto, Toscana, Lazio, Umbria, Marche, Abruzzo and Sardegna, this latter area newly acquired via the former BPER Group business unit. This is complemented by the network of agents and brokers, which Fides uses, operating throughout the country.

In particular, with regard to the organisational model adopted by Banco di Desio e della Brianza, the following should be noted:

- the organisation of a distribution network divided into local Areas, each of which is headed by an Area Manager, who assumes the role of the main commercial contact person in the area, with clearer hierarchical and functional reporting to the Corporate Managers (formerly Corporate Managers) and the Branch Network;
- hierarchical and functional reporting of Private Bankers to the Wealth Management Area.

The Group selects and provides services to customers while complying with defined credit limits set at the level of overall counterparty or legal/economic group exposure and carrying out an appropriate assessment of the solvency of the financed customers. In fact, increasing attention to the good quality of the credit provided generates both growth and prosperity in the territory, fostering the Group's commitment to maintain its financial support to the territory itself.

The rootedness of the Group's operations in the local area also takes the form of continuous support for the entrepreneurial fabric given by the initiatives put in place to facilitate access to credit for corporate customers (e.g. with the SME Guarantee Fund, ISMEA/SGFA, SACE and the European Investment Fund).

In addition, with specific reference to the Umbria Region, the action in favour of local small and medium-sized enterprises, which also took the form of the decision to acquire a stake in the share capital of Gepafin S.p.A., a financial company set up with public capital (54% held by the Umbria Region) and private capital (the remaining 46% held by banks operating in the region) to support SMEs by issuing guarantees on bank loans, providing equity loans and managing guarantee funds under specific Umbria Region or EU measures. In the Lombardia context, the group also holds a stake in "Sviluppo ComoNEXt S.p.A.", an initiative promoted by the Chamber of Commerce of Como for the enhancement of Como's social, cultural and entrepreneurial fabric as part of a broad network of companies, associations, institutions, universities and research centres that stimulate the flow and transfer of knowledge and technology for sustainable development activities.

Present in the territory for over 110 years, Banco Desio, together with the companies belonging to the Banco Desio Group, presents itself as a bearer of the values of modernity and exclusivity, continuing to place the customer at the centre of its activities and at the same time remaining at the disposal of the community for carrying out personal and entrepreneurial projects. The Group's identity is always inspired by two absolute values: customer relations and the centrality of the local area.

The range of banking, insurance and investment services is defined and updated as a result of continuous dialogue with clientele. For us, being a bank means being instrumental in the development of the local areas where we work, offering - with competence and flexibility - services to families, Small and Medium-sized Enterprises and local economies. The products and solutions devised by the Banco Desio Group with reference to private individuals aim to facilitate their decisions when buying a house, or in everyday expenses, in managing the household budget, to help them in their investment choices and in managing their finances. For companies, the products and solutions identified also provide greater security for existing businesses and give impetus to new initiatives.

The Banco Desio Group pursues a development activity aimed at “multi-channelling”, to make banking services increasingly user-friendly, simple and flexible, also through strategic partnerships with leading operators specialising in products/services dedicated to target markets/segments (in consumer credit, bancassurance, payment services, aimed at pursuing widespread connectivity, mobility and advanced payment services).

The agreement with Worldline Merchant Services Italia S.p.A (Worldline Italia), a leading provider of payment and transactional services, is a clear example of this.

Bank partnerships also include the agreement with Anthilia Capital Partners SGR S.p.A., aimed at bringing innovative solutions and products to customers, complementing the Group's range.

The Group attaches the utmost importance to managing and maintaining relations with its customers based on listening and trust. To achieve this, it offers a high quality service and solutions to meet the different needs of its customers.

In a continuously evolving market context, Italian banking customers are becoming increasingly digital. In particular, there has been double-digit growth in internet usage and self channels in recent years.

To give continuous impetus to digital transformation initiatives, there is a dedicated internal structure that develops automation solutions to support branches and headquarters and promotes innovative solutions. To respond to customer needs and remain in line with the latest market trends, Banco Desio has embarked on a balanced omnichannel strategy integrated with the overall service model that takes into account both market characteristics and customer segmentation.

Thanks to the technological developments of the last decades, the market is imposing new distribution models that see a new way of relating to customers, no longer tied to a physical location but to the provision of services in a mobile and self-service mode, allowing the customer to use the service at the time, place and in the manner requested.

In this regard, Banco Desio is pursuing its acceleration plan based on digitalisation, with the aim of creating a true ecosystem of solutions capable of:

- responding to the needs of customers, both those regularly inclined to the online channel and those who, although not “natively” digital, are beginning to favour this channel;
- creating and ensuring a seamless customer experience to design and build the omnichannel strategy so that products and services can be offered on different distribution channels and serve different customer segments in a uniform way according to their characteristics;
- progressively creating an infrastructure capable of rapidly integrating existing solutions and services.

With reference to this scenario, the Group completed the development of a project aimed at opening a new sales channel that allows selected customers to operate in self-buy mode, when subscribing to products dedicated to the online channel, guaranteeing, above all, paperless mode. This channel has been enhanced and developed over the last few years, allowing for the placement of products dedicated to bank customers and with special advantageous conditions (e.g. DConnect secondary account, which can be placed alongside the pre-existing main account / a dedicated restricted time deposit line called Time Deposit Extra Online/Nexi Debit Consumer, the Visa or Mastercard debit card that is subscribed online).

In continuity with the previous year, characterised by the market releases of **Plick**, **Instant Payment**, **Omnia** and the **OneD** app, further services were released in 2023, enabling the Bank to continue on its path of digitalisation.

Remote selling of the Nexi credit card with **easy shopping** was implemented and released, in order to enhance the offer of products already placed through a new sales channel via the Remote Selling Platform, which will allow customers to apply for the credit card fully digitally, directly in home banking (DWeb / DMobile).

Also in 2023, the **Digital Onboarding** service was released, offering prospect users the opportunity to become Banco Desio customers by accessing the **OneD** app through a few simple steps. After screening,

Banco Desio begins the account opening process and sends the contractual documentation to the user, who can sign it directly from the **OneD** app. The **D.One** offer, which includes the opening of the **D.Advance** account, also offers a number of benefits (e.g. no fees for the first 12 months, unlimited transactions in the branch and online, etc.).

Moreover, in December 2023 Banco Desio also joined the many financial intermediaries that are members of CBI Globe - Global Open Banking Ecosystem, the Open Finance ecosystem developed by CBI that develops innovative and value-added services in the world of digital payments, Open Banking and Open Finance.

By joining the CBI Globe ecosystem, Banco Desio has implemented, for the benefit of all its customers, the Check Iban service, which makes it possible to verify the correct association between the IBAN (International Bank Account Number) and the holder's Tax Code/VAT number (natural or legal person).

The service allows a customer of another bank to request an IBAN consistency check for a payment to a Banco Desio customer quickly, thus ensuring the reduction of operational and fraud risks by verifying account information upon execution and receipt of a payment.

Digital Credit Desio, Banco Desio's new digital lending platform, has been on the market since April 2023. It allows users to apply for and take out an unsecured loan in amounts (initially) from EUR 10,000 to EUR 25,000 over a selected duration of 12 or 18 months. The platform is accessible from the Banco Desio website for both new and actual customers. The product subscribed on the platform can be provided to the POE (Small Economic Operators) and SB (Small Business) segment, corporations, partnerships and sole proprietorships with 3 years of activity and 2 filed sets of financial statements (the latter where applicable). The process offers a simple and intuitive customer journey in favour of a positive user experience: applicants can access the platform via a dedicated section of the Banco Desio public website. The platform is constantly evolving, with extension to corporate customers and the integration of the Guarantee Fund.

In response to the 2020 pandemic crisis, the European Union launched the Next Generation EU (NGEU) programme, a EUR 750 billion package, about half of which consists of subsidies.

Italy is the first beneficiary, in absolute value, of this plan, which required the member states to present an investment package that our country defined in the National Recovery and Resilience Plan (NRRP).

In order to access Recovery and Resilience Facility (RRF) funds under the Next Generation EU (NGEU), Italy submitted its National Recovery and Resilience Plan (NRRP) on 30 April 2021, which was approved by EU Council Implementing Decision of 13 July 2021.

On 7 August 2023, the Italian Government submitted a proposal to amend its NRRP, including the new *REPowerEU* chapter, which was positively assessed by the European Commission and approved by EU Council Implementing Decision on 8 December 2023. The new NRRP as amended by the EU Council Decision of 8 December 2023 amounts to EUR 194.4 billion (EUR 122.6 billion in loans and EUR 71.8 billion in grants) and includes 66 reforms, seven more than the original plan, and 150 investments. Compared to the initial budget of EUR 191.5 billion, the increase is due to EUR 2.76 billion as non-reimbursable contributions (grants) for the implementation of *RePowerEU* and EUR 145 million as a result of the update of the maximum financial contribution.

The implementation of this investment plan has so far involved total disbursements for our country of EUR 101.9 billion (EUR 40.5 billion in grants and EUR 61.4 billion in loans). Finally, the Commission announced on 28 December 2023 that it had paid the fourth instalment of EUR 16.5 billion to Italy.

In order to proactively take advantage of the opportunities arising from the NRRP, Banco Desio extended again for 2023 as a specific support a web platform called "**Go2Incentives**" developed in partnership with the consulting firm Deloitte, which allows the Banco Desio corporate customer to access an external subscription service for NRRP incentive search and selection, offered by the portal provider itself.

The year 2023, in continuity with previous years, saw the launch of the customer satisfaction survey with the performance of 11,500 interviews representative of the Bank's customer base in terms of both segment and geographical origin. The questionnaire covered several topics: recommendability, image, presence and contact with branch point of contact, use of different channels and their evaluation, general satisfaction, future behaviour and presence of multi-banking.

In 2023, the research was carried out with a new multi-channel approach, also interviewing customers who do not go to the branch, in order to get a complete view of their relationship with the Bank. The analysis was enriched to identify operational priorities for improving the customer experience, satisfaction and loyalty.

The 2023 result confirms the level of excellence recorded by the Bank in previous years, standing at an index of 88 (scale of 0 to 100).

[GRI 417-1]

In the context of the customer relationship, transparency and clarity of information are of particular importance. The Bank of Italy has issued specific provisions on the transparency of banking and financial transactions and services, which define minimum and general standards for the drafting of informative documents prepared for customers (structure of documents, essential information to be provided, lexical choices, standardisation of certain types of the most common contracts) and introduce, for banking and financial intermediaries, also for the marketing of traditional banking services, obligations of an organisational or control nature for compliance with transparency regulations and fairness in relations with users.

The transparency provisions apply to the purchase of traditional banking and financial products (e.g. current accounts and other forms of deposits, loans, payment instruments) and at every stage of the relationship between the intermediary and the customer: the pre-contractual stage, i.e. the stage preceding the signing of the contract (e.g. information sheet, information document on charges, general information on real estate credit offered to consumers), the contractual stage and the post-contractual stage, i.e. the relationship between intermediaries and customers (periodic documentation, management of disputes).

The rules are in addition to those laid down in other areas of the legal system on transparency and fairness of conduct towards customers, such as, for example, those relating to the offer of investment services, regulated by the Consolidated Law on Finance (TUF), or insurance products, or the provisions contained in the Consumer Code.

The information and labelling requirements for products and services also take into account the most recent regulatory developments in the field of sustainable finance (e.g. Reg. (EU) 2020/852, Reg. (EU) 2019/2088, etc.) as well as the internal credit taxonomy defined by the Group, in full compliance with the concepts defined by the reference regulations.

The documents, prepared on the basis of the above provisions, for products offered to the general public are available at branches and, where required by the relevant regulations, on the websites of the Group companies.

With particular reference to product governance, i.e., the governance and control of products to ensure that the product range is aimed at the right customers, the Group companies have:

- set up a Product Committee, which is responsible for verifying and monitoring the guidelines outlined by the Management Committee, as well as the effectiveness of the procedures and safeguards put in place for product governance;
- defined the product catalogue in order to assign a preliminary risk assessment and customer segment to which the product is addressed;
- prepared specific questionnaires to be administered to customers aimed at gathering the information necessary to assess the adequacy and consistency of products/services with respect to customers' needs and knowledge, as well as their risk appetite and level of literacy.

[GRI 417-2]

In 2023, as in previous years, the Banco Desio Group did not record any cases of non-compliance with regulations and/or self-regulatory codes on the information and labelling of products and services that resulted in sanctions, fines or warnings and did not record any cases of failure to comply with the provisions on Transparency legislation.

In October 2023, the Bank of Italy launched a general inspection in the area of Transparency⁶⁷. In this circumstance, the various Company Functions involved provided the Inspection Team with all documentation and evidence requested and ensured the necessary cooperation for the orderly

⁶⁷ As reported in the Annual Financial Report as at 31 December 2023, in September and October 2023, the Bank of Italy started two inspections at Banco Desio, concerning "Compliance with regulations on combating money laundering and terrorist financing" and "Governance and control structures of relevant processes with a view to customer protection"; these inspections are still ongoing.

performance of the inspection activities, which were duly concluded on 15 December 2023. The results of the inspection are expected within the time limit set by the supervisory provisions in force.

[GRI 417-3]

In 2023, as in previous years, the Banco Desio Group did not record any instances of non-compliance with regulations and/or self-regulatory codes on marketing communications including advertising, promotion and sponsorship that resulted in a fine, sanction or warning. In addition, there were no cases of violation of regulations in force or reports of non-compliance with regard to communication processes.

Products and services with a social purpose

Banking products and services

In all of 2023, in view of the liquidity needs directly or indirectly related to the serious disruption of the economy caused by Russia's aggression against Ukraine or the sanctions imposed by the European Union and its international partners, as well as the countermeasures taken by the Russian Federation, the European and national regulators extended the Temporary Crisis Framework (TCF) to support the economy and businesses.

In this context, Banco Desio played an active role in credit access measures for companies, offering subsidised unsecured loans through the instruments offered by SACE, with Supportitalia Guarantee, and Mediocredito Centrale.

With reference to the flooding events that particularly affected the territories of Emilia-Romagna and Toscana, Banco Desio followed up on what is set forth in Art. 11 of Decree Law no. 61/2023 (so-called Emilia-Romagna Flood Decree) and the Ordinance of the Head of the Civil Protection Department (OCDPC) no. 992 of 8 May 2023 and the Ordinance of the Head of the Civil Protection Department no. 1,037 of 5 November 2023, as amended.

In the context of the initiatives offered by Cassa Depositi e Prestiti (CDP), the Bank joined the "**Plafond Piattaforma Imprese**" agreement in 2023.

The purpose of this agreement is to provide funds to Banks in order to support the granting of loans to micro, small and medium-sized enterprises (SMEs) and mid-caps operating in the country and in all production sectors to cover up to 100% of eligible expenses for investments and needs related to the development of company working capital and to support growth.

The Agreement aims to encourage more medium- to long-term resources in favour of companies.

The initiative includes 2 ceilings:

- **Plafond PMI**, for independent micro, small and medium-sized enterprises operating in Italy with a workforce of less than 250 employees at group level, again calculated with reference to European Recommendation no. 361 of 2003 published by Law no. 124 of 2003 (the limits referring to turnover and balance sheet assets are excluded);
- **Plafond MID**, for independent companies operating in Italy with at least 250 and less than 3,000 employees, at group level (limits on turnover and balance sheet assets are excluded).

The ceilings are used by the Bank on a "first-in, first-financed" basis, i.e. until all resources are used.

In 2023 Banco Desio expressed its willingness, since the introduction of the facilities included in the Relaunch Decree, Legislative Decree 34/2020 and subsequent amendments, to support households and corporate customers engaged in the requalification and energy efficiency improvements of buildings, with the purchase of tax credits relating to the specific forms linked to the Superbonus, Sismabonus and Ecobonus, thus enabling the same customers to monetise most of these expenses instead of a year-by-year deduction possibility in relation to the durations established by the individual interventions carried out.

The Group also adheres to the Memorandum of Understanding, signed between ABI and MEF, for the establishment of the **Primary Residence Guarantee Fund**, envisaged by the Interministerial Decree of 31 July 2014. Subsequently, the "Decreto Sostegni bis" of 25 May 2021 no. 73 Art. 64 provided for some changes with regard to the characteristics of the guarantee and financing that can be granted.

This agreement provides for the granting of a state guarantee in the amount of:

- 50% of the capital share on mortgage loan transactions for the purchase of real estate to be used as main residence for loan-to-value below 80%;
- 80% of the principal amount on mortgage loan transactions for the purchase of real estate to be used as a main residence for loan-to-value exceeding 80%;

Until 31 December 2023, the fund's guarantee is increased to 80% of the capital share for all those who fell into the priority categories, with ISEE not exceeding EUR 40,000 (forty thousand) per annum and who obtained a loan exceeding 80% of the purchase price of the property, including accessory charges.

With the aim of fully complying with the novelties introduced by the "Decreto Sostegni Bis" of 25/5/2021 no. 73 Art.64 concerning the Primary Residence Guarantee Fund, subsequently supplemented by Law no. 175/2022, which converted with amendments Legislative Decree no. 144/2022 (so-called Decreto Sostegni-ter), and in an effort to meet the increasingly articulated needs of families for the purchase of real estate units to be used as the borrower's main home, the Group has supplemented its offer with the new "**Mutuo D. Evolution**", aimed at the Millennial target group.

To help customers in this bracket, favourable economic conditions have been confirmed, including the exemption of instalment collection charges by debiting the current account, and advantageous preliminary screening fees.

In addition, as of July 2023 the **Green version of Mutuo Fondiario D. Evolution** has been added to the offer, for the purchase of residential property for use as a first home and with energy class B or higher, which provides subsidised interest rate terms.

In accordance with the provisions of Budget Law no. 197 of 29 December 2022, the Bank has provided for the possibility until 31 December 2023 for certain categories of customers holding variable-rate mortgages, and in certain cases, to request the renegotiation of the loan by switching to a fixed rate.

In addition, as part of the initiatives launched by the Bank, a further support plan was developed for households with variable-rate mortgages, which had suffered from a substantial increase in their instalments as a result of changes in market rates. The initiative, accessible to the majority of the customers involved, included a proposal to extend the amortisation plan up to a maximum of five years, without any change in the rate and associated charges and/or the possibility of changing the rate type from variable to fixed.

This was accompanied by the possibility of renegotiating the duration of fixed-rate mortgages by extending the transaction on terms that would preserve the economic benefit for customers.

A further commitment has been made by the Group since 2021 with the remodelling of current accounts aimed at the younger generations by defining a single product, currently being placed, capable of meeting the needs of two different generational brackets, the so-called: Millennials (26-40 years old) and Generation "Z" (18-25 years old).

All of this aims to create a strong link with the Group that can seamlessly accompany the customer in its growth while also guaranteeing an adequate package of services at favourable conditions as well as unlimited transactions at an extremely advantageous fee.

With regard to Millennials, who have particular sensitivity towards environmental and social issues, a Service Charter has also been drawn up that provides access to favourable conditions on:

- a GPF Ethical Millennial line;
- selected sustainability-related mutual funds;
- selected Telematics and Payment Services.

Further integration of the package took place during the year, in continuity with 2022, allowing, at the request of customers, the issuance of Nexi debit cards made of recycled PVC material with a low environmental impact, a sign that the Bank also wishes to contribute to global sustainability in this respect.

Lastly, the Bank's focus on the less affluent social strata remains, guaranteeing access to the following dedicated banking products:

- "**Conto con te Teen (14-17 years)**": an account dedicated to customers aged between 14 and 17 who can have a specific product with no management fees, unlimited fee-free transactions,

modest settlement and debit card service fees and free Desio Web Banking for consulting accounts and ordering transactions. The integration of the dedicated product range is also planned for 2024, with the definition of a specific credit card in recycled PVC with a low environmental impact, as a further sign of the Bank's focus on environmental sustainability issues;

- **"Conto con te Junior (0-17 years)"** savings deposit to build up the child's personal capital from deposits made by parents and/or proxies;
- **Basic pensioner account:** the current account with favourable terms is dedicated to pensioners with a gross annual pension of up to EUR 18,000.

The Group's focus on those seeking operations limited to the essential at low cost led to the placement of the **"Basic Account"** product, reserving the "ISEE 11,600" basic account, which includes cost-free operations and services, for customers with an "Equivalent Economic Situation Indicator" of less than EUR 11,600.

The parent company also offers non-profit organisations the opening of current accounts at favourable economic conditions, with a low annual fee, an unlimited number of transactions included in the fee, and minimal annual charges for interest and fees.

The subsidiary Fides includes in its personal loan product range the **"Advance of Severance Pay"**. This loan, which is repaid by the customer through the assignment "with recourse" to Fides of their severance pay, is intended for civil servants and state employees who have been retired for at least three months.

Insurance products and services

As a distributor of insurance products and services, the Banco Desio Group is committed to the continuous improvement of the products offered to its customers, for both the "Protection" and "Saving" lines.

With regard to the "Protection" line, the Bank, after the initiatives launched in the previous year for the distribution of products such as "LTC (Long Term Care)" and "Cyber Protection", retained the products to protect fundamental values such as health, income continuity and asset preservation in its range of products. In addition, in 2023, at the recommendation of the Network, it introduced the possibility for corporate customers, in their capacity as employers, to meet the need to guarantee their employees a series of services (*health plans, welfare services or other types of benefits*) in order to improve the work quality and professional life of employees and their family, through **Company Welfare** insurance products and/or services offered by Italiana Assicurazioni S.p.A.

As regards the "Saving" line, the Bank started distributing the **"Doppia GS Limitless"** product of Italiana Assicurazioni S.p.A., a whole-life, class I insurance investment product, which is innovative because it features a "multi-segment" structure, but with two segregated funds to optimise returns. The product promotes environmental and/or social characteristics, as the segregated fund proactively includes ESG criteria in its investments, favouring both issuers that distinguish themselves positively by directing an appropriate focus towards sustainability factors, and instruments that generate a positive environmental and/or social impact. The segregated fund also pursues thematic strategies aimed at achieving United Nations 2030 Agenda goals by prioritising alignment with the "Climate Resilience", "Smart Life" and "Just Transition" macro-themes.

G: Our governance

Governance

[GRI 2-9]

Banco Desio's policies and strategies are based on the approach of centrality of effective corporate governance, in which there are numerous control and incentive mechanisms, which, combined, ensure sound and prudent management. The Bank's governance presents a model increasingly oriented towards environmental sustainability and social welfare, taking into account systemic risks and opportunities. Particular emphasis is placed on risk management and control, cyber security, and ESG issues, which increasingly characterise corporate dynamics.

As described in more detail in the **"Annual Report on Corporate Governance and Ownership Structure"** for the year 2023 published on the corporate website at www.bancodesio.it (to which reference should be made for further details), Banco di Desio adopts the traditional administration and control system, with two corporate bodies appointed by the Shareholders' Meeting: the Board of Directors ("B.o.D.") and the Board of Statutory Auditors.

The Board of Directors (Administrative Body) appoints a number of board committees from amongst its members.

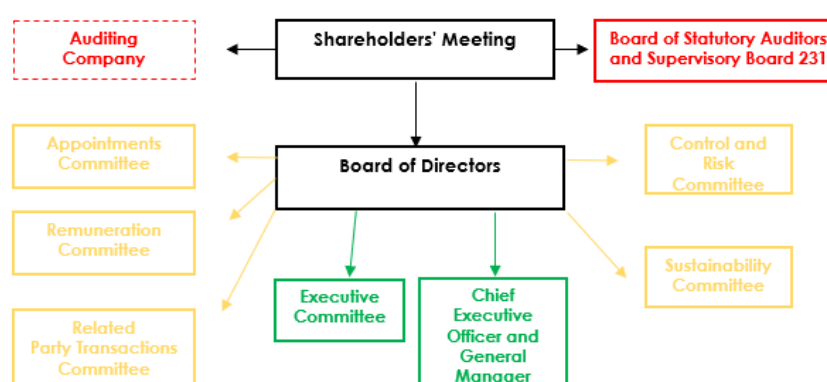
The Board of Statutory Auditors (Control Body) also performs the functions of the Supervisory Board established pursuant to Legislative Decree no. 231/2001 ("Supervisory Board 231").

In terms of the governance structure, the year 2023 was characterised by the division of the existing Control, Risk and Sustainability Committee ("CRSC") into two specialised committees, the Control and Risk Committee ("CRC") and the Sustainability Committee ("SC").

The current structure of the Corporate Bodies appointed for a three-year term by the Shareholders' Meeting of 27 April 2023 (the Auditing Firm, KPMG S.p.A, had already been appointed for a nine-year term by the Shareholders' Meeting of 23 April 2020) is shown below:

Banco di Desio e della Brianza adopts a traditional type of governance system, characterised by a Board of Directors and a Board of Statutory Auditors, both appointed by the Shareholders' Meeting.

The organic structure of corporate governance as at 31 December 2023 is schematically represented as follows⁶⁸:



The division of functions between the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors⁶⁹ and the Auditing Firm is governed by legal and supervisory regulations as well as the Articles of Association (approved by the Shareholders' Meeting).

⁶⁸ Bodies/Subjects that perform control functions are shown in red
 Bodies with advisory functions are indicated in orange
 Bodies/Subjects that perform executive functions are shown in green

In general terms, the division of functions between:

- “Senior” Bodies/Subjects (shown in the figure)
- Management Committees
- Internal control functions (“ICF”)
- Executive in Charge of Financial Reporting

is governed by the “Internal Rules of Corporate Bodies, Board Committees and the Executive Board” approved by the Board of Directors.

The tasks of the board committees (shown in the figure) are governed by the respective internal regulations approved by the Board of Directors.

The advisory/proposal committees (Appointments Committee, Remuneration Committee, Control and Risk and Sustainability Committee⁷⁰, Committee for Transactions with Related Party and Connected Persons) are composed exclusively of members of the Board of Directors and as such are defined as “board committees”.

The Management Committees consist of the Chief Executive Officer and General Manager and the Heads of certain company functions.

The composition of the Board of Directors and of the Board Committees complies with the provisions of the relevant regulations as well as with the Italian Stock Exchange's Corporate Governance Code for Listed Companies.

The Board of Directors of Banco Desio in office as at 31 December 2023 is composed of 10 directors.

Details of the membership composition in force as of 27 April 2023 and updated as of 31 December 2023 are provided below:

Body	Composition
BOARD OF DIRECTORS	10 members, of which 5 male and 5 female: - 4 independent directors (4 women) - 2 non-independent, non-executive directors (including the Chairman) - 4 executive directors (of which 3 male and 1 female)
EXECUTIVE COMMITTEE	4 members, 3 male and 1 female: - all executive
CONTROL AND RISK COMMITTEE	3 members, 2 female and 1 male: - 2 independent (2 female) - 1 non-independent and non-executive
SUSTAINABILITY COMMITTEE	3 members, 2 female and 1 male: - 2 independent (2 female) - 1 non-independent and non-executive (Chairman of the B.o.D.)
APPOINTMENTS COMMITTEE	3 members, including 2 female and 1 male: - 2 independent (2 female) - 1 non-independent and non-executive
REMUNERATION COMMITTEE	3 members, including 2 female and 1 male: - 2 independent (2 female) - 1 non-independent and non-executive, as well as Chairman of the B.o.D.
COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES AND CONNECTED PERSONS	3 members, all women: - All independent

⁷⁰ By virtue of the resolution passed by the Board of Directors on 27 April 2023, the Control, Risk and Sustainability Committee was split into two more specialised committees: the Control and Risk Committee and the Sustainability Committee.

[GRI 2-10]

The appointment of Banco Desio's Board of Directors is governed by the procedure set forth in Art. 147-ter TUF.

The Board of Directors consists of at least 9 and at most 11 members and as decided by the Shareholders' Meeting, it is appointed by means of a "majority" list vote which, in the event two or more lists of candidates are presented, provides for the appointment of all directors minus one from the list obtaining the highest number of votes cast at the shareholders' meeting (majority list); one director is appointed from the minority list obtaining the highest number of votes cast after the majority list, provided that the number of votes is at least equal to half the *quorum* required for the presentation of lists and provided that the minority list is not connected to the shareholders who presented, or voted for, the majority list.

Lists may be submitted by shareholders holding ordinary shares representing at least 2.5% of the share capital represented by ordinary shares and must be submitted at least 25 days before the Shareholders' Meeting, accompanied by: documentation proving the identity of the shareholders and their entitlement to submit the list, individual declarations of acceptance of the candidature and possession of the prescribed requirements, including any independence requirements, as well as the *curricula vitae* of the candidates, and declarations by shareholders submitting minority lists, of the absence of any connection with majority shareholders.

The Board of Directors of Banco Desio has, moreover, established the following general criteria relating to the accumulation of offices held by directors in its Internal Rules and Regulations: a) 5 defined as the number of directorships or auditorships held in other listed companies and/or supervised companies (excluding subsidiaries, associates and companies directly or indirectly significantly owned by Banco Desio); should situations of overstepping and/or incompatibility arise, the Board of Directors shall examine any non-compliant situations on a case-by-case basis and take the consequent initiatives, without prejudice to the general principle according to which Directors only accept appointments when they believe they can devote the necessary time to the performance of their duties. In the event that the Shareholders' Meeting authorises general and preventive exceptions to the non-competition clause provided for by law (Art. 2390 of the Civil Code, paragraph 1), subject to compliance with the aforementioned provisions on the "prohibition of interlocking", between competing banking, financial and insurance groups and with Ministerial Decree 169/2020 concerning the requirements of bank representatives (Fit & Proper"), the Board of Directors shall assess the merits of each problematic case and report any critical issues at the next possible Shareholders' Meeting.

To this end, each Director shall inform the Board of Directors, upon acceptance of the nomination/appointment or verification of the legal requirements, of any activities carried out in competition with the Bank and/or its subsidiaries and, subsequently, of any relevant changes.

Without prejudice to the prescriptions of specific provisions on the matter (particularly with reference to the provisions of the law on the "prohibition of interlocking" and of Ministerial Decree 169/2020, the above-mentioned general principles on the total number of offices that may be held are to be considered non-binding and the emergence of situations of non-conformity does not in and of itself entail the forfeiture of office. The Board of Directors, in addition to carrying out, at least once every six months, a specific assessment of the "prohibition of interlocking" in accordance with the application criteria issued by the Supervisory Authorities, reserves the right to assess, on a case-by-case basis, any non-compliant situations concerning the total number of offices that may be held, without prejudice to the principle, enshrined in the Corporate Governance Code and codified in Ministerial Decree 169/2020, according to which it is left to the discretion of the interested parties to assess the appropriateness of accepting appointments, including to internal committees, exclusively "when they believe they can devote the necessary time to the performance of their duties". All of this is without prejudice to the more stringent rules introduced by the MEF Decree for the Representatives appointed after its entry into force (in the case of Banco Desio, such rules have been extended to all Representatives with the renewal of offices scheduled for the Shareholders' Meeting of 27 April 2023).

In the process of appointment and selection of the highest governing body, the **"Policy on diversity for members of the corporate bodies Board of Directors and Board of Statutory Auditors"** is taken into account,

which was first applied with the Shareholders' Meeting of 23 April 2020 and previously approved by the Parent Company's Board of Directors on 28 February 2019.

This policy also guided the appointment of the new corporate bodies of the Banco Desio Group's companies, which took place on 27 April 2023, for which the table below shows the evolution of the composition of the highest governance body by gender and age bracket:

[GRI 405-1]

Composition of the Board of Directors	31.12.2023				31.12.2022				31.12.2021			
	Men	Women	Total	% Incidence Age group	Men	Women	Total	% Incidence Age group	Men	Women	Total	% Incidence Age group
Age group												
Less than 30 years of age	-	-	-	-	-	-	-	-	-	-	-	-
From 30 to 50 years of age	1	2	3	30%	1	2	3	27%	1	2	3	27%
Over 50 years	4	3	7	70%	5	3	8	73%	5	3	8	73%
Total	5	5	10	100%	6	5	11	100%	6	5	11	100%
% Incidence Gender												
% Incidence	50%	50%	100%		55%	45%	100%		55%	45%	100%	

The "Policy on diversity for members of the corporate bodies Board of Directors and Board of Statutory Auditors" defines and formalises the criteria and implementation methods currently adopted to ensure an adequate level of diversity amongst the members of the corporate bodies, with a view to:

- ensuring better knowledge of stakeholders' needs and demands;
- reducing the risk of uniformity of member's opinions;
- making the decision-making process more effective and thorough;
- enriching the discussion within the Corporate Bodies by virtue of the various competences;
- encouraging dialectic, a fundamental prerequisite for informed decision-making;
- allowing members of the bodies to constructively question management decisions, if necessary;
- encouraging turnover within the bodies.

For further information on the curricula of corporate officers, please refer to the relevant section of the corporate website www.bancodesio.it dedicated to Corporate Governance.

[GRI 2-11]

The Chairman, who is assigned a coordinating and guaranteeing role for the purposes of the regular operation of the Board of Directors and the Shareholders' Meeting, and the Deputy Chairman, who (if appointed) replaces him in cases of absence or impediment, are not granted management delegations or operating powers, as recommended by the Italian Corporate Governance Committee.

They are jointly and severally authorised by the **Articles of Association** to represent the company vis-à-vis third parties and in court. Pursuant to the articles of association, the Chairman may, for reasons of particular urgency, make decisions that are the responsibility of the Board of Directors and the Executive Committee (provided that they are not reserved to the exclusive competence of those bodies), with the obligation to promptly inform the Board of Directors at the next possible meeting⁷¹.

The Chairman is a leading figure (General Partner) of the parent company "Brianza Unione", does not hold operational proxies and does not perform management functions individually, not even *de facto*. The same applies to the Vice Chairman (if appointed).

Certain powers are reserved for the Chairman in the area of charitable donations, which may be exercised within particularly circumscribed amount limits and in compliance with particularly strict corporate policies and procedures, especially with regard to the identification of beneficiaries and the conduct of investigations. The Chairman fosters a dialectical and transparent relationship between the members of the Board, in order to ensure the effective functioning of corporate governance. It maintains relations with the Chairman of the Board of Auditors, acting as the latter's main interlocutor. He is the Legal Representative pursuant to Art. 2384 of the Civil Code, and in this capacity he is also responsible for

⁷¹ Urgent resolutions are taken by the Chairman on the binding proposal of the Chief Executive Officer and General Manager.

reporting suspicious transactions, for the purposes of anti-money laundering regulations and, by virtue of a specific Board of Directors resolution, he delegates this activity to the Head of the Anti-Money Laundering Office and his deputy.

A non-exhaustive list of examples of some of the main duties of the Chairman is provided below:

- convening and chairing Board of Directors meetings;
- coordinating information flows related to the activities of the Board of Directors and guiding the conduct of the relevant meetings;
- playing a leading and coordinating role in the Board of Directors' self-assessment process, as per the Group Corporate Bodies Self-Assessment Regulation;
- ensuring that Directors and Statutory Auditors can participate in initiatives aimed at providing them with adequate knowledge of the business sectors in which the Banco Desio Group operates, corporate dynamics, the principles of proper risk identification and management, and the reference regulatory framework;
- ensuring that measures are put in place to protect the free participation of Shareholders in the Shareholders' Meeting and promote the presence of those Directors who can make a more useful contribution to the conduct of the Shareholders' Meeting discussion;
- making, for reasons of particular urgency, decisions falling within the competence of the Board of Directors in the interest of the Company, adhering, on the merits, to non-binding proposals formulated by the Chief Executive Officer and General Manager.

For further information on the curricula of corporate officers, please refer to the relevant section of the corporate website www.bancodesio.it dedicated to Corporate Governance.

[GRI 2-12]

With the aim of pursuing sustainable success, the Board of Directors defines the Group's principles, values and strategies, which are formalised in the Group's Code of Ethics, Regulations, Policies and Business Plan and other policy strategic documents. In particular, please refer to what is described in the following chapter "Ethics, identity and transparency" and "Banco Desio Group's **"Beyond 26"** Business Plan and Sustainable Development Goals (SDGs)" for more details on the course taken by the Group in the area of ESG.

[GRI 2-13]

The system of proxies governed, at top level, by the Articles of Association and the Internal Rules of Corporate Bodies, has been set up in accordance with criteria consistent with the principle of reserving the main decisions to the Board of Directors (provided for in Bank of Italy Memorandum no. 285) and of periodic reporting to the Board of Directors by the Bodies and Executive Officers to which the management function is mainly delegated, i.e. the implementation of the policies resolved by the Board of Directors in the exercise of strategic supervision: Executive Committee, Chief Executive Officer and General Manager. The latter, which coincides with the figure of the Chief Executive Officer, represents the head of the internal structure and is responsible for implementing the resolutions of the aforementioned bodies. The aforesaid Bodies and Delegated Persons, in addition to their general powers, have various operational powers in various matters pertaining to day-to-day management, with particular reference to credit, commercial, legal and organisational aspects, in line with their respective roles as specified below. The system of powers defined in the Internal Rules is structured as follows.

Executive Committee - Chief Executive Officer and General Manager

The Executive Committee (appointed with the same term of office as the Board of Directors and currently consisting of 4 Directors) is vested with operational management powers, in matters not placed under the exclusive responsibility of the B.o.D., by virtue of provisions of law, regulations, the Articles of Association and/or Board resolutions, with those concerning controls and risks remaining reserved to the latter.

For reasons of particular urgency, the Executive Committee may also make decisions that fall within the competence of the Board of Directors, provided they are not reserved by law exclusively for the latter. Meetings of the Executive Committee may be attended by the Chairman and Deputy Chairman (if appointed) of the Board of Directors, without voting rights, as well as the Chief Executive Officer (if not a member of the Committee) or the General Manager, as the case may be.

The Chief Executive Officer and General Manager submit projects and objectives for the growth of the Bank and the Group to the Board of Directors.

Within the scope of the powers vested in him, he coordinates the entire management of the Bank and the Group; he sees to the implementation of the decisions of the Board of Directors and the Executive Committee and constitutes the top person in the operational structure, for which he has management responsibility.

He is therefore responsible, in particular, for personnel management, the organisation and functioning of company structures and the conduct of day-to-day business, in accordance with the general guidelines established by the Board of Directors and the Executive Committee.

In light of the system of delegated powers described, in addition to the Chief Executive Officer and General Manager Alessandro Decio, the Directors Graziella Bologna, Agostino Gavazzi and Gerolamo Gavazzi are considered executive directors due to their membership of the Executive Committee. For the sake of completeness, it should be noted that no Director other than the Chief Executive Officer holds executive positions in Banco Desio or has the responsibility of supervising specific areas of company operations. The Chief Executive Officer and General Manager of Banco Desio currently also holds a board position in the subsidiary Fides and the associated company Anthilia SGR.

Management Committees

In addition to the Executive Committee and the "Board" Advisory/Proposal Committees, the Board of Directors has set up a number of Management Committees at technical/operational level, which require the involvement of the top management of the bank parent company and subsidiaries, capable of maximising the "execution" capacity of managerial actions in line with the development strategies and risk policies established by the Board of Directors.

It is also worth mentioning the recently established Control Functions Steering Committee (B.o.D. 29 September 2022).

The Steering Committee also acts as the "*Sustainability Steering Committee*" with the involvement of the corporate functions deemed necessary.

For more information on the responsibility for managing the organisation's impacts on the economy, the environment and people, please refer to the "*Sustainability Governance*" section below.

[GRI 2-17]

As part of the initiatives aimed at updating the collective knowledge of the Board of Directors relating to the business sector in which the Banco Desio Group operates, corporate dynamics and their evolution, the principles of proper risk management, as well as the regulatory and self-regulatory framework of reference, training sessions are carried out, suitably diversified in terms of subjects and speakers (which include, in addition to the corporate functions and consulting companies present on the respective projects, also external subjects such as managers, advisors, lawyers, economists and particularly qualified journalists). With reference to sustainable development, some of the sessions held included:

- induction on sustainability issues in relation to new levers and challenges to find the right trade-off between "commitment to sustainability" and "business sustainability";
- induction on sustainability issues in relation to the latest regulatory developments that will see the entry into force of the new *Corporate Sustainability Reporting Directive (CSRD)* and the respective reporting control system to be adopted;
- training course enriched by initiatives aimed at the "onboarding" of newly appointed Representatives, taking into account, as always, the indications emerging during the self-assessment.

[GRI 2-19]

[GRI 2-20]

As more fully explained in the "**Annual report on remuneration policy and rewards paid for the year 2023**" published on the corporate website at www.bancodesio.it (to which reference should be made for any further details), the remuneration and incentive policies for corporate bodies and management are governed by the respective Policies of the Banco Desio Group, in line with the general principles of the

correlation of such emoluments to economic results, consistency with medium-long term strategies, so as to avoid the use of incentives that conflict with the company's long-term interests.

With reference to the updating of the MBO incentive systems, it should also be noted that, in 2023, the Parent Company's Board of Directors confirmed the reference to sustainability issues for the definition of the objectives of part of the "Key Personnel", including on sustainability topics; in the path undertaken for the gradual integration of sustainability factors into corporate strategies, Banco Desio also intends to continue with the evolution of MBO incentive systems, also taking into account the best practices represented by the National Supervisory Authority⁷², outlining increasingly quantitative ESG targets.

This was taken into account when determining the relevant KPIs for most of the resources in this category of personnel.

The remuneration system for "Key Personnel", excluding control functions, provides for a bonus pool that can vary according to the achievement of objectives, closely linking the Group's risk-adjusted results and the bonus paid.

The system provides for a deferral of 40% of the accrued bonus over 4 years (rising to 60% over 5 years in the case of particularly high variable remuneration for senior management roles). Its disbursement is subject to capital, liquidity and profitability conditions and linked to share price performance. The balance of variable remuneration between the portion paid in cash and the portion paid in financial instruments is ensured by the correlation provided for by the system between the amounts paid in phantom shares and the performance of the ordinary share, by virtue of an indexing mechanism.

At the beginning of the year, performance evaluation criteria for individuals were defined, centred on qualitative/quantitative elements, formalised in an objectives sheet divided into an Economic-Financial macro area (Value Creation and Risk Management) and a macro area related to the activation of Strategic Plan guidelines and specific ESG initiatives and objectives.

For each KPI, specific targets to be achieved were assigned in advance and the evaluating body was identified *ex ante*.

The bonus may be reduced, up to zero (*malus*), in the event of disciplinary action or evidence of non-compliance for excessive risk-taking activities, non-compliance with legal or statutory provisions or with the code of ethics, code of conduct or violation of internal and/or external regulations.

The Bank implements clawback actions, in whole or in part, for the variable remuneration already paid and the discontinuation of deferred components in the event of evidence within 5 years of the variable remuneration accrual or payment of the same, of staff conduct that has led or contributed to breaches of ethical codes or codes of conduct, of obligations and rules laid down in the Consolidated Banking Act and the Consolidated Finance Act or fraudulent conduct to the detriment of the Bank. No guaranteed variable remuneration was planned or paid during the year.

Furthermore, in the event of early termination of the employment relationship or early termination of office, the Banco Desio Group adopts the following criteria to determine the remuneration to be granted:

- the limit on remuneration is set at 2 years of fixed remuneration. For personnel hired under employment contracts, any compensation for termination of employment determined within the above-mentioned limits is to be understood as supplementing the indemnity in lieu of notice and replacing possible additional applications governed by the CCNL;
- the total amount disbursed to an individual staff member may in no case exceed the limit of EUR 1.5 million, the amount being subject to claw back;
- any remuneration disbursed is subject to the same *malus* and claw back rules provided for variable remuneration; in particular, the Bank shall take action to repay the amounts disbursed in the event of ascertainment, within 5 years from the payment of the immediate or deferred component, of conduct by employees, directors or associates benefiting from the same during the period of employment, in violation of internal or external rules or regulations, resulting in a loss considered "significant" for the Bank, in violation of the conditions and limits for the assumption of risk activities with respect to those who can influence the management of the Bank and persons connected

⁷² Most recently reiterated in the document "Action plans on the integration of climate and environmental risks in LSI business processes: main evidence and best practices" of December 2023

to it (pursuant to Art. 53 paragraphs 4 et seq. of the Consolidated Banking Act (TUB)), violation of remuneration and incentive obligations and fraudulent and grossly negligent conduct, with reference to Key Managers, in the case of data relating to gates or vesting conditions that later proved to be manifestly incorrect;

- the amount is also determined taking into account the individual's performance and the Bank's liquidity, capital and revenue conditions;
- with reference to professional figures with particularly significant characteristics, such that the termination of the relationship may entail risks, the Bank reserves the right to define, on a case-by-case basis, non-competition agreements providing for the recognition of consideration commensurate with the duration and extent of the obligation arising from the agreement itself after the termination of the employment relationship and/or termination of office;
- "Golden Parachutes" are included in the calculation of the ratio of variable remuneration to fixed remuneration in the last year of employment or office⁷³;
- the amount will be paid in the manner provided for the variable remuneration of Risk Taker personnel (deferment, correlation to share performance, malus, clawback);
- the payment modalities provided for the variable remuneration of the most relevant Risk Taker personnel, apply for the portion of the remuneration that may exceed the notice calculated in accordance with the provisions of the CCNL and for the amount of the PNC that exceeds the last year of fixed remuneration.

Within the remuneration policy, the short term incentive and the long term incentive, incentive plans that involve personnel in the achievement of company and Group objectives, both short and medium to long term, are of particular importance. The short-term incentive is a management lever to enhance the contribution of staff and recognise individual merit. The long-term incentive supports the 2024-2026 "**Beyond 26**" Business Plan and aligns management's interests with those of the Group's relevant stakeholders. In particular, the most recent incentive plans adopted by Banco Desio at Group level are based on the assignment of "phantom shares" relating to Banco Desio to the Chief Executive Officer and General Manager and to the remaining key personnel of Banco Desio and its subsidiary Fides. Further information on payment agreements based on own equity instruments can be found below in "Part I - Payment agreements based on own equity instruments" of the Annual Financial Report.

- The process for determining the remuneration policy involves the active participation of the functions concerned, starting with the identification of the most relevant personnel, in which the structures involved participate, under the coordination of the Resources Department, the Risk Management Department and the Compliance Office. The remuneration policy, which culminates in the "Annual report on remuneration policy and rewards paid 2023" (submitted to and reviewed by the Remuneration Committee prior to its examination by the Board of Directors and subsequent approval by the Shareholders' Meeting) is prepared under the coordination of the Resources Department, in execution of the indications provided by the Chief Executive Officer and General Manager, with the contribution of the various functions involved, such as the Planning, Finance and Control Department, for defining gates and verifying the achievement of objectives, the Risk Management Department for ensuring the consistency of the remuneration system with the Group's risk strategy, the Commercial Bank Department for the development of incentive systems for the sales networks consistent with the business model adopted, up to the control functions (Compliance Department for compliance verification, Internal Audit Department for verifying the correct application of the policies adopted and the Executive in Charge of Financial Reporting for identifying economic and capital parameters, validating processes and the accuracy of methodologies for defining provisions).
- For a more detailed discussion of the process, please refer to the "Annual report on remuneration policy and rewards paid 2023" published on the corporate website at www.bancodesio.it and prepared with the support of a consulting firm that is independent of the organisation, its highest governing body and senior management.

⁷³ The following are excluded: Amounts agreed and recognised under a non-competition covenant, for the portion that, for each year of the term of the covenant, does not exceed the last year's fixed remuneration; amounts agreed and recognised as part of an agreement between the bank and the personnel, wherever reached, for the settlement of an actual or potential dispute.

[GRI 2-18]

At the time, the Board of Directors approved the Internal Regulation for the Self-Assessment of Bodies, in order to regulate the relative process in compliance with the provisions of Memorandum no. 285, identifying in particular the methods to be used (mainly based on the completion of a specific questionnaire by each Director, as well as the conduct of a specific interview), and the profiles subject to analysis regarding the composition and functioning of the Board and the Committees established within it. This Regulation also provides for the prior involvement of the Appointments Committee in the procedure for selecting the consultancy firm to support the self-assessment process.

The assessment methodology is based on updated models in the light of "best practices" in the banking sector and also takes sustainability issues into account, both in terms of areas and processes. The use of a counsellor and the conduct of an oral interview by the counsellor are scheduled at least every three years. For the self-assessment process, the relative assignment was entrusted to an external consulting firm, which the Bodies consider to be particularly authoritative and independent by virtue of the specific "expertise" granted to it in the banking system, and which has not so far received any other assignments within the Banco Desio Group.

Sustainability Governance

[GRI 2-12]

With the **"Policy on Sustainability Governance"**, the Banco Desio Group wished to reaffirm its Corporate Social Responsibility (CSR), which recognises the intention to integrate social, environmental and governance commitments within the strategic corporate vision.

This intention is a direct expression of the values by which the Banco Desio Group is inspired in carrying out its business activities, promoting a style of growth that is attentive to sustainability over time, assessing the impact caused by the organisation's activities in the context of which it is part and towards which it recognises a relationship of mutual interdependence.

The commitment is to consider and respond to multiple stakeholders who, to varying degrees, have the ability to influence the achievement of the corporate objectives defined in business planning.

On the one hand, the Policy adopted by the Banco Desio Board of Directors on 16 January 2020 and updated by it on 29 February 2024, provides the internal guidelines and responsibilities for Corporate Social Responsibility that underpin the path of integrating sustainability into business processes and, on the other hand, it outlines the priority areas on which the Banco Desio Group's sustainability strategy is developed in terms of sustainability objectives as set out in the Sustainability Plan described in detail in the chapter "The Banco Desio Group's **"Beyond 26"** Business Plan and Sustainable Developments Goals (SDGs)".

The governance structure that the Banco Desio Group has adopted for the management according to the "hybrid" or mixed operating model⁷⁴ of sustainability issues from both a strategic and operational point of view is outlined in the following table:

Level	Body/Function	Tasks/Activities
Strategic Governance	Board of Directors	- It defines the Banco Desio Group's guidelines and strategic direction on sustainability or ESG (Environmental, Social and Governance) issues; - It approves, after consulting the Group Control and Risk Committee and Sustainability Committee, policies on

⁷⁴ "Box 3 - Organisational practices for the governance of climate-related and environmental risk", contained in the "Supervisory expectations for climate-related and environmental risks" issued by the Bank of Italy in April 2022 outlines three possible governance approaches and how they apply to the operational functions that the market is carrying out in this regard:

The 'centralised' approach envisages the establishment of an ad hoc structure to govern climate-related and environmental risks and that serves as a reference point for all issues relating to sustainability. In terms of effectiveness, this structure works best when it reports directly to the management body responsible for defining and approving sustainability policies.

In the 'decentralised' approach, the management of sustainability issues is spread over the various units involved, through the allocation of roles and responsibilities in line with the scope and processes for which each of them is responsible.

Finally, the 'hybrid' or 'mixed' approach, which is an intermediate organisational solution. It provides for the coordination of climate-related and environmental issues by a dedicated structure, which is tasked with incorporating these factors into the activities of other functions, to which it assigns specific responsibilities for activities requiring ad hoc expertise depending on the level of technicality and complexity.

Level	Body/Function	Tasks/Activities
		sustainability issues (including the Sustainability Governance Policy and subsequent amendments). - It approves the Sustainability Plan integrated into the Group Business Plan (and subsequent amendments), which outlines the strategic guidelines, medium- to long-term objectives and quali-quantitative targets for all sustainability areas considered priorities. - It monitors and supervises the achievement of the objectives and quali-quantitative sustainability targets stated within the Sustainability Plan and approves their publication within the annual sustainability report. - It approves the annual consolidated sustainability report⁷⁵.
	Sustainability Committee	As a board body with an advisory-proposal role, it is dedicated to the integration of sustainability into business operations, its dynamics of interaction with stakeholders and transparency in reporting on its commitment to sustainable development. In particular: - it supports the Board of Directors in defining, monitoring and updating strategic guidelines, medium-/long-term objectives and quali-quantitative sustainability targets; - it examines and evaluates the sustainability reporting prepared, including the annual consolidated sustainability report for approval by the Board of Directors; - it oversees the achievement of the Group's stated ESG commitments, taking on an advisory-propositional role in identifying actions, interventions and activities aimed at achieving them; - it examines and evaluates any communications to the Board of Directors concerning critical issues that have emerged from its supervisory activities in the area of sustainability.
	Control and Risk Committee	As a board body with an advisory-proposal role, it performs support functions for the body with strategic supervisory functions in the area of risks and the internal control system. In particular, it cooperates with the Sustainability Committee: - in verifying the effectiveness of the Group's monitoring of sustainability (or ESG) risks; - in expressing opinions on the identification, measurement, management and monitoring of key risk profiles relating to the sustainability (or ESG) strategic proposition; - in assessing policies, methodologies and initiatives aimed at integrating sustainability (or ESG) factors and risks into business processes and the risk management system.
	Remuneration Committee	The Remuneration Committee, in its capacity as a board body responsible for providing advice and proposals, performs support functions for the body with strategic supervisory functions on the subject of policies for the remuneration of directors and management ("most relevant" personnel), including incentive plans. In particular, it collaborates with the Sustainability Committee in assessing the structure of the remuneration of executive directors and key managers in order to promote the achievement of the company's ESG sustainability objectives in the medium-long term, by identifying specific qualitative and quantitative indicators.
	Board of Statutory Auditors	It oversees compliance with regulatory and legislative provisions on sustainability or ESG and in particular those relating to the preparation of the annual consolidated sustainability report.
	Chief Executive Officer / General Manager	- Within the scope of his delegated powers, he implements (i) the Banco Desio Group's sustainability or ESG guidelines and strategic policy and (ii) the Sustainability Plan approved by the Board of Directors; - he oversees sustainability-related operational activities and the actions to be implemented and monitored with the support of the Sustainability Management Committee and the Budget and Sustainability Area; - he evaluates the organisational solutions (according to the "hybrid" or mixed model) to be proposed to the Board of

⁷⁵ First the Consolidated Non-financial Statement in accordance with Legislative Decree no. 254/2016 (or Sustainability Report) and then the Sustainability Report included in the Consolidated Report on Operations in compliance with the CSRD.

Level	Body/Function	Tasks/Activities
		Directors for the adequate management of sustainability or ESG issues
Management Level	Sustainability Management Committee (or Sustainability Steering Committee)	The Sustainability Management Committee is identified as the Steering Committee with the involvement of the specific Departments/Areas/Offices/Functions concerned, depending on the topics addressed. • he supports the Chief Executive Officer in the management of sustainability or ESG issues at both Parent Company and Group level; • he promotes and manages the sustainability or ESG strategy, in accordance with the Sustainability Plan, with the support of the Budget and Sustainability Department; • he monitors the Banco Desio Group's positioning with regard to sustainability or ESG and, in particular, with respect to the 17 UN goals (SDGs); • he facilitates the coordination of Company and Group functions with regard to sustainability or ESG issues and the associated risks.
Operational/tactical level	Executive in Charge of Financial Reporting	• He handles the design, implementation and maintenance of the organisational and control model on Group financial, non-financial (or sustainability or ESG) and Pillar III reporting; • he submits the draft annual non-financial (or sustainability or ESG) report to the Parent Company's supervisory and control bodies for approval by the Board of Directors; • he maintains continuous alignment with the Budget and Sustainability Area to monitor the status of the implementation of the strategic guidelines and the achievement of the medium-to long-term objectives defined in the Sustainability Plan.
	Budget and Sustainability Area (coordination function)	• It supports the Board of Directors in managing all strategic issues on sustainability or ESG topics; • it supports the Sustainability Committee in promoting and managing the sustainability or ESG strategy; • it supports the Chief Executive Officer in managing operational issues on sustainability or ESG topics; • it supports the Sustainability Management Committee in the operational management of sustainability or ESG issues in accordance with what is set forth in the Sustainability Plan; • it contributes to the drafting of the Business Plan with regard to sustainability or ESG topics, by preparing the Sustainability Plan; • it coordinates the Departments/Areas/Offices/Functions in the implementation of strategic guidelines and the achievement of the medium to long-term objectives and quali-quantitative targets set forth in the Sustainability Plan. • it prepares the annual consolidated sustainability report⁷⁶ on the basis of the material topics identified and the relevant information elements to be presented (indicators or data points), and reports on the level of achievement of strategic guidelines, medium to long-term objectives and quali-quantitative targets in the Group's non-financial reporting; • it manages the stakeholder engagement process for activities relating to the preparation of the annual consolidated sustainability report.
	Risk Management Department	• in the context of maintaining and monitoring the Group's risk map, it updates and assesses the sustainability (or ESG) risks to which the Group is exposed and their integration within the overall Internal Control and Risk Management system; • it handles the progressive integration of sustainability (or ESG) factors into the "Risk Appetite Framework (RAF)" and the relative risk governance policies through an adequate risk management process as well as the setting of operational limits on the assumption of the various types of risk.
	All company functions of the Parent Company and the subsidiaries	• They are directly responsible for the achievement of strategic guidelines, medium to long-term objectives and quali-quantitative targets for their area of sustainability;

⁷⁶ According to the reporting model adopted by the Bank and the associated control system (see Group Policy for Non-Financial Reporting and Non-Financial Reporting Process Regulation)

Level	Body/Function	Tasks/Activities
		- they adopt and implement actions and initiatives in order to implement the principles contained in the Sustainability Governance Policies and other specific Policies for each area of sustainability, as well as achieve the strategic guidelines, medium-/long-term objectives and quali-quantitative targets defined in the Group's Sustainability Plan, again according to their relative areas of responsibility; - they periodically report to the Budget and Sustainability Area on the progress made in the implementation of the strategic guidelines, short-term objectives and results achieved with respect to the performance indicators within their purview.

On 17 December 2020, the Board of Directors approved an update and streamlining of the Code of Ethics that took into account, first and foremost, the changes contained in the Self-Regulatory Code of Listed Companies adopted by the Corporate Governance Committee of Borsa Italiana in January 2020, which, among other things, provides for the adoption of a policy for managing dialogue with shareholders in general.

This issue is developed in par. 7 of the Code of Ethics dedicated to relations with the market and, moreover, it took concrete form in the approval by the Board of Directors of Banco Desio on 27 May 2021, of the **"Shareholders' Engagement Policy"**⁷⁷, which applies to Banco di Desio e della Brianza S.p.A. and regulates the principles underlying a structured process of Shareholder engagement.

Shareholder Engagement practices are aimed at encouraging the involvement of Shareholders, to ensure the sustainable success of the Bank, which is embodied in the creation of long-term value for the benefit of Shareholders, while taking into account the interests of all other stakeholders and the environmental and social as well as economic impacts of the Bank's operations, and in stimulating innovation. Par. 13.3 of the Code of Ethics also addresses the issue of shareholder relations with specific provisions concerning the Group's Shareholders, requiring Relevant Shareholders (natural and legal persons whose shareholding exceeds 5% of the voting rights) to adopt behaviour in line with the principles set out in the Code of Ethics, i.e. in Model 231 and in the Corporate Social Responsibility Guidelines.

Also incorporated in par. 8.1.2 of the Code of Ethics was the "Code of Business Conduct" (which was previously a separate document approved as part of the Sustainability Development Project).

With regard to the role of the highest governing body in approving and updating strategies, policies and objectives relating to sustainable development, as well as the stakeholder engagement process to identify the organisation's positive and negative impacts on the economy, environment and people, please refer to the sections "The Banco Desio Group's **"Beyond 26"** Business Plan and Sustainable Developments Goals (SDGs)", "The plan for integrating E(SG) factors into the bank's decision-making system" and "Stakeholder engagement and materiality analysis".

[GRI 2-14]

The Banco Desio Group's reporting of non-financial information is part of the broader Corporate Social Responsibility strategic plan outlined in the aforementioned **"Policy on Sustainability Governance"**.

To complete the framework of internal regulations, the **"Group Policy for Non-Financial Reporting"**⁷⁸ defines the management process for reporting to stakeholders on the activities undertaken that have an economic, social and environmental impact. The document, starting from the definition of Corporate Social Responsibility (CSR) in which the Banco Desio Group recognises itself and from the regulatory framework of the disclosure of non-financial and diversity information (pursuant to Legislative Decree no. 254/2016), summarises the main application choices made for the definition of the non-financial reporting model, including:

- with reference to the method of publication of the non-financial statement (DNF) pursuant to Legislative Decree no. 254/2016:
 - producing a consolidated DNF of the Banco Desio Group (so-called "Sustainability Report") separate from the consolidated financial statements; and

⁷⁷ The content of the policy will be reviewed as part of the evolution of the company's internal regulations following the adoption of the Corporate Sustainability Reporting Directive (CSRD)

⁷⁸ The content of the policy will be reviewed as part of the evolution of the company's internal regulations following the adoption of the Corporate Sustainability Reporting Directive (CSRD)

- making use of the exemption provided for possible “daughter companies” (Art. 6(1) of the Decree), which therefore do not prepare an individual DNF, even if they meet the requirements;
- with reference to reporting standards, adopting the GRI Sustainability Reporting Standards, and their updates, using the “in accordance” option, which are the most widely used international sustainability reporting standards to date.

As discussed in more detail in the section on Sustainability Governance, a significant role is played, at Management level, by the *Sustainability Steering Committee*, identified in the Management Committee with the involvement, depending on the issues dealt with, of the specific Departments/Areas/Offices concerned, which examines the periodic reporting on sustainability issues.

At strategic governance level, however, there is:

- the Sustainability Committee, which reviews and evaluates the sustainability reports prepared, including the Consolidated Non-Financial Statement, for approval by the Board of Directors;
- the Control and Risk Committee, which examines the content of periodic non-financial reporting relevant to the risk management system and the internal control system;
- the Remuneration Committee, whose main task is to provide the Board of Directors with opinions and proposals on the general policy and specific criteria for management remuneration, including share-based incentive plans.
- the Board of Directors approves the annual update/revision of the materiality analysis preparatory to the preparation of the non-financial statement according to a criterion of materiality of the information to be reported.

On 23 November 2023, the Board of Directors of Banco di Desio e della Brianza therefore approved the 2023 materiality analysis containing the material issues identified as a result of the specific identification and assessment process carried out, as better described in the relevant section “Stakeholder Engagement and Materiality Analysis”.

Creating shared value

[GRI 201-1]

The economic value generated represents the total wealth generated by the Group thanks to its production and commercial capacity related to its core business.

The Group has adopted the “Statement of determination and distribution of added value” defined by ABI⁷⁹, prepared from the balances of the items in the consolidated income statement of the Banco Desio Group, also taking into account the proposed allocation of the profit for the year of the Parent Company Banco di Desio e della Brianza. The income statement balances are extracted directly from the consolidated financial statements of the Banco Desio Group as at 31 December 2023 prepared in accordance with international accounting standards and Bank of Italy Memorandum no. 262 of 2005 “Bank Financial Statements: formats and rules for preparation” of 22 December 2005 and subsequent updates. The profit and loss account was then reclassified in order to highlight the added value formation process and its distribution to the different categories of stakeholders identified.

The economic value generated in 2023 by the Banco Desio Group was EUR 702.1 million (compared to the 31 December 2022 figure of EUR 464.6 million and the 31 December 2021 figure of EUR 401.8 million). The result, which was up significantly during the reference year, benefited from the positive economic contribution of non-recurring transactions relating to (i) the acquisition of the BPER Group business unit, with the recognition of goodwill of EUR 66.1 million resulting from the final purchase price allocation process, and (ii) the sale to Worldline Italia of the merchant acquiring business unit with the recognition of a gross capital gain of EUR 98.1 million.

⁷⁹ See the document “Statement on the determination and distribution of added value” - ABI, September 2019. In particular, the “Economic value distributed to shareholders” (and the “Economic value attributed to third parties”, i.e. minority shareholders) takes into account the profit distribution proposed by Banco Desio’s Directors in the draft financial statements as at 31 December 2023, approved on 29 February 2024, and the profit distributions approved by the respective Shareholders’ Meetings for the comparative years.

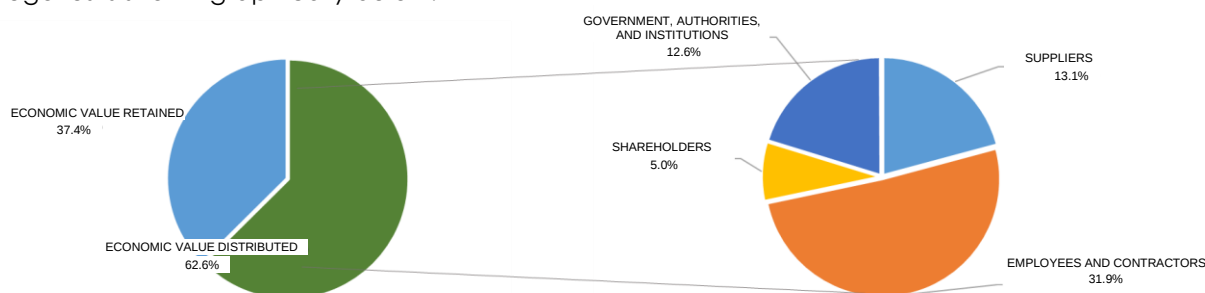
The distribution of this added value shows how much of the wealth produced is distributed to the following stakeholders:

- **Suppliers:** these accounted for about 13.1% of the economic value generated, totalling EUR 91.7 million (EUR 80.2 million at the end of the previous year) for the purchase of goods and services;
- **Human resources,** including employees and collaborators of the external networks of agents and brokers: they accounted for 31.9% of the economic value generated, totalling approximately EUR 223.2 million (EUR 192.1 million at the end of the previous period);
- **Shareholders:** to which about 5% of the economic value generated was allocated, amounting to about EUR 35.4 million, as per the parent company's profit allocation proposal (EUR 26.5 million at the end of the previous period);
- **State, Bodies and Institutions:** which benefited from an inflow of resources amounting to approximately EUR 88.8 million (EUR 69.6 million at the end of the previous period), or 12.6% of the economic value generated by the Banco Desio Group, of which approximately EUR 36.2 million (EUR 31.5 million at the end of 2022) relate to indirect taxes and duties, approximately EUR 18.1 million (EUR 18.1 million at the end of 2022) relating to contributions to the National Resolution Fund and the Deposit Protection Fund and EUR 34.5 million (ex EUR 19.9 million) relating to current taxes⁸⁰ for the year;
- **Community and Environment:** to which approximately EUR 0.3 million was allocated in respect of gifts and donations made by the Group (EUR 0.3 million at the end of the previous period).

The remaining amount, equal to 37.4% of the economic value generated (about EUR 262.9 million), was retained by the Company System, because it related to the use of production factors (depreciation and amortisation), provisions for risks and charges, and the maintenance of an adequate capital level through the allocation of profit to reserves. As the table below shows, the economic value retained in 2023 is higher than the value achieved in both 2022 (20.7%) and 2021 (16.7%). The significant increase in the economic value retained derives not only from the non-recurring transactions mentioned above, but also from the proposed allocation of profit that Banco Desio's Board of Directors intends to propose to the Shareholders' Meeting, called for 18 April 2024, which also takes into account the decision to allocate EUR 46.7 million to a specific restricted reserve pursuant to Art. 26 of Decree-Law no. 104 of 10 August 2023, in lieu of the payment of the extraordinary tax ("tax on extra-profits"), relying on the option set forth in the same legislation.

Items	31.12.2023	% Incidence on Economic Value Generated	31.12.2022	% Incidence on Economic Value Generated	31.12.2021	% Incidence on Economic Value Generated
A. TOTAL ECONOMIC VALUE GENERATED	702,125	100.0%	464,664	100.0%	401,806	100.0%
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	(91,678)	13.1%	(80,195)	17.3%	(71,761)	17.9%
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND COLLABORATORS	(223,251)	31.9%	(192,074)	41.2%	(188,689)	46.9%
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS	(35,391)	5.0%	(26,456)	5.7%	(18,341)	4.6%
ECONOMIC VALUE DISTRIBUTED TO STATE, BODIES AND INSTITUTIONS	(88,812)	12.6%	(69,588)	15.0%	(55,862)	13.9%
ECONOMIC VALUE DISTRIBUTED TO COMMUNITY AND ENVIRONMENT	(309)	0.0%	(334)	0.1%	(196)	0.0%
B. TOTAL ECONOMIC VALUE DISTRIBUTED	(439,441)	62.6%	(368,647)	79.3%	(334,849)	83.3%
C. TOTAL ECONOMIC VALUE RETAINED	(262,684)	37.4%	(96,017)	20.7%	(66,957)	16.7%

The breakdown of the economic value distributed by the Group in 2023 to the main stakeholder categories is shown graphically below.



⁸⁰ Reference is also made to the section on "Tax transparency" on this subject.

[GRI 201-4]

Disclosure of public disbursements pursuant to Article 1, paragraph 125 of Law no. 124 of 4 August 2017 ("Annual market and competition law")

It should be specified that Law no. 124 of 4 August 2017 "Annual law for the market and competition" (hereinafter also Law no. 124/2017) introduced in Article 1, paragraphs 125 to 129, some measures aimed at ensuring transparency in the system of public disbursements. In particular, this law stipulates that companies must also provide information in the Explanatory notes to the Financial Statements, and in any consolidated Notes to the Financial Statements, on "subsidies, contributions, remunerated appointments and in any case economic advantages of any kind" (hereinafter referred to as "public disbursements") received from public administrations and other entities indicated by the aforementioned law. Failure to comply with the publication obligation results in an administrative sanction of 1% of the amounts received with a minimum of € 2,000. Only at a later stage does the rule provide for repayment of the contribution itself.

In order to avoid the accumulation of irrelevant information, it is provided that the obligation to publish does not apply if the amount of public disbursements received is below the threshold of € 10,000 from the same person.

Since August 2017, the National Register of State Aid has been active at the Directorate-General for Business Incentives of the Ministry of Enterprise and "Made in Italy", in which State aid and de minimis aid for each company must be published by the entities granting or managing such aid. For individual aid to Banco Desio Group companies, please refer to the "Transparency of the Register" section, access to which is publicly available.

This being said, in compliance with the provisions of Art. 1, paragraph 125 of Law no. 124 of 4 August 2017, please note that in the course of 2023 no Banco Desio Group entities received any amounts by way of "grants, contributions, paid assignments and in any case economic benefits of any kind".

Sustainability risk management

[GRI 2-12]**[GRI 2-23]**

The year 2023 ended with the start of the process of gradual normalisation of the global economy after the negative effects of the last few years resulting from the COVID crisis (2020) and the Russian invasion of Ukraine (2022). However, the shift from extremely expansive monetary policies supporting overall demand for goods and services to a phase of limiting inflation through a gradual increase in interest rates by central banks is triggering a slowdown in economic growth.

In terms of monetary policy, inflation in Europe fell progressively in the final months of the year, primarily due to favourable effects in the energy component. With inflation expected to fall, the Central Bank outlook began to change from the fourth quarter of 2023 onwards, with rate cuts expected from mid-2024 onwards. Both the Federal Reserve (Fed) and the European Central Bank (ECB) kept their monetary policy rates unchanged, consistent with the ongoing disinflationary process, without, however, ruling out the risk of a resurgence and reaffirming their close surveillance of price trends. Inflation therefore remains the crucial turning point for the growth outlooks of the world's major economic areas. Uncertainties and fears for further social and economic repercussions will also depend on the success of the monetary and fiscal measures launched by EU authorities and member state governments to support the most exposed sectors and operators. Any further COVID-19 expansionary phases and ensuing new containment measures, as well as the continuation of war conflicts with geo-political and energy supply repercussions, could lead to further general economic consequences and specific direct and indirect impacts on the bank's and the Group's economic, financial and capital situation. In this context, the possibility of the economic slowdown having negative effects on credit and market risk profiles is particularly relevant.

Last but not least, climate change: indeed, to date, atmospheric levels of carbon dioxide, methane and nitrous oxide have reached record levels and emission trajectories make it increasingly more challenging

to meet global ambitions to limit warming to 1.5°C⁸¹. Any slowdown in government and individual action will continue to amplify the risks to human health and the deterioration of natural capital. Thus, without a significant policy change or investments, the complex links between climate change mitigation and biodiversity degradation will accelerate ecosystem collapse.

In this context, the Banco Desio Group, which at a European level is classified as one of the high priority less significant institutions (High Impact LSIs) on the basis of its size and potential impact on the financial system, approved the 2024-2026 "**Beyond 26**" Business Plan, integrated with a significant ESG component (called "**ESG Infusion**"), whereby it aims to support the economic transition towards a circular and low-carbon economy.

The strategic planning underlying the updated outlook, in continuity with the Banco Desio Group's recent history, confirmed the path of strengthening the renewal and refocusing guidelines of the Bank's business model. The Group's mission continues to develop around its customers with the aim of supporting households, SMEs in their activities and savings management through planned growth in loans and assets under management. Within the guidelines of the "**Beyond 26**" Business Plan, the Bank is continuing to strengthen its economic and financial efficiency, confirming the objective of bringing the main profitability ratios in line with the system's best performance while maintaining a strong focus on the quality of loans. Economic resilience, quality of services offered to customers and a continuous and reinforced focus on the sustainability of investment choices are the keys to future development for the Banco Desio Group.

Banco Desio adopts a prudential approach to managing business risks, with a view to preventing and mitigating them. These safeguards cover each type of business risk taken on consistently with the characteristics, size and complexity of the activities performed. To this end, in line with the provisions of Bank of Italy Memorandum no. 285, the bank prepares the Risk Appetite Framework (RAF), which is updated on an annual basis in line with the evolution of the Group's risk objectives and strategies. The methodological approach adopted includes a quantitative assessment based on three different types of indicators (first-tier risk indicators, second-tier risk indicators and key-risk indicators) and a qualitative assessment concerning organisational controls. In addition, there are specific policies concerning the various types of risk, which provide the criteria for their operational management from an individual and group perspective.

Strategic decisions at Group level on corporate risk management are placed under the responsibility of the corporate bodies of the Parent Company; as far as the other subsidiaries are concerned, the corporate bodies of each of them are aware of the risk profile and management policies defined by the Parent Company and are responsible for implementing these policies in a manner consistent with their own corporate reality. With a view to an effective and efficient risk management and control system, the Group places specific responsibilities on its organisational structure: with this in mind, the principle of separation of the functions involved in the risk control process is applied in accordance with prudential supervisory regulations.

The identification of the risks to which Banco Desio and the Group are or may be exposed involves constant updating that takes into account their operations, the reference markets and the evolution of the prudential supervisory regulatory environment.

This activity derives from an integrated and continuous reconnaissance process carried out centrally by the Parent Company that takes into account, in relation to business model evolutions and/or changes, the specific operational features of the individual consolidated legal entities.

The risk identification process results in the periodic updating of the "Group Risk Map" document, which illustrates the Bank's position with respect to first- and second-pillar risks, from both a current and outlook perspective, in order to anticipate any risks capable of impacting the operations of the individual legal entities and therefore the Group. It is updated in order to define the scope of the material risks/entities, through the application of appropriate applicability and materiality criteria, which make it possible to discriminate between tangible and intangible risks.

The scope of material risks consists of all Pillar I risks, which are compulsory by regulation, and independently identified Pillar II risks. They are quantified and monitored according to the specificities at

⁸¹ According to the IPCC (Intergovernmental Panel on Climate Change), the chance of surpassing the 1.5°C target as early as 2030 is 50%. Current G7 commitments suggest an increase of 2.7°C by mid-century, well beyond the targets outlined in the Paris Agreement.

the level of the individual legal entity and the Group, consistent with current legislation and taking into account national and international regulatory developments.

With respect to a preliminary identification of Environmental Social and Governance (ESG) risks, correlated to the business risks defined in the Group's internal policies, as a result of a specific project carried out in 2021 the Banco Desio Group developed an action plan, called the E(SG) Masterplan, which among the areas of intervention also contemplates the development of the specific issue of environmental climate risk governance and management. During 2023, the activities identified in the above-mentioned E(SG) Masterplan continued. Specifically, with the aim of integrating climate-environmental factors into the Risk Management Framework, the Group has developed two main activities:

- Identification of the set of Key Risk Indicators (KRI) to monitor the amount of existing and new credit exposure potentially exposed to climate-environmental risks;
- Identification of the set of second-level controls aimed at identifying counterparties potentially exposed to climate-environmental risks.

For both of the above-mentioned activities, the Group has outlined the two components of climate-environmental risk, as outlined in the Supervisory Expectations:

- physical risk: this refers to the economic impact resulting from the expected increase in natural events whose occurrence can be defined as "extreme" or "chronic". Acute physical risks depend on the occurrence of extreme environmental phenomena (such as floods, heat waves and droughts) linked to climate change, which increase their intensity and frequency. Chronic physical hazards, on the other hand, are determined by climatic events that arise over time (e.g. gradual temperature and sea level rise, deterioration of ecosystem services and loss of biodiversity). All of these types of events affect the level of production activity and can even impair it permanently;
- Transition risk refers to the economic impact of the adoption of regulations to reduce carbon emissions and encourage the development of renewable energy, technological developments, and changing consumer preferences and market confidence.

For the purpose of the Group's assessments of potential exposure to climatic-environmental factors, databases were enhanced in 2023 with information obtained from specially selected info providers. This integration, in line with the Supervisory Expectations aimed at promoting the incorporation of the climate and environmental risk assessment, is aimed at creating a database on climate and environmental risk profiles.

In the course of 2024, Banco Desio will continue with ESG-related Risk Management Framework development activities, with a particular focus on the climate-environmental risk component. For further details, please refer to the disclosure "The plan to integrate E(SG) factors into the Bank's decision-making system".

The integration of climate-environmental risk as part of the overall risk mapping activity and the path undertaken for the complete definition and management of sustainability or ESG risks, fits within the broader transformation programme undertaken by Banco Desio since the beginning of 2022 with the adoption of the plan for integrating ESG factors into its decision-making system, called "E(SG) Masterplan", which was followed by the adoption of the similar plan of the subsidiary Fides S.p.A, in March 2023, handled under the management and coordination of the Parent Company.

The overall medium-term planning undertaken by the Group, which confirms Banco Desio's strategic approach to sustainability issues and the associated risks (climate and environmental first and foremost), takes into account the expectations of the National and European Supervisory Authorities published on the matter, which clearly highlight how this transition entails both risks and opportunities for the entire economic system as well as for financial institutions, just as the physical damage caused by climate change and environmental degradation can have a significant impact on the real economy and the financial sector.

In the continuation of the project activities, the qualifying aspects will be leveraged that emerged from ongoing dialogue with the National Supervisory Authority, which led, among other things, to the publication of the main results of the analysis of the action plans developed by Less Significant Institutions (LSIs) and non-bank intermediaries for the progressive integration of climate and environmental risks into business strategies, governance and control systems and the risk management framework.

The identification of material risks also took into account the uncertainties surrounding them, understood as possible events whose potential impact cannot be determined and thus quantified at present. More specifically, the national and global macroeconomic scenario, which is a decisive factor for the business outlook, is characterised by aspects of uncertainty in relation, in particular, to the residual effects of the COVID-19 epidemic and the ensuing risks of further negative impacts on the economy and financial markets, together with the ongoing wars (particularly in Europe and the Middle East) characterising the current context.

Uncertainties and fears for further social and economic repercussions will also depend on the success of the monetary and fiscal measures launched by EU authorities and member state governments to support the most exposed sectors and operators.

Any further COVID-19 expansionary phases and ensuing new containment measures, as well as the continuation of war conflicts with geo-political and energy supply repercussions, could lead to further general economic consequences and specific direct and indirect impacts on the bank's and the Group's economic, financial and capital situation. In this context, the possibility of the economic slowdown having negative effects on credit and market risk profiles is particularly relevant.

More generally, with regard to the specific activities carried out by Banco Desio's Risk Management Department, with the aim of ensuring controls on the management of the various types of risk through the adoption of integrated processes, please refer to Part E - Information on risks and related hedging policies of the Notes to the Consolidated Financial Statements as at 31 December 2023.

Security and data protection

IT evolutionary context and IT risk management

Information security and data protection are priorities of the Group, which attaches central importance to risk management strategies by continuously adopting measures that comply with current privacy provisions, security regulations and the main industry standards, with the aim of guaranteeing the protection of information systems from events that could have a negative impact on the Group and the rights of those concerned.

As confirmation of this, in 2023 the Group updated its **Information Security Policy** and reference internal regulations (Internal Rules and Regulations, Organisational Function Chart, IT Risk Framework) aimed at incorporating the evolution of the regulatory and legislative context on information security⁸² and establishing an expansion of the duties of the Board of Directors and the Chief Executive Officer, the assignment of ICT and security control responsibilities to the existing Control Functions (Risk Management and Compliance), the definition of a short-/medium-/long-term action plan for the management of ICT and Security Risks.

The Policy, which identifies the Head of the Security Office as the person responsible for IT security and the Security Office as the coordinator of initiatives aimed at identifying risks and preventing them, is to be understood as a higher-level document, that fits within a more detailed model of security standards, which is submitted by the CEO for approval by the Bank's Board of Directors (subject to the prior opinion of the Control and Risk Committee - CRC - and the Board of Statutory Auditors as regards the internal control and risk management system).

The management, control and measurement of IT risks, including cyber risk, is embedded in the broader system of internal controls and risk management adopted by the Bank as the Parent Company of the Banco Desio Group.

With reference to the main operational and organisational safeguards currently in place to ensure data security and protection, it should be noted that the Group has adopted:

- an ICT Risk Assessment process aimed at identifying and measuring exposure to cyber risk. This process includes the assessment of risks arising from the bank's information system acquired in full-outsourcing from Cedacri S.p.a.;
- a system of key risk indicators to continuously monitor exposure to the main cyber threats in terms of data security, including: events involving the violation of corporate information security rules

⁸² 40th update of 2 November 2022 of Bank of Italy Memorandum 285 "Supervisory Provisions for Banks" of 17 December 2013

and practices (i.e. computer fraud, attacks through the Internet and malfunctions and disruptions), fraudulent attempts targeting virtual banking channels, and potential malware phenomena detected on e-mail or web vectors;

- an assessment process of third parties and the organisational and technological safeguards they put in place to ensure, among other aspects, IT security and business continuity within the scope of the services provided both at the contractualisation stage and throughout the entire life cycle of the relationship;
- a DPIA (Data Protection Impact Assessment) process, aimed at assessing the necessity and proportionality of privacy processing, evaluating and managing any risks to the rights and freedoms of data subjects, and establishing the need to implement mitigation measures in the face of any shortcomings found in the existence and effectiveness of adequate physical, organisational and technological safeguards;
- internal training on data protection regulations and how to process and protect data;
- anti-fraud procedures being progressively strengthened with respect to the evolving dynamics of cyber-attack techniques;
- security incident management procedures;
- application and infrastructure change management procedures;
- threat alerting systems also through the use of SOC (Security Operation Centre) services by specialised operators and intrusion detection systems;
- a service for the daily monitoring of ICT security performance by means of a rating system (external evaluation by a specialised operator widely used worldwide) which allows for an independent assessment for Group systems and for the main technology providers.

With reference to the main lines of development established, the Parent Company is committed to:

- progressive adaptation to the DORA (Digital Operational Resilience Act) regulation. DORA defines a framework of rules for the identification and management of ICT risks, establishing obligations regarding the testing of ICT infrastructure and providers, encouraging the application of strategies, policies, procedures, tools and protocols on digital operational resilience. The Group will work to meet the new requirements by updating processes (e.g. Business Continuity, Incident Management, ICT and Cyber Risk Management Framework, Third Party Governance, etc.) and working tools (e.g. CMDB and third party management tools, security and incident management applications);
- strengthening first-level cyber security controls through the development of a set of KPIs capable of continuously monitoring the following areas: the Group's cyber security posture, the effectiveness of anti-fraud detection systems, exposure to vulnerabilities and incident management.

Internal oversight over the main IT outsourcer and other essential and/or critical providers is ensured by a specific monitoring dashboard that generates a concise and independent assessment of the adequacy of the service provided. This dashboard is available to both Line Functions and Control Functions and suppliers for periodic monitoring and evolution comparisons.

Logical Security Management

In response to the extraordinary needs that arose in connection with the COVID-19 emergency, the ongoing war between Russia and Ukraine, and in compliance with the joint call of Consob, Banca d'Italia, IVASS, FIU of 7 March 2022, the Group has:

- strengthened security measures against cyber attacks with the definition of a specific investment plan revised over time;
- reviewed the policy rules in firewall systems and Office 365 controls using advanced analysis tools;
- developed further synergies with the SOC (Security Operation Centre) for the activation of cloud-based systems for the protection of mobile users and Internet surfing;
- revised antispam policies by activating domain configurations and monitoring them;
- enhanced corporate e-mail protection systems in light of increasingly sophisticated channel attacks;
- planned a specific training programme for all Banco Desio internal users on cyber security;
- defined and regulated a formal change management process that the ICT Area has adopted for all evolutionary interventions in release;

- developed monitoring and control systems for the main outsourcers (primarily Cedacri) in order to assess their performance and services in time;
- reviewed the Fraud Management organisational set-up and processes;
- strengthened the instrumentation and procedures to protect against DDoS (Distributed Denial of Service) attacks, also based on the experience gained in dealing with and overcoming the attacks that occurred during the year;
- adopted a new GRC system capable of governing, monitoring and reporting, also in accordance with stringent binding regulations, the incident management process as a whole, from the first report up to that of a potential serious IT incident to the competent authorities.

Business Continuity Management

In particular, business continuity management ensured the business continuity of the Group's critical and systemic processes through the identification of business continuity resources and the possibility of Smart working, providing all identified personnel with laptop devices, virtual workstations and smartphones. Tests were also carried out to ensure the propriety of procedures in the following areas: internal information systems, external systems (i.e. IT outsourcer Cedacri S.p.A.), and electricity supply systems. The Group transitioned the main services hosted to date in the Group's Server Farm to the public cloud, thereby increasing the resilience, security and monitoring of such services.

[GRI 418-1]

Regulation (EU) no. 679/2016 known as the General Data Protection Regulation (GDPR) provides for the figure of the Data Protection Officer. The DPO reports directly to the Board of Directors and, holding the role of Data Protection Officer pursuant to Article 37 of the GDPR Regulation, performs support and control, advisory, training and information functions in relation to the application of the GDPR Regulation on the protection of personal data.

With regard to Banco Desio, with reference to the exercise of rights by data subjects, during 2023, 32 requests were received (22 in 2022 and 10 in 2021), of which 6 specifically referring to the right of access, 9 regarding the right to withdraw consent, 12 concerning the right to erasure, 3 with reference to the right to object and 2 on other issues. The responses were processed on time by the Data Protection Officer during the year.

With reference to alleged personal data breaches, 12 reports/complaints were received (15 reports/complaints in the year 2022 and 11 in 2021), of which 9 concerning the loss and/or theft of smartphones and/or company laptops. We confirm that no requests processed have identified any findings against the Bank or its Data Processors.

During the year, an additional 76 requests were received and registered (18 in 2022 and 30 in 2021) concerning other personal data processing issues: 76 (e.g., reports or erroneous reports in private databases (SIC), erroneous reports to the Italian Revenue Agency, requests for Appointment as Data Processor pursuant to Art. 28, requests for data erasure/anonymisation, disallowance of transactions, smishing reports, information and/or requests for explanations, requests for banking documentation pursuant to Art. 119 of the Consolidated Banking Act, reports from providers on cyber attacks, etc.), all processed within the terms of law, either directly or by other Parent Company Offices/Functions.

It should be noted that of these:

- 20 were recorded and processed directly by the Data Protection Officer's department
- 16 were processed by other Functions with the support/advice of the Data Protection Officer;
- 40 were dealt with directly by the other Parent Company Offices/Functions with responsibility for the matter.

With respect to the subsidiary Fides, with regard to the exercise of rights by data subjects, during 2023, 120 requests were received (34 in 2022 and 86 in 2021), with particular reference to the right of access to data (Art. 15), the right to withdraw consent (Art. 16) for promotional and/or commercial purposes, the right to data erasure (Art. 17) and the right to object (Art. 21) for marketing purposes.

This phenomenon, which can be linked to an operating practice applied by certain financial intermediaries that propose to the customers contacted the early repayment of the Fides loan and the simultaneous renewal of the transaction, having them sign the revocation of consent to process personal

data for marketing purposes given to Fides in the full settlement statement request form, after a significant decrease recorded in the previous year, has seen a new significant increase in the current year. While noting an incorrect operating method, it is confirmed that the requests to revoke consent to data processing were all processed on time by the Data Protection Officer. Lastly, with regard to the alleged violation of personal data, no complaints were received during the year by the subsidiary Fides.

At the request of a data subject, an appeal was filed pursuant to Art. 10 of Legislative Decree no. 150/2011 before the Court of Rome on the grounds that Fides had failed to comply with the request for information on the processing of personal data and seeking an order for Fides to comply with the access request in order to confirm whether or not any personal data processing is taking place. It should be noted that the same client, through a "serial" lawyer, had also sent a similar request to Desio, which was responded to on time. No data processing is taking place in relation to the name mentioned above. The legal counsel of Fides entered an appearance before the court.

Ethics, identity and transparency

[GRI 2-23]

The mission, values and principles are formalised in the Group's Code of Ethics and are set out in the general rules dictated in the Internal Disciplinary System as well as in the specific regulations for the different areas of activity, formalised in the internal regulatory framework. The monitoring of possible breaches of the rules of conduct is ensured by the same Group Disciplinary System.

In conducting its business, in line with its Code of Ethics and Sustainability Plan, the Group pursues the protection of human rights in accordance with the principles set out in the 1948 Universal Declaration of Human Rights and recognises the principles established by the Conventions of the International Labour Organisation with particular reference to (i) the right of association and collective bargaining, (ii) the prohibition of child and forced labour, (iii) the protection of equality and non-discrimination in employment, and (iv) the right to protection of personal data of individuals.

The Group recognises the centrality of human resources and the importance of establishing and maintaining relations with them based on fairness and mutual trust. It therefore pursues the enhancement of human capital through the attraction and development of talent.

The Group guarantees working conditions that respect individual dignity, ensures high standards of occupational health and safety, increasing risk awareness and promoting responsible behaviour, and adopts specific prevention and protection programmes, making all company levels responsible, in order to protect the health and psycho-physical well-being of its employees.

Banco Desio safeguards the right and freedom of association and collective bargaining, rejects all forms of child labour and/or forced labour, and any kind of harassment, prevarication, threats or intimidation in the workplace. It intends to contribute to raising awareness on these issues in relations with customers, suppliers and business partners, as well as in relations with its own employees, by promoting the initiatives that are best suited to the dissemination of practices oriented towards respect for these internationally recognised rights, in particular by avoiding relations with anyone who, in light of the information available concerning their reputational profile, may be implicated in violations of these rights.

The Group therefore believes in the importance of an inclusive culture, committing itself to preventing any form of unfairness, favouritism, abuse or discrimination in the selection process, in the definition of remuneration, in training and professional development opportunities, up to and including the termination of employment relationships.

[GRI 2-24]

[GRI 3-3]

Banco Desio recognises the importance of ethical and social responsibility in the performance of its activities and is committed to respecting all those (individuals, groups, organisations, etc.) whose interests are influenced by the direct and indirect effects of the Group's activities.

Through its Code of Ethics, the Group asks its business partners to respect and commit to sharing the principles of professionalism, transparency, diligence, honesty, fairness, confidentiality and impartiality in order to avoid improper business conduct and/or violations of the Group's ethical values. The principle of

reciprocity, the cornerstone of relations with all business partners, means that all relations are based on mutual benefits. Every operation and transaction must be correctly executed within the scope of the powers assigned; it must also be verifiable, legitimate and consistent with the activities performed. Any situation that could even appear to lead to conflicts of interest and interfere with the ability to make impartial decisions must be avoided.

Any unlawful conduct aimed at procuring undue profits for the Group is also prohibited, and particularly the subsequent reinvestment of such proceeds in other activities.

Traditionally, Banco Desio supports the material and other needs and requirements of local areas, in implementation of the guidelines expressed in a specific Group policy, also through donations and sponsorships that are assessed with regard to the relevance of the proposed initiatives, in relation to the needs and requirements they are intended to satisfy and in line with the Group's core values.

For further details, please refer to the section "The plan to integrate E(SG) factors into the Bank's decision-making system", "The Banco Desio Group's **"Beyond 26"** Business Plan and Sustainable Development Goals (SDGs)".

[GRI 2-15]

The subject of conflicts of interest is regulated by law and by the Corporate Governance Code, with reference to both management and disclosure.

The issue of conflicts of interest, in relation to which management policies and procedures are adopted in compliance with regulatory references, is the subject of a prudential approach by Group companies with reference to the various areas of business operations (credit provision, investment services, etc.).

The following are the main internal regulations operating in this field:

- the Parent Company's Internal Regulation of Transactions with Related Parties and Art. 136 of the TUB and the relative risk "Policy", integrated into the "Risk Appetite Policy";
- the "Policy" containing the general rules for the management of conflicts of interest with regard to investment services, which has set up a Register listing situations in which a conflict of interest has arisen or may arise that could seriously harm the interests of one or more Clients. This Register represents a safeguard for the management of conflicts of interest by the Bank and a tool for supervisory action by the Parent Company control structures. The principles set out in the updated policies with reference to the regulatory changes introduced by MiFID II are handled further in the Conflicts of Interest Process Regulation and the related Operating Manual.

In addition, within the framework of the **"Compliance Risk Management Policy"**, the Compliance Function is assigned the task of collaborating in the prevention and management of conflicts of interest both among the various activities carried out by the Group and with reference to employees and corporate officers.

The issue of Conflict of Interest is also dealt with in the aforementioned **"Annual Report on Corporate Governance and Ownership Structures"** (to which reference should be made for further details), the **"Annual report on remuneration policy"** (to which reference should be made for further details) and in the internal regulation **"Process Regulation and Operating Manual for the Remuneration and Incentive System"**, last updated in FY 2022, which sets out specific principles and criteria for the proper design and implementation of remuneration systems and for effectively managing possible conflicts of interest.

With reference to the manner in which conflicts of interest in respect of investment services are disclosed, it should be noted that if, after assessment by the Bank, the management measures taken are not sufficient to ensure, with reasonable certainty, that, in respect of the conflict of interest the risk of harm to the Client's interests is avoided, the Client will be informed of this fact, before any action is taken on his/her behalf, in sufficient detail to enable him to make an informed decision on the Investment Service, the requested Ancillary Service or the individual instruction given, taking into account the context in which the conflict of interest arises. The disclosure shall include the general nature and/or sources of such conflicts of interest and the measures taken to mitigate those risks.

With reference, moreover, to the methods of communication to the Board Bodies, such communication is the responsibility of the Compliance Office within the framework of the periodic reports on the activities carried out by the Function.

Reports of facts, situations or events from which the commission, or the reasonable belief of the commission, of offences and/or administrative offences, or conduct in general inconsistent with the provisions of Legislative Decree no. 231/2001 and in the relevant Organisation, Management and Control Model (OMC 231) adopted by the Group, must be communicated - without delay and confidentially - to the Supervisory Board ("SB") of the relevant company by means of a electronic tool.

The Supervisory Board reports half-yearly to the Board of Directors on its activities and any reports received. The reporting of any issues concerning unethical or unlawful behaviour and issues of corporate integrity is regulated in the Code of Ethics.

As previously mentioned, a Board resolution of 17 December 2020 approved the revision of the Code of Ethics, and in particular:

- shareholder relations issues were explored;
- references to the so called "persons involved in unlawful activities";
- the Code of Business Conduct was incorporated;
- with regard to the reporting of breaches, it was considered appropriate to channel reports of breaches of the Code into the Whistleblowing system, albeit keeping them separate from reports of breaches of rules governing the banking business or breaches of the management model.

The Banco Desio Group has maintained an internal system ("System") for reporting violations, ensuring confidentiality ("whistleblowing"), governed by a specific Regulation, with the aim of preventing detrimental effects arising from any irregularities relating to compliance with external regulations and promoting the increasing development of the culture of legality.

By adopting the Internal Whistleblowing System, the Group aims to:

- protect the stability of the Group, the interests of its customers, collaborators, shareholders and all stakeholders from the detrimental effects arising from any irregularities relating to non-compliance with reference legislation, or from the provisions adopted by the Group within the Code of Ethics and present in the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001 adopted by the Group;
- promote the development of a culture of legality, inspired by honesty, fairness and respect for the rules.

Whistleblowing system governance is centralised within the Parent Company, and its management is entrusted to the Head of the Internal Audit Department, as he has the necessary autonomy and has been specifically trained. The designated person has the role of ensuring and supervising the integrity, independence and effectiveness of the Group's Whistleblowing Process, Regulation and Procedure. He has an appropriate level of authority and autonomy and can access all information and personal data relating to the reports received.

The Process Regulation and the Whistleblowing Operating Manual, updated in 2023, require the segmentation of internal reporting channels.

In particular, the report may be addressed to the "Case Manager", who corresponds to the Head of the Internal Audit Department, as the person responsible for managing the report, or to Supervisory Board of the Company to which the report is addressed, in the event of a breach relating to Legislative Decree no. 231/2001, the Organisation, Management and Control Model, the Code of Ethics, or in the event of a conflict of interest⁸³. The whistleblower may make an external report if, at the time of its submission, one of the conditions set forth under Legislative Decree no. 24/2023 is met.

The report management process therefore provides for specific procedures and channels, which ensure that those charge of receiving, examining and assessing reports are not hierarchically or functionally subordinate to any reported person, are not themselves the alleged perpetrators of violations, and do not

⁸³ Reference is made to the case in which the whistleblower intends to send a report to the Head of the Internal Audit Function.

have a potential interest related to the report such as to compromise their impartiality and independence of judgement.

In implementing the internal system of reporting violations, the Group guarantees the rights of the individual, with particular regard to confidentiality and protection of the personal data of the whistleblower and of any reported person.

The reporting mechanism, managed independently from the Banco Desio Group, applies to all Personnel, meaning "employees and those who in any case work on the basis of relationships that determine their inclusion in the company organisation, even in a form other than an employment relationship". The scope of application includes all the contractual forms envisaged by the new organic regulation of employment contracts, as well as other types of subjects included in the corporate organisation (e.g. Financial Consultants and Agents), suppliers and external collaborators who have a named contract with the Group and are permanently included in the corporate organisation.

The persons receiving, examining and assessing the reports and any other person involved are obliged to ensure the confidentiality of the information received, also with regard to the identity of the whistleblower, who, in any case, must be appropriately protected against retaliatory or discriminatory conduct as a result of the report.

Upon receipt of the report, which takes place through the specific application tool accessible from the bank's website, which also acts as a register, the System Manager shall ascertain whether the subject of the report is among the possible violations that can be made through the relevant channel. This analysis defines the merits of the facts represented, the relevance, the possible effects/consequences for the Group, verifying the reasons that led to the report itself. The examination is carried out in compliance with the principles of impartiality and confidentiality, personal data protection legislation, labour law principles, and sectoral contractual regulations. At the end of the assessment phase, the System Manager, if the report is well-founded, will promptly inform the Board of Directors and the Board of Statutory Auditors of the Group Company concerned; otherwise, if the report concerns matters relating to Legislative Decree no. 231/2001, he must contact the Supervisory Board of the individual Company.

At the end of the investigation, the Case Manager provides feedback, via the platform's "Safe Inbox", to the whistleblower within three months of the date of acknowledgement of receipt of the report.

The reported person must be notified of the facts of which he or she is accused and how to exercise the right of access to data and rectification. In the event of ascertained bad faith on the part of the whistleblower, the System Manager shall forward the report assessment form and the report file to the competent structures, depending on the seriousness of the case (Corporate Bodies, General Manager, Head of the Resources Department), for the application of any consequent measures, as provided for in the Disciplinary Committee Rules.

Whistleblowing files are kept and archived in a specially guarded area to ensure the confidentiality of the information acquired and the protection of the personal data contained therein.

The System Manager prepares an annual summary on the reports received, giving his/her assessment and considerations on the adequacy and proper functioning of the System. The annual report of the System Manager must be approved by the Board of Directors, after consulting the Control and Risk Committee and the Board of Statutory Auditors, and made available to the Group's personnel also via the company intranet.

The Group companies periodically provide specific training to employees to increase their awareness in the use of the tool as a channel for reporting critical issues and at the same time as a channel for sending suggestions.

In the course of 2023, no reports were received through the internal whistleblowing system that, as a result of the Supervisory Board's investigation, identified any breaches of the OMC 231. In addition, no communications were received through the above-mentioned channel dedicated to reports of Code of Ethics violations.

In the case of reports concerning Subsidiaries, the activities of the Parent Company Bodies, which involve the Subsidiary Bodies to the extent of their competence or possible cooperation, remain unaffected.

[GRI 205-1, GRI 205-2]**[GRI 3-3]**

The Banco Desio Group attaches strategic importance to activities aimed at ensuring compliance with internal and external regulations, in the belief that respect for rules and fairness in business are fundamental elements in the performance of banking activities.

Acknowledging that it has a specific responsibility in the fight against corruption and financial crime, full cooperation with the authorities is ensured in combating all crimes relevant to its sphere of activity, in order to prevent the banking system from being used for illegal purposes.

The offence of corruption, which the Group is committed to combating, is included among the "predicate offences" falling within the scope of application of Legislative Decree no. 231/2001 on the administrative liability of companies; the Group has adopted a special Organisation, Management and Control Model, the so-called "Model 231/2001" or "MOG 231" published on the institutional site at <http://www.bancodesio.it> (to which reference is made for any further interest).

Moreover, in order to ensure the effective and efficient prevention of offences, Model 231 is also addressed to external parties (professionals, consultants, agents, suppliers, business partners, etc.) who, by virtue of contractual relations, provide their cooperation to the Group.

With reference to the latter, compliance with the Model is guaranteed through the affixing and acceptance of a specific contract clause. For the same reasons, Model 231 is also published on the websites of the Group companies.

The effectiveness of the anti-corruption measures identified by the Group and contained in Model 231 is based on the full knowledge and awareness thereof by all employees and the highest governing body. To this end, Model 231 is published and periodically updated on the internal regulation dissemination application accessible to all Group employees via the company intranet. Any modification or update (even partial) of the Model is notified to all employees by means of an internal memorandum, and acknowledgement and confirmation of reading of the document is mapped by means of an internal application that historicises the reading date. With reference to Directors and Statutory Auditors, the Group follows a similar procedure to that adopted for employees, collecting certification of having read and accepted the document from each of them. During the course of the 2023 financial year, work was completed on updating the Model to incorporate the relevant regulatory changes. Aware of the negative effects of corruptive practices on economic and social development in the areas in which it operates, the Banco Desio Group is committed to preventing and countering the occurrence of unlawful actions in the performance of its activities.

For this reason, the Board of Directors of Banco di Desio e della Brianza of 12 December 2019 and the Board of Directors of Fides of 17 March 2020 have also adopted an **Anti-Corruption Policy**, circulated to all employees, which (i) defines the principles for identifying and preventing potential corruption episodes in order to protect the integrity and reputation of the Group and (ii) clearly communicates the anti-corruption principles to stakeholders both internal and external to the Group. The Policy applies to all members of the strategic supervisory, management and control bodies, employees, one-man agents, financial advisors and occasional collaborators of the Group, and across all business activities. As a guideline with regard to ethical and behavioural aspects of employees, the Policy must be applied in conjunction with the Code of Ethics.

With regard to combating money laundering and funding terrorism, the Parent Company:

- disseminates the principles contained in the Anti-Money Laundering Policy to all the Bank's and Group's structures, so that they are fully aware of the money laundering and terrorist financing risk management model established in compliance with the relevant national and international regulations and with industry best practices;
- ensures that the subsidiaries belonging to the Group adopt similar policies to monitor and manage money laundering and terrorist financing risks;

- adopts, also by means of specific IT tools (Anti-Money Laundering Portal - advanced transaction monitoring procedure), a system of internal controls on anti-money laundering and combating the funding of terrorism aimed at monitoring activities, tracking compliance with the requirements of the model for managing the aforementioned risks and intercepting potentially anomalous transactions to be subjected to the reporting process.

Each Group company:

- adopts appropriate processes, tools and controls, based on the principle of the "*risk-based approach*", which enable full compliance with the principles contained in the Anti-Money Laundering Policy approved by the Board of Directors;
- ensures adequate, complete and timely information flows to and from the corporate bodies and top management, as well as between the control structures and the Operating Units;
- ensures training and education programmes aimed at continuous staff development;
- applies customer due diligence measures by acquiring comprehensive and truthful information on the customer's economic and financial situation, as well as on the economic reasons underlying the transactions requested or executed. Relationship managers, and more generally all network staff, contribute to the continuous updating of data and information on customers by implementing, in relation to their assigned competences, the constant monitoring of relationships and activating, where warranted, the process of reporting any suspicious transactions that may be detected;
- applies enhanced due diligence measures when there are high risk factors with regard to customers, products, services, transactions or distribution channels as well as geographical risk. The Anti-Money Laundering Policy identifies the most relevant subjective and objective risk factors in the presence of which a High Risk segment is assigned in the scoring system. The enhanced due diligence measures involve, inter alia, for the acquisition of additional information on the customer, the executor and the beneficial owner, the analysis of elements underlying the assessments of the purpose and nature of the relationship, and the intensification of the frequency of application of procedures aimed at ensuring constant monitoring during the course of the ongoing relationship;
- in line with the best practices disseminated by the Bank of Italy, adopts IT applications specifically dedicated to the monitoring of PEPs (individuals who occupy or have ceased to occupy less than one year prior important public offices according to the definition introduced by Legislative Decree no. 90/2017 and according to the additional criteria defined in the Anti-Money Laundering Policy) that allow family and business ties to be traced, as well as the actions taken as part of the constant monitoring of those categories of persons most exposed to the risk of corruption;
- adopts an Organisational Model 231, implementing - including through the application of specific engagement rules for the management of customers with negative aspects - the provisions of Legislative Decree no. 231 of 2001, in order to identify, in relation to the activity carried out, possible areas within which it is conceivable that the predicate offences may be committed, including offences for the purposes of terrorism and subversion of democratic order (pursuant to Art. 25-*quater* of Legislative Decree no. 231/2001) and the offences of receiving stolen goods, money laundering, use of money, goods or benefits of unlawful origin, and self-laundering (pursuant to Art. 25-octies of Legislative Decree no. 231/2001);
- conducts an at least annual self-assessment of its exposure to the risk of money laundering and terrorist financing ("self-assessment") and prepares an action plan aimed at resolving any anomalies or weaknesses found or at strengthening existing controls. To this end, in line with the guidelines issued by the Bank of Italy, it approves a specific methodology for the self-assessment of this risk, ensuring its consistent application throughout the Group;
- gives primary importance to combating terrorist financing, also through the monitoring of financial transactions. To this end, it has adopted internal procedures aimed at preventing the establishment of relationships with or the execution of transactions by persons on international black lists or negative lists, and continuously verifies their update and effectiveness;
- refrains from engaging in relationships with parties for which current regulations prescribe specific prohibitions and applies limitations and internal authorisation processes with regard to the opening/maintenance of relationships with certain categories considered to be at higher risk, consistent with de-risking guidelines. The Anti-Money Laundering Policy defines different decision-making workflows depending on customer risk profile, which may include: (i) the participation of corporate boards and committees; (ii) the authorisation of the General Manager or his delegates; (iii) the advisory participation of the anti-money laundering function and the other control functions, to the extent of their respective responsibilities;

- identifies and appoints the Corporate Anti-Money Laundering Manager, who also acts as the Group Delegate for the Reporting of Suspicious Transactions pursuant to Art. 35 of Legislative Decree no. 231/2007, and a deputy, in order to ensure business continuity.

In September 2023, a general inspection of the Anti-Money Laundering Division was launched by the Bank of Italy⁸⁴. In this circumstance, the Function provided the Inspection Team with all documentation and evidence requested and ensured the necessary cooperation for the orderly performance of the inspection activities. The results of the inspection are expected within the time limit set by the supervisory provisions in force.

The Bank, through the Anti-Money Laundering Portal, makes the main internal and external regulatory documents immediately available to all users, including:

- Policy;
- AR/CFT Process Regulation;
- List of countries at greatest risk of corruption;
- Anomaly indicators for intermediaries disseminated by BKI;
- Model and Patterns of anomalous behaviour disseminated by the UIF.

The Group submits an annual training plan to the Board of Directors and the Supervisory Board for approval, which includes training and education programmes on AML/CFT matters. The training programmes involve both classroom sessions and the use of remote delivery methods (e-learning and webinars).

With a view to ensuring continuous monitoring of the risk of money laundering and terrorist financing, in 2023, an initiative was carried out addressed to both Branch Managers and Private Bankers with the aim of raising awareness on issues related to due diligence and reporting of suspicious transactions. In addition, two specific interactive e-learning training modules were delivered: the "Anti-Money Laundering implications" module, which illustrates its content partly by using situations taken from the operating context, and the "Cheque Game" aimed at resources belonging to the branch administration segment.

Anti-Corruption and Anti-Money Laundering Training	31.12.2023			31.12.2022			31.12.2021		
	No. participants	% incidence of total employees	Total no. hours delivered	No. participants	% incidence of total employees	Total no. hours delivered	No. participants	% incidence of total employees	Total no. hours delivered
Knowing and Monitoring Operational Risks	80	3%	120	86	4%	129	143	7%	216
"Risk Culture at the Bank" Survey	893	37%	447	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Risk Culture at the Bank: Focus FRAUD	1,578	66%	2,388	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
OMC 231 of the Banco Desio Brianza Group companies	121	5%	182	119	6%	179	1,390	65%	2,087
Anti-money laundering: what changes	164	7%	164	76	4%	76	42	2%	42
Anti-money laundering in the insurance sector	0	0%	0	12	1%	18	60	3%	90
Anti-Money Laundering - ABI Programme	115	5%	177	11	1%	17	71	3%	107
Fifth Anti-Money Laundering Directive	0	0%	0	1,280	61%	1,280	0	0%	0
IVASS Anti-Money Laundering Regulation	143	6%	194	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Anti-Money Laundering Implications	711	30%	1,398	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CHEQUE GAME: How to recognise irregular cheques or cheques reportable to the MEF	275	12%	147	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Anti-corruption: basic principles and risk prevention (AP)	1,496	63%	1,496	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Anti-Money Laundering - Course for Agents and Brokers	63	3%	95	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
AIPB certification course: "Anti-money laundering" module	0	0%	0	20	1%	20	0	0%	0
Anti-Money Laundering Training	146	6%	1,103	0	0%	0	0	0%	0
Focus "Due Diligence"	140	6%	560	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
WEBINAR Anti-Money Laundering: Identification of the main risks associated with the pandemic	0	0%	0	9	0%	22	437	20%	1,026
Anti-money laundering: identification of the main risks associated with the pandemic	36	2%	72	97	5%	194	1,013	47%	2,032
Anti-money laundering: Focus Superbonus	103	4%	206	1,634	77%	3,268	0	0%	0
Focus: New and evolving challenges in anti-money laundering and combatting terrorist financing	35	1%	126	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
AR Portal Revision	0	0%	0	0	0%	0	445	21%	446
Anti-Money Laundering Portal - Insight	144	6%	166	0	0%	0	0	0%	0
GIANOS 4D Application Training	677	28%	677	0	0%	0	0	0%	0
AML processes: Beneficial owner, VISIUS, ADV	16	1%	16	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Training: ANTI-MONEY LAUNDERING Policy and REPORTING SYSTEMS	40	2%	61	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
AUI/AML	250	10%	125	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
BRANCH WORKFLOW: Anti-Money Laundering Systems	113	5%	57	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Customer due diligence - risk profiling	74	3%	185	176	8%	440	1,150	54%	2,880
Workshops and Specialised Analysis Sessions	4	0%	41	32	2%	122	45	2%	186
Total	7,417		10,091	3,552		5,763	4,796		9,021

During 2023, the number of staff who participated in at least one anti-bribery and anti-money laundering training initiative amounted to 1,915, broken down as follows:

- 13 executives (48% total executives, formerly 63%);

⁸⁴ As reported in the Annual Financial Report as at 31 December 2023, in September 2023, the Bank of Italy started two inspections at Banco Desio, concerning "Compliance with regulations on combating money laundering and terrorist financing" and "Governance and control structures of relevant processes with a view to customer protection"; these inspections are still ongoing.

- 901 managers (77% total managers, formerly 65%);
- 1001 professional areas (84% professional areas, formerly 68%).

[GRI 205-3]

As part of its operational risk management system, the Banco Desio Group has long been equipped with a Loss Data Collection process supported by a specific application called DBPOA (Database of Company Operational Losses). As at the statement drafting date, the Group has not recorded any proven cases of corruption or any public lawsuits linked to corruption brought against the Group or its employees.

[GRI 206-1]

In 2023, as well as in the previous years 2022 and 2021, the Banco Desio Group did not record any legal actions pending or concluded during the reporting period relating to anti-competitive behaviour and violations of antitrust regulations and relating to monopolistic practices in which the Group was identified as a participant.

[GRI 2-27]

In 2023, as in previous years, no significant fines and non-monetary penalties were imposed for non-compliance with social, environmental and economic laws and/or regulations.

Tax transparency

[GRI 207-1]

[GRI 207-2]

[GRI 207-3]

In view of the tax jurisdiction in which it operates, the principles guiding the Banco Desio Group's operations in managing the tax variable are as follows:

- **acting according to the values of honesty and integrity**, aware that tax revenues constitute one of the main sources of contribution to the economic and social development of the country;
- **operating in compliance with applicable tax rules** and interpreting them in such a way as to responsibly manage fiscal risk, thereby satisfying the interests of all stakeholders and ensuring positive reputational effects;
- **maintaining a cooperative and transparent relationship with the tax authority**, guaranteeing to the latter a full understanding of the facts underlying the application of the tax rules; in the event of substantial doubts in the application of the tax rules, it is standard practice to submit specific appeals to the Revenue Agency to find out in advance the interpretation by the tax authorities;
- **considering taxes as a cost of doing business** that, as such, must be managed, in compliance with the principle of legality, with the aim of safeguarding the company's assets and pursuing the primary interest of creating value for stakeholders in the medium to long term.

The Board of Directors defines the Group's principles of conduct and ensures their application, thereby assuming responsibility for guiding the dissemination of a corporate culture marked by the values of honesty and integrity and the principle of legality.

In order to prevent the risk of non-compliance with tax regulations, the Banco Desio Group has adopted a "**Tax compliance policy**", with the aim of ensuring uniform tax management across all Group entities over time.

The Policy pursues the following objectives:

- ensuring the correct and timely determination and settlement of taxes due by law and the execution of related obligations, thus fulfilling its obligation to the community to pay the taxes due, while at the same time allowing, for the benefit of its stakeholders, to achieve legitimate tax savings;
- guarding against and containing fiscal risk, understood as the risk of incurring tax-related breaches or contrary to the principles or purposes of the tax system.

In particular, in view of the objective to minimise fiscal risk, the Group:

- does not carry out transactions that primarily pursue a fiscal advantage and do not respond to business logic;
- does not carry out transactions that are artificial and/or unrelated to the business, but carried out with the overriding purpose of obtaining undue tax advantages, as they are in conflict with the provisions of the tax system;
- does not offer customers products and services that allow them to obtain undue tax advantages not otherwise obtainable, and also provides for appropriate forms of supervision to avoid involvement in tax irregular transactions carried out by customers.

The Group has also adopted an Organisation, Management and Control Model (MOG 231), which is periodically updated following the introduction of new predicate offences, including "tax offences". In particular, the Compliance Function has the task of preventing the risk of tax non-compliance, ensuring the adequacy of internal procedures and processes to avoid/manage tax risk and to minimise the sanctioning and reputational consequences of the incorrect application of tax regulations. It should also be noted that pursuant to Bank of Italy Circular no. 285/2013, the Taxation Area is identified as the Specialised Tax Compliance Department with the assignment of specific second-level control activities.

In the context of the roles of the body with strategic supervision and management functions, the following should also be noted:

- appointment of the Head of the Specialised Tax Compliance Unit;
- approval of the Group Tax Compliance Policy;
- the definition and receipt by the Compliance function of information flows to ensure full knowledge and governance of the tax non-compliance risk;
- the receipt of the Compliance Function's annual report, which includes the annual evaluation of the Head of the Specialised Tax Division for his/her assigned tax compliance activities.

As a tax compliance specialist, the Taxation Area mainly carries out the following activities:

- analyses the legislation with the greatest impact and sends regulatory alerts on tax matters to the relevant functions;
- ensures compliance of internal regulations with external tax regulations and monitors compliance with new regulations;
- verifies compliance with tax obligations and proposes corrective action in the event of operational non-compliance;
- requests opinions from the competent tax authorities in the case of complex situations;
- provides tax advice as part of the New Product Approval process.

The Specialised Tax Compliance Unit carries out the following main specific checks on an ongoing basis, also using sample methodology.

- a) For transactions carried out by Group companies, it verifies:
 - transactions that might have a predominantly evasive purpose;
 - the application of the FATCA and CRS rules⁸⁵ for reporting aspects;
 - credit concessions that could be aimed at obtaining undue tax benefits for the applicant;
 - any situations of abuse of rights that could expose Group companies to sanction and reputational risks, in consultation with the Compliance function;
 - the correct fulfilment of all tax obligations within the competence of the Taxation Area, according to the relevant tax regulations;

⁸⁵ The FATCA (Foreign Account Tax Compliance Act) is an agreement signed by Italy and the United States that provides for the exchange of financial information to combat international tax evasion, in particular relating to US citizens and residents through current accounts held with Italian financial institutions and relating to Italian residents through current accounts held with US financial institutions. The CRS (Common Reporting Standard) and Council Directive 2014/107/EU (DAC2) are also part of the agreements for the automatic international exchange of financial information, but this time concerning OECD and EU countries.

- the tax returns of Group companies in order to verify that they are true and that they are supported by appropriate documentation;
 - the actual existence of the transactions underlying the invoices of the Group companies;
 - the proper keeping of accounting documents that must be retained for tax purposes;
 - the correct payment of withholding taxes and VAT as regards the amounts and deadlines stipulated;
 - the fairness of any offsets performed.
- b) For transactions carried out with customers it verifies:
- compliance and consistency with tax regulations;
 - the absence of situations of abuse of rights that could expose the Group to sanction and reputational risks;
 - any transactions for which there is suspicion of tax avoidance on the part of the client.

The Head of the Taxation Area, after consultation with the Head of the Administration and General Affairs Department, reports to top management and corporate bodies on the most relevant issues relating to the management of the tax variable and related risks.

Roles and responsibilities in the taxation management process are clearly assigned, with appropriate respect for the principles of separateness and escalation of decisions. It is ensured that the Taxation Area is endowed with resources (human, material, financial) and organisational relevance to ensure the performance of its functions. Appropriate technological solutions maximise the quality and accuracy of the data that support the management of taxation and related declarations.

[GRI 207-4]

All Banco Desio Group companies are resident in Italy and therefore operate within the single Italian tax jurisdiction. The Banco Desio Group's tax revenue related to total income taxes paid (on a cash basis) in the year 2023 was EUR 27,507 thousand, while in previous years such revenue was EUR 13,528 thousand in 2022 and EUR 592 thousand in 2021. The lower taxes paid in the years 2021 and 2022 are mainly due to current tax credits for advance payments made in previous years that were used to offset payments due. The information in the table below is extracted (where applicable) from the Consolidated Financial Statements of the Banco Desio Group as at 31 December 2023 and has been prepared by adopting the indications provided in the Provision with Prot. 275956 of 28 November 2017 by the Income Revenue Authority "Country-by-Country reporting modalities".

For details of the companies included in the scope of consolidation, please refer to the Methodological Note and for the main activities of the individual entities, please refer to the "About Us: Group Profile" section.

Tax jurisdiction: Italy <i>Amounts in Euro thousands</i>			
	31.12.2023	31.12.2022	31.12.2021
Number of employees	2,391	2,115	2,141
Revenues ⁽¹⁾	866,838	555,833	529,900
Revenues from intra-group transactions with other tax jurisdictions	-	-	-
Profit/loss before tax ⁽²⁾	209,123	120,097	73,467
Tangible assets	230,994	220,934	218,420
Income taxes paid (cash basis)	27,507	13,528	592
Accrued current income taxes ⁽²⁾	(36,360)	(22,546)	(3,610)

(1) The balance of Revenues is valued by applying the indications set forth in Revenue Agency Order Prot. 275956/2017, according to which "For banks and other credit and financial institutions, the value of net interest and other banking income shown in the income statement, increased by the item "interest expense and similar charges" and "commission expense", is considered Revenues. The figure at the consolidated level is the aggregate sum of the Profit and Loss Account items indicated of the individual Group Entities.

(2) The balance of "Pre-tax Profit/Loss" and "Accrued Current Income Taxes" is the aggregate sum of the pre-tax and current tax results of the individual Group Entities, respectively.

It should be noted that at the end of the financial year 2023, tax liabilities of EUR 3,498 thousand differed from current income taxes accrued and recognised in the income statement as a result of past credits and advance payments.

Appendix

GRI Content Index

Declaration of use	Banco Desio e della Brianza S.p.A reported in accordance with GRI Standards for the reporting period 01/01/2023 - 31/12/2023.
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GRI Sector Standard Applicable	GRI G4 - Financial Services Sector Disclosures

GRI STANDARD/ OTHER SOURCE	INFORMATION NOTICE	PAGE NUMBER	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREME NT (I) OMITTED	REASON	EXPLANATIO N	
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Conversion factors

For the purpose of determining the values reported in the section “Our responsibility towards the environment”, the conversion factors indicated in the following tables were used for the year 2023, according to the formulas defined in the “Guidelines on the bank's application of the GRI Environmental Standards - December 2023” by ABI. We also report the conversion factors used for the previous years 2022 and 2021, according to the formulas defined by the “Guidelines on the bank's Application of GRI Environmental Standards” in force at the time.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

GRI 302-1

Conversion factors	Source	Unit of Measurement	Coefficients 2023	Coefficients 2022	Coefficients 2021
Heating					
Natural gas	ABI Guidelines	GJ/m3	0.0343	0.0343	0.0343
District heating	ABI Guidelines	GJ/kWh	0.0036	0.0036	0.0036
Electricity	ABI Guidelines	GJ/kWh	0.0036	0.0036	0.0036
Company vehicle fleet fuel					
Petrol	ABI Guidelines	GJ/ton	43.13	43.13	42.82
Diesel	ABI Guidelines	GJ/ton	42.85	42.85	42.78

ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION

GRI 302-2

Conversion factors	Source	Unit of Measurement	Coefficients 2023	Coefficients 2022	Coefficients 2021
Personal car					
Petrol	ABI Guidelines	GJ/ton	43.13	43.13	42.82
Diesel	ABI Guidelines	GJ/ton	42.85	42.85	42.78
Train	ABI Guidelines / Ecopassenger	GJ/Kg	0.0191	0.0191	0.0191
Plane	ABI / ICAO (International Civil Aviation Organisation) Guidelines	kg CO2/GJ	71.5	71.5	71.5
Ships	greenhouse-gas-reporting-conversion-factors-2023 / ecotransit /emissioncalculator	kg CO2e	0.02	n.a.	n.a.

DIRECT (SCOPE 1) GHG EMISSIONS

GRI 305-1

		2023					
Emission Factors	Source	Unit of Measurement	Coefficient CO ₂	Unit of Measurement	Coefficient CH ₄	Unit of Measurement	Coefficient N ₂ O
Heating							
Natural gas	ABI Guidelines	Kg/m3	2.006	Kg/m3	0.00009	Kg/m3	0.00003
Company vehicle fleet fuel							
Petrol	ABI Guidelines	ton/ton	3.152	Kg/ton	0.41260	Kg/ton	0.03520
Diesel	ABI Guidelines	ton/ton	3.150	Kg/ton	0.00389	Kg/ton	0.11700

		2022					
Emission Factors	Source	Unit of Measurement	Coefficient CO ₂	Unit of Measurement	Coefficient CH ₄	Unit of Measurement	Coefficient N ₂ O
Heating							
Natural gas	ABI Guidelines	Kg/m3	1,986	Kg/m3	0.00009	Kg/m3	0.00003
Company vehicle fleet fuel							
Petrol	ABI Guidelines	ton/ton	3.152	Kg/ton	0.42620	Kg/ton	0.03911
Diesel	ABI Guidelines	ton/ton	3.150	Kg/ton	0.00441	Kg/ton	0.11750

		2021					
Emission Factors	Source	Unit of Measurement	Coefficient CO ₂	Unit of Measurement	Coefficient CH ₄	Unit of Measurement	Coefficient N ₂ O
Heating							
Natural gas	ABI Guidelines	Kg/m3	1,976	Kg/m3	0.00009	Kg/m3	0.00003
Company vehicle fleet fuel							
Petrol	ABI Guidelines	ton/ton	3.140	Kg/ton	0.43160	Kg/ton	0.03990
Diesel	ABI Guidelines	ton/ton	3.151	Kg/ton	0.00470	Kg/ton	0.11790

INDIRECT (SCOPE 2) GHG EMISSIONS

GRI 305-2

		2023				
Emission Factors	Source	Unit of Measurement	Coefficient CO ₂	Coefficient CO ₂ eq	Coefficient CH ₄	Coefficient N ₂ O
Location Based	ABI Guidelines	g/kWh	268	-	0.0285	0.0046
Market Based	European Residual Mix	g/kWh	457	-	-	-

		2022				
Emission Factors	Source	Unit of Measurement	Coefficient CO ₂	Coefficient CO ₂ eq	Coefficient CH ₄	Coefficient N ₂ O
Location Based	ABI Guidelines	g/kWh	260	-	0.0176	0.0028
Market Based	European Residual Mix	g/kWh	459	-	-	-

Emission Factors	Source	Unit of Measurement	Coefficient CO ₂	2021		
				Coefficient CO ₂ eq	Coefficient CH ₄	Coefficient N ₂ O
Location Based	ABI Guidelines	g/kWh	278	-	0.0172	0.0030
Market Based	European Residual Mix	g/kWh	466	-	-	-

OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

GRI 305-3

It should be noted that with regard to business travel by rail, air and ship, the relevant CO₂ emissions are used as per the evidence of the sources Ecopassenger, ICAO and Ecotransit (calculated with their own methodologies).

		2023			
Emission Factors	Source	Unit of Measurement	Coefficient CO ₂	Coefficient CH ₄	Coefficient N ₂ O
Personal car					
Petrol	ISPRA 2021 database of average emission factors of road transport in Italy	g/Km	161.285	0.02134	0.00188
Diesel	ISPRA 2021 database of average emission factors of road transport in Italy	g/Km	166.853	0.00021	0.00625

			2022		
Emission Factors	Source	Unit of Measurement	Coefficient CO ₂	Coefficient CH ₄	Coefficient N ₂ O
Personal car					
Petrol	ISPRA 2020 database of average emission factors of road transport in Italy	g/Km	161.382	0.02200	0.00202
Diesel	ISPRA 2020 database of average emission factors of road transport in Italy	g/Km	166.965	0.00024	0.00627

Emission Factors	Source	Unit of Measurement	2021		
			Coefficient CO ₂	Coefficient CH ₄	Coefficient N ₂ O
Personal car					
Petrol	ISPRA 2019 database of average emission factors of road transport in Italy	g/Km	164.073	0.02267	0.00209
Diesel	ISPRA 2019 database of average emission factors of road transport in Italy	g/Km	169.515	0.00025	0.00637

European Taxonomy: Template Annex VI



Taxonomy Template:
Annex VI

Glossary

ACRONYM	DEFINITION
CSR	Corporate Social Responsibility - a company's responsibility to consider sustainability in the definition of its strategy, in the declination of its policies and in its daily management behaviour, protecting the interests of all stakeholders and reducing the environmental and social as well as economic impacts of its actions.
ESG	Environmental (E), Social (S), Governance (G): each pillar refers to a specific set of criteria such as environmental commitment, social commitment and transparent and sustainable governance.
IBIPs	Insurance-based Investment Products. These are insurance products that have a maturity or surrender value and where this maturity or surrender value is fully or partly exposed directly or indirectly to market fluctuations
Art. 8 - SFDR	Financial product that promotes, inter alia, environmental or social characteristics, or a combination thereof classified as Art. 8 under Regulation no. 2019/2088 - SFDR
Art. 9 - SFDR	Financial product with a sustainable investment or carbon reduction objective classified as Art. 9 under Regulation no. 2019/2088 - SFDR
Principal Adverse Impacts (PAIs)	Main negative effects of investment choices on sustainability factors (environmental, social and personnel issues, respect for human rights and issues related to the fight against active and passive corruption).
ESG rating	A synthetic rating provided by specialised companies that certify the soundness of an issuer, a security or a fund from the point of view of environmental, social, and governance performance (E.S.G.).

Report of the independent auditors



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

*To the board of directors of
Banco di Desio e della Brianza S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5.1.g) of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2023 consolidated non-financial statement of the Banco Desio Group (the "group"), prepared in accordance with article 4 of the decree and approved by the board of directors on 29 February 2024 (the "NFS").

Our procedures did not cover the information set out in the "European Taxonomy of environmentally sustainable activities" section and in the "European Taxonomy: Template Annex VI" of the Appendix of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Banco di Desio e della Brianza S.p.A. (the "parent") for the NFS

The parent's directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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Banco Desio Group
Independent auditors' report
31 December 2023

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. During the year covered by this report, our company applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
 - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
 - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
 - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.



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Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the management personnel of Banco di Desio e della Brianza S.p.A., and personnel of Fides S.p.A.. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent and Fides S.p.A. level:
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
 - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited Banco di Desio e della Brianza S.p.A., which we have selected on the basis of its business, contribution to the key performance indicators at consolidated level and location, to meet its management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2023 consolidated non-financial statement of the Banco Desio Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Our conclusion does not extend to the information set out in the "European Taxonomy of environmentally sustainable activities" section and in the "European Taxonomy: Template Annex VI" of the Appendix of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Milan, 22 March 2024

KPMG S.p.A.

(signed on the original)

Alessandro Nespoli
Director of Audit