

SUSTAINABILITY REPORT

20 21



GARDANT

Your Investment and Servicing Partner

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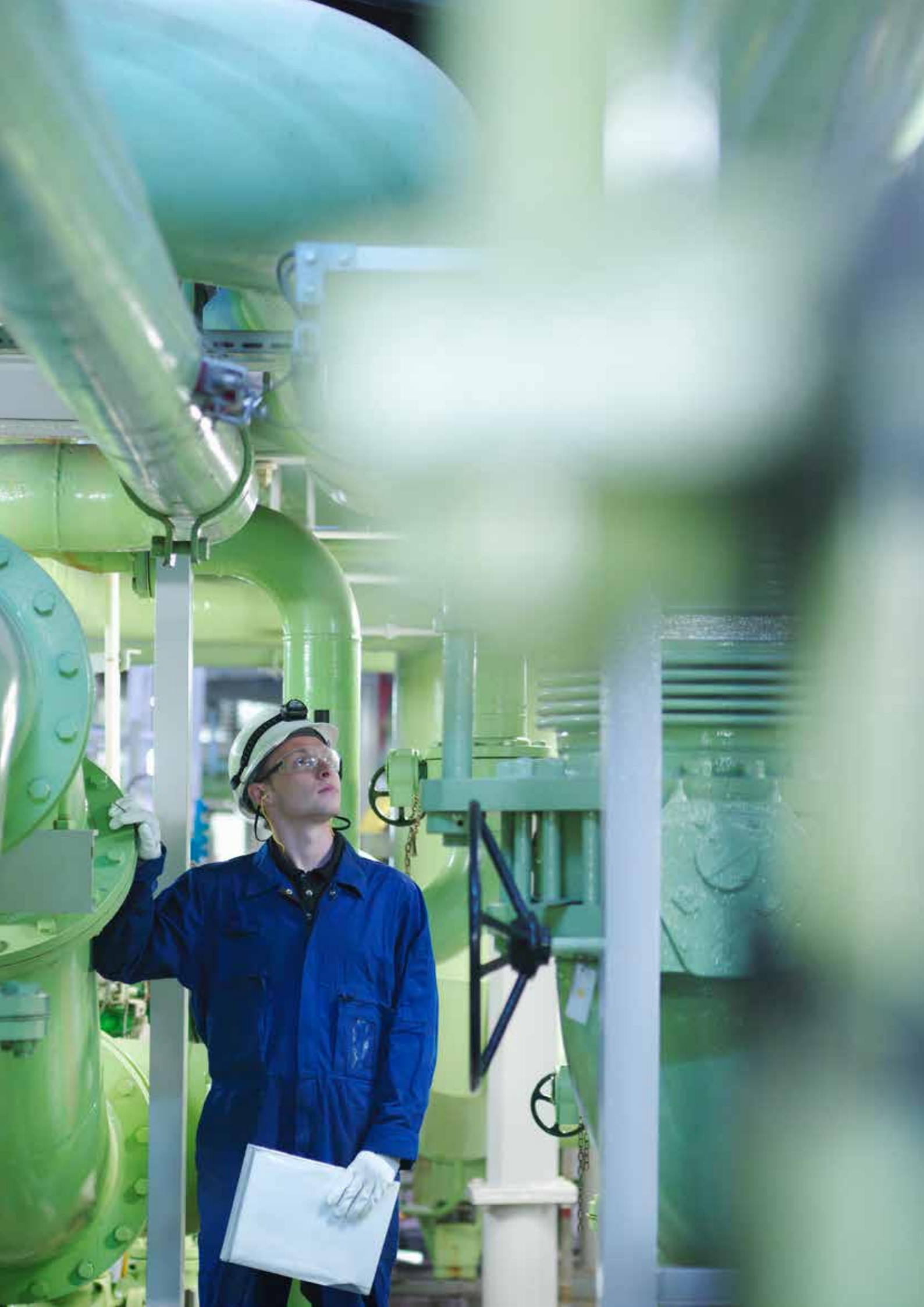


Your Investment and Servicing Partner



TABLE OF CONTENTS

*	Letter from the Chairman	7		
	Highlights	9		
1	Gardant Group	13		
	1.1 Choice of a new name and a new logo	13		
	1.2 A solid, evolving history	14		
	1.3 Values	14		
	1.4 Companies	16		
	1.5 Governance and Risk Management	17		
	1.6 Rating	17		
2	Sustainability for the Gardant Group	19		
	2.1 The beginning of the path towards sustainability	19		
	2.2 Governance and accountability	21		
	2.3 Commitments	22		
	2.4 The UN's Sustainable Development Principles and Goals	23		
3	Actions carried out: a look ahead	25		
	3.1 Sustainability in business	25		
	3.2 Care for the environment	32		
	3.3 Care for stakeholders: people, suppliers and communities	33		
	3.4 Financial capital	43		
4	Methodological note & contacts	45		





Letter from the Chairman

The Group's first Sustainability Report gives us great satisfaction at Gardant.

Our Group was established in August 2021 with the clear will to equip itself, immediately from day one, with a corporate culture that sees sustainability, the undertaking of social responsibility, attention to people and the environment as founding elements, to be transposed into clear and incisive internal rules of conduct (our policies).

Gardant - the first and only truly integrated operator in Italy in the debt servicing & debt purchasing sector - arose from the union of structures and teams of excellence, which work through articulated processes, capable of pooling the high degree of specialisation of each professional within the Group.

This involved a great deal of work by many people - which also led to the establishment of the ESG Committee that I have the honour of chairing - to define an operating model and a set of policies and rules suited to what we do, in the world in which we operate, affecting all the companies in our Group.

The challenge has been to integrate respect for Environmental, Social, Governance (ESG) and Sustainable and Responsible Investment (SRI) principles into the wide variety of activities we carry out in a coordinated and coherent manner. We thereby efficiently combine our everyday work, our daily activities, with the aim of carrying them out 'sustainably'. This implies that each and every one of us continuously evolves while performing our tasks: systematic learning dedicated to measuring impacts, evaluating them, reducing any waste, adapting our habits. From big changes (the use of the cloud in the company) to small gestures: printing less, drinking water from automatic dispensers instead of using plastic bottles, promoting the use of e-mail even for official

communications.

This new circular motion has also affected our charity work. We have always tried to do our part, also in the past - consider for example the donation the Bank made to the Sacco Hospital in Milan in the first weeks of Covid in Italy. Although these initiatives are commendable, they were on an extemporaneous basis. Today, on this front, transferring part of the value created through our core business to the local area has become one of the specific objectives of the ESG business plan.

For example, one tool is to identify three-year projects to be supported through significant donations. This will allow the selected organisations to complete projects that have a truly substantial impact on the territory and are able to create substantial value at a social level.

Although we are a young Group, I think we are already quite mature in the role we must play vis-à-vis our society, our world, and those who will come after us. We firmly believe in this role, and our sustainability strategy is the right tool for fulfilling it.

It is also our duty to transmit these values, as far as is possible, to the partners, clients and counterparts, both private and institutional, with which we interact, and each of us - with our daily work - is their first, true ambassador.

Today we add a further element with this Sustainability Report. As it is the first for our Group, it can only recount a limited period in Gardant's life, but like any path, it marks the beginning of a journey that we hope will take us where we want to go: to a world in which the drive for sustainability is behind every activity, large or small.

Enjoy the report.

Flavio Valeri



Highlights

44.8
billion

Assets under
Management

20.0
billion

Assets under
Servicing

1.2
billion

Managed Leasing
Credits

789
million

Cash collections⁽¹⁾

85
#

Managed vehicles

Assets

284
million

Net Equity

186
million

Net Liquidity

29.0
million

Total revenues

46.1
million

EBITDA

18.7
million

**S&P
Fitch**

SS/MS Above Average
RSS2+/CSS2+ MS2+

7
#

Operating
and co-working offices

337
#

Employees (including the
total of those working from
and at other companies)

100
%

IT infrastructure
in Private Cloud

200
billion

Data points

Highlights

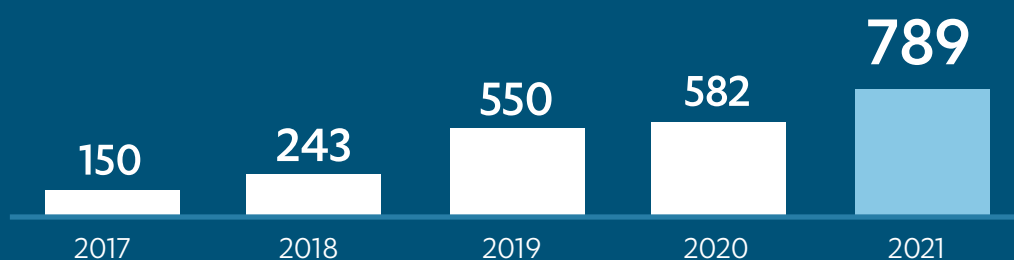
Collections

(Millions of euros)

Increasing effectiveness
recovery activity

+51%

CAGR: 2017/2021



Assets under Management

(Billions of euros)

Exponential development of
servicing agreements

+31%

CAGR: 2017/2021



Assets under Servicing⁽²⁾

(Billions of euros)

Soundness and stability

+2%

CAGR: 2017/2021



2) In 2021, the master servicing of the portfolio underlying the two securitisations Ambra S.r.l. and FlaminiaSPV S.r.l. held by the Segregated Assets relating to BPVI in L.c.a. and Veneto Banca in L.c.a. were taken over by AMCO S.p.A., formerly appointed manager of the two Segregated Assets pursuant to Italian Decree Law 99/2017 and Italian Ministerial Decree 221/2018. The Danubio S.r.l. securitisation was sold to a third party and the Tibullo S.r.l. securitisation was closed due to the expiration of the underlying loans.



- *Master servicing*
- *Primary servicing*
- *SPV services*
- *Special servicing*
- Portfolio selection, due diligence and valuation
- Focus on Real Estate

**Debt
Servicer**

**Plugged onto
an integrated
platform**

**Asset Manager /
Debt Purchaser**

- Investment funds for investors
- Performing loans, NPL, UTP
- New finance in ad-hoc situations
- Aligning interests with investors

**Rated Fitch S&P
Primary Master
& Special Servicer**

**45 billion
Euro AUM**

**1.2 billion Euro
UNDERWRITTEN**

1

Gardant Group

Gardant is the result of the corporate reorganisation and spin-off from Credito Fondiario of all the debt servicing and debt purchasing activities developed over the last few years, which have led this company to become one of Italy's leading operators in the sector.

Gardant ranks among the leading market players in Italy in the investment and management of impaired loans, reinforced by a unique business model that integrates the activities of debt servicer and asset manager/debt purchaser. The Group operates on all asset classes related to banking, leasing, commercial and other credits (performing, unlikely-to-pay, non-performing).

1.1 Choice of a new name and a new logo

/ GÀR - DA - NT /, the name Gardant, from the English verb TO GUARD, indicates protection, determination, security.

In heraldic symbols, the logo depicts a figure with a proud, determined and direct gaze. This embodies what the Group was under the previous corporate structure and seeks to continue to represent on the market: a solid, competent, innovative and consistent benchmark with its values and principles.



GARDANT

1.2 A solid, evolving history

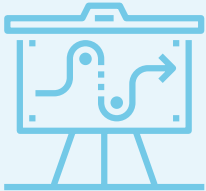
Gardant was founded on 1 August 2021, but its history spans more than 120 years, made up of decisive milestones for its reference market and important changes within itself and with respect to its role in the Italian credit system. It grew from being a traditional bank specialising in the real estate mortgage sector in order to integrate and develop the investment and credit management business, up to today, with the establishment of the new Gardant Industrial Group. It brings together the know-how, relationships and assets of ten years of work in the impaired loans sector, and adds new tools and a new innovative management model.

1.3 Values

In conducting its business and in its relations with all stakeholders, the Group's indispensable principles are integrity, fairness and legality.

These values are also expressed in the Group's Code of Ethics and Conduct - an integral part of the Organisational, Management and Control Model (Italian Legislative Decree 231/2001), - which each member expressly assumes in carrying out their activities. The Group also requires that any person who acts in the Group's interest in any way takes note of and complies with the principles of the Code of Ethics and Conduct, as well as the relevant internal and external regulations.

THE MAIN STAGES, FROM OUR ORIGINS TO TO THE PRESENT DAY



18
98

specialised in granting mortgages in Sardinia and Rome, the Bank was established in Cagliari on 28 April 1898 as Credito Fondiario Sardo S.A.

19
50s

after the Second World War, the Bank extended its operations to almost the entire Italian territory and expanded its activities to include financing public works and granting industrial land loans.

19
80s

Credito Fondiario was listed on the Milan Stock Exchange.

20
00

the Bank joined an American international group, and specialised in the servicing of securitisations and later in the provision of retail mortgages (since 2006), under the name Credito Fondiario - FonspaBank.

20
13

the transformation into a leading player in the nascent secondary credit market in Italy began, integrating the role of servicer with that of investor.

20
20

with more than 1 billion euros in cumulative investments (purchase price) in the Italian impaired and illiquid loans sector, the bank was positioned as one of the largest investors in this market.

August
20
21

Gardant Industrial Group was founded with

- €45 billion Assets Under Management (GBV),
- €20 billion Assets in Special Servicing (GBV),
- €1.2 billion Investments made,
- €55 billion Due Diligence (GBV last 36 months),
- 340 Specialised professionals.

VALUES



Integrity and legality

We work impeccably and impartially, in full compliance with laws and regulations and with our social responsibility in mind.

Innovation

We strive to always be at the forefront with new Fintech solutions to ensure the best possible service.



Transparency

We build all our relationships with major stakeholders on a foundation of mutual trust and honesty. We are committed to communicating information to them in a clear, timely and continuous manner.



Client centricity and adaptability

We always place the client at the centre of our work, trying to understand their needs and provide them with the most suitable and customised solution.



Professionalism and expertise

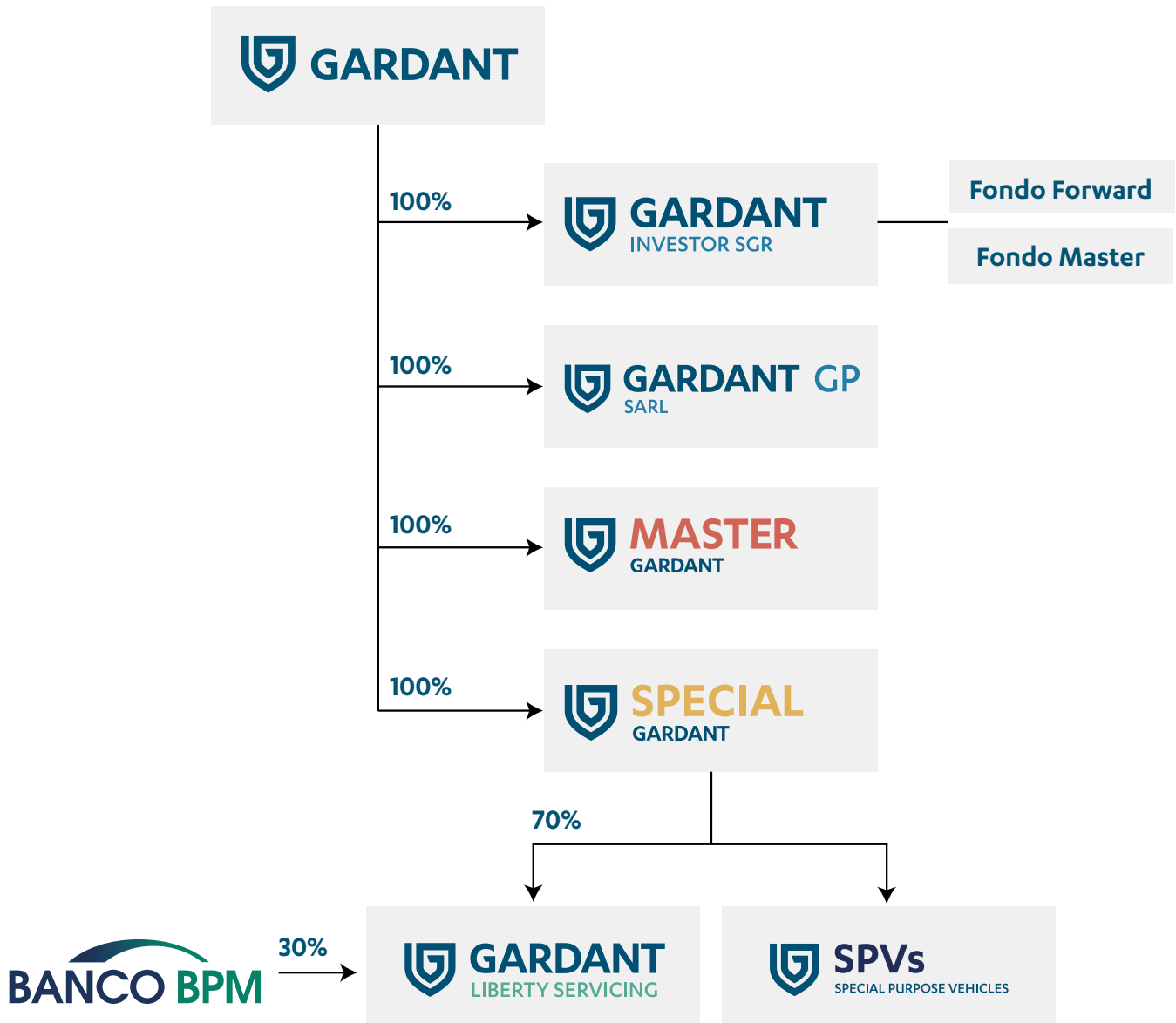
The professionalism and expertise of more than 300 highly trained and specialised employees are the backbone of our daily operations.



1.4 Companies

The Group consists of the Parent Company Gardant S.p.A. (hereinafter also referred to as 'Gardant' or the 'Parent Company'), which presides over:

- operating companies in the area of credit management and other activities:
 - Master Gardant S.p.A.** (hereinafter also referred to as 'Master Gardant');
 - Special Gardant S.p.A.** (hereinafter also referred to as 'Special Gardant');
 - Gardant Liberty Servicing S.p.A.** (hereinafter also 'Gardant Liberty Servicing'), a joint venture with Banco BPM specialising in special servicing;
 - the alternative investment fund management company, **Gardant Investor SGR S.p.A.**;
 - the Luxembourg-registered company for *funding management activities*, **Gardant GP S.a.r.l.**;



- certain securitisation vehicles under Italian Law 130/99 dedicated to securitisation activities (so-called *special-purpose vehicles*, or SPVs) or *Real Estate Owned Companies* (so-called Reoco) and LeaseCo.
- Master Gardant S.p.A.:** independent and regulated financial intermediary, enrolled in the Single Register kept by the Bank of Italy pursuant to Article 106 of the Consolidated Banking Act. This is the Group company specialising in master servicing activities in the context of securitisation transactions pursuant to Italian Law 130/99; it provides all the necessary services, from the establishment of the vehicle to the management and monitoring of transactions.
- Special Gardant S.p.A.,** licensed pursuant to former Article 115 of the Consolidated Law on Public Security (TULPS), is the Gardant Group company specialising in special servicing, judicial and extrajudicial recovery, offering the full range of high value-added services for the management of such receivables, portfolio analysis, data optimisation and real estate management.
- Gardant Liberty Servicing S.p.A.:** also licensed under the former

Article 115 of the Consolidated Law on Public Security (TULPS), it is 70% owned by Special Gardant S.p.A. and 30% owned by Banco BPM S.p.A.

- **Gardant Investor SGR:** the asset management company of the Gardant Group, specialised in investment solutions dedicated to institutional investors and focused on the sector of impaired and illiquid loans, both industrial and real estate. It acts as a reference point and long-term partner for both institutional investors interested in the impaired loans sector in Italy and for banks in the implementation of their own deleveraging strategies.
- **Gardant GP S.a.r.l.:** a company incorporated under Luxembourg law for fund management activities.

1.5 Governance and Risk Management

Group Corporate Governance

The Group's governance is centred on the principles of fair and transparent management of business activities and attention to financial, operational and reputational risks.

The Parent Company Gardant is responsible for ensuring the overall consistency of the Group's governance structure, through the management and coordination of all its member companies.

The governance model of Gardant S.p.A. includes:

- focusing the company's business structures and staff on debt purchasing, underwriting and debt servicing activities;
- the centralisation of support activities necessary for the operation of the subsidiaries, on the basis of separate outsourcing contracts for 'Corporate Centre' services, in compliance with the provisions of Bank of Italy Circular No. 288 of 13 March 2015 and the Bank of Italy Regulation of 5 December 2019;
- a centralised control structure to direct and coordinate the monitoring of the Group companies.

The Parent Company has a 'traditional' type of administration and control model that includes the Board of Directors as the body with strategic supervision function, and the Board of Statutory Auditors as the body with control function. Both bodies are appointed by the shareholders' meeting. A Chief Executive Officer and General Manager are appointed to supervise the day-to-day management of Gardant and to see to the implementation of the resolutions of the Board of Directors.

The following bodies and committees are also established:

- 231 Supervisory Body;
- Internal Control and Risk Committee;
- Funding & Treasury Meeting;
- Sustainability Committee;
- Weekly Investment Meeting;
- Data Gardant Lab;
- Crisis Committee.

The main governance instruments adopted by the Gardant Group include:

- The Organisational, Management and Control Model of each Group company, which defines the control and behavioural principles that must be adopted in order to reduce the risk of committing the

offences established in Italian Legislative Decree 231/2001 (hereinafter, '231 Model'). In this context and for the purposes of protecting against the risks of commission of offences under the Decree, among other initiatives, it adopts a reporting management system (whistleblowing). This model was redefined with the change of corporate structure, providing a 231 Model which is consistent with the new organisational model and specific to each Group company.

- The internal control system ('ICS'), which has developed widely within all Group entities, is a fundamental element to guarantee the safeguarding of corporate assets, the efficiency and effectiveness of corporate processes and operations, the reliability of financial information, and compliance with laws and regulations. Although the transformation from a banking group to an industrial group has brought substantial differences (not least with respect to legal and regulatory constraints), it has not resulted in management paying any less attention to risk management and internal controls.

The internal regulatory and procedural infrastructure is constantly monitored with respect to the need for updates or developments that may be required by changes in the external environment or by internal needs and opportunities.

The Parent Company's 231 Model was issued in early 2022, and this will be followed by a similar formalisation for each of the Group companies. Please refer to the chapter 'Transparency and Integrity in Business' for more details, as the topic is a central aspect in the field of sustainability due to the Group's role in the reference market and the impact of its activities on its stakeholders.

1.6 Rating

The platform for managing impaired loans, in relation to both master servicing and special servicing activities, is rated by two leading rating agencies, Fitch Ratings and S&P, with a rating that reflects:

- the ability to define and achieve substantial business growth;
- the quality of the management team of the Gardant Group;
- the functional organisation, supported by an efficient governance model;
- the continuous focus on the development of IT systems;
- the ability to manage complex portfolios.

Currently, the ratings issued by the two rating agencies are:

Rating Agency	Special Servicer Rating	Master Servicer Rating
S&P	Above Average	Above Average
Fitch Ratings	RSS2+/CSS2+	MS2+

In February 2022, Gardant obtained confirmation of the rating at 'CSS2 +' and 'RSS2 +' from Fitch Ratings for the commercial and residential special servicer activities, respectively.

The rating of 'MS2 +' was also confirmed for the activity of master servicer of mortgage-backed and unsecured loans in Italy.

The agency also removed the Rating Watch Evolving from the Group's activities.



2

Sustainability for the Gardant Group

As a leading player in debt purchasing and debt servicing, the Group recognises the value of sustainability in terms of its impact on its stakeholders and its strategic and commercial positioning. Therefore, it seeks to integrate and promote ESG (environmental, social and governance) issues related to the Group's business and operations in its decision-making process and operations, with the aim of contributing to the development of a sustainable future.

The drafting of this first report, prepared on a voluntary basis, is a testimony to the Group's conviction to include sustainability from the very beginning. Prepared according to the guidelines of the Global Reporting Initiative (GRI) 'referenced' option, the report aims to give visibility to the Group's strategies and action plan, and is an expression of how the Group's growth incorporates tangible elements linked to sustainability and the continuity of its commitment to:

- people;
- the ecosystem of partners, suppliers and clients;
- the community;
- the environment.

2.1 The beginning of the path towards sustainability

The following steps have led the Group in the desired direction:

- **Context and benchmark analysis**, according to the following criteria: governance structure, participation in international ESG initiatives, presence of ESG policies, ESG strategy in products and investments, and transparency in communicating sustainability performance.
- **Involvement of the operational structures**, through interviews and in-depth studies, that led to the creation of:

- > induction to Group contacts, identified within the same project, to provide an introductory overview of the subject and the impact on each business area;
- > one-to-one interviews aimed at deepening knowledge and awareness of these issues, as well as gaining a better understanding of the initiatives already implemented and the potential for integrating ESG themes;
- > focus groups to assess the actual feasibility of ESG mainstreaming actions, exploring the proposed actions and defining the detail of the contents.

- **Drafting the Master Plan of the proposed actions**, divided into several sections dedicated to their analysis, outlined in terms of complexity of implementation (scale of effort from minimum to maximum) and business areas concerned (Business and Strategy, Organisation & HR, Documentation, IT and other resources).

This structured work was carried out by directly involving middle management; this not only allowed to spread the values of sustainability within the Group, but also to involve management in defining the Group's positioning and commitment, a commitment that became an integral part of the operations of their respective structures.

The process carried out resulted in the approval of the main governance structure and instruments with reference to sustainability, hand-in-hand with the establishment of the Gardant Group: Sustainability Committee, ESG Policy, SRI Policy, ESG Master Plan.

The defined guiding objective for sustainability is to offer clients the solidity and sustainability of a specialised and responsible business, leveraging constantly evolving tools and the know-how and fairness of its people.

Structured for the initial phase, the work became the basis for the continuous monitoring and updating of the Group's positioning: the conclusion of this first phase marked the beginning of Gardant's journey, no longer towards, but 'in' sustainability, for the progressive integration of ESG factors into operations and business.

The path *towards* sustainability

2021

JANUARY

ESG project launched

FEBRUARY

5 inductions to the Working Group, related to ESG factors and sustainability with supporting benchmarks and presentations

APRIL

17 one-to-one interviews aimed at drawing up the proposed longlist of Master Plan actions

JUNE

13 fine-tuning focus groups on the proposed actions for the *Master Plan*

JULY

Board approval of the *Master Plan*, *ESG* and *Responsible Investment Policy*

2.2 Governance and accountability

At the inaugural meeting of the Board of Directors of the Parent Company Gardant on 27 July 2021, the sustainability governance structure and the Sustainability Committee were set up alongside the Group governance, and the corresponding governance instruments were approved.

The Governance Structure for Sustainability

Chaired by the Chairman of the Board of Directors of the Parent Company, the Sustainability Committee has the task of promoting social responsibility initiatives, defining and updating the sustainability strategy on the basis of the Group's vision, as well as defining and monitoring the implementation of related actions and initiatives. The top positions of the Holding Company and Gardant Investor SGR are involved, testifying to the desire to permeate the decisions and operations of the Group as a whole with the culture of sustainability.

In carrying out its functions, the Committee works in close cooperation with the ESG Working Groups, composed of the heads of the offices, with the task of defining the operational methods for the implementation of the actions and carrying them out, also involving people from the respective structures. The Sustainability Committee and the

ESG Working Groups meet quarterly and monthly respectively, or on a shorter term as required.

The internal regulatory body

The regulatory body pertaining to sustainability issues that the Group has adopted, through the Parent Company and individual companies, is composed of the following:

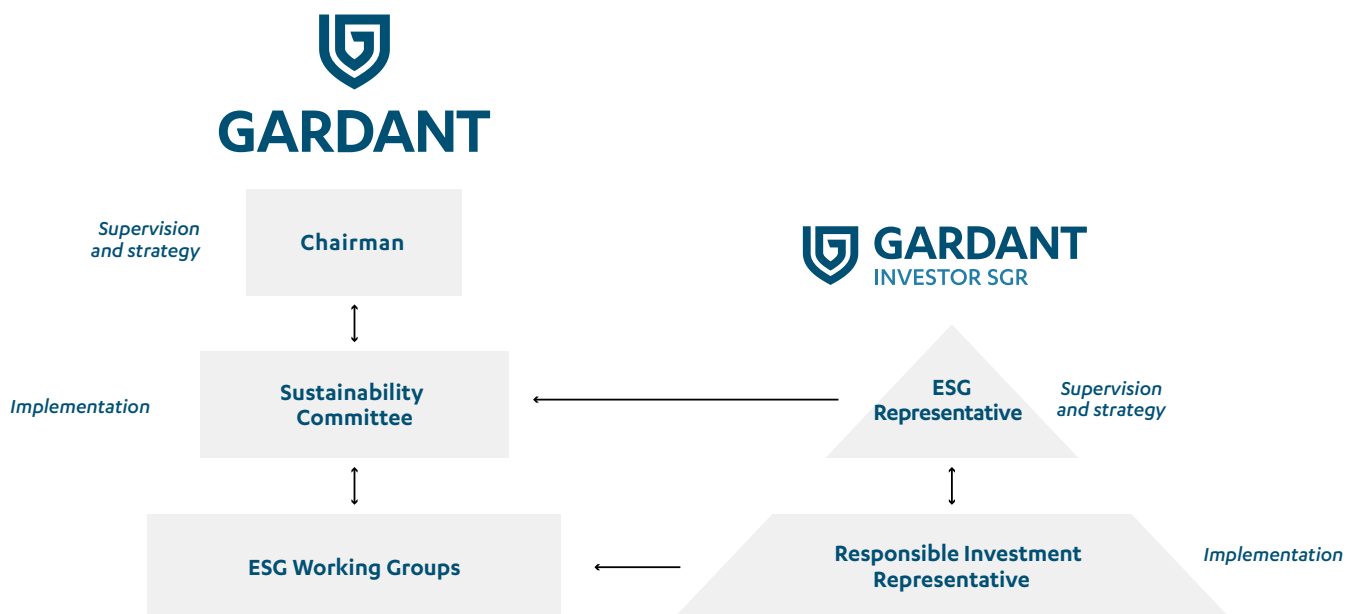
- Group Code of Ethics and Conduct;
- Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/01, for each Group company;
- Group-wide ESG Policy of the Parent Company;
- SRI (Social Responsible Investment) Policy, by Gardant Investor SGR.

In addition, the Gardant Group has other relevant documents for the integration of ESG factors:

- Code of Conduct in Debt Management and Recovery;
- Information Security Policy;
- Related Party and Conflict of Interest Transactions Policy - Master Gardant;
- Personal Data Protection Policy;
- Media, Events and Social Media Policy.

In 2022, additions were made to the regulatory body, the most notable of which is the policy for charity work.

SUSTAINABILITY GOVERNANCE



2.3 Commitments

In the process involving the management of the entire company, the ESG Policy was defined first and foremost and the issues on which the Group decided to focus and make commitments were selected, some already at inception, others during the three-year period 2021-2023, the reference period of the ESG Master Plan. In particular:

- governance and accountability;
- accountability and transparency in business;
- direct and indirect environmental impacts;
- suppliers and value chain;
- involvement in and commitment to the community;
- human resources development;
- compliance for sustainable finance;
- communication and dialogue with stakeholders.

The ESG Master Plan details the individual commitments made for each issue, defines their ownership and sets a timetable for implementation.

The following is a high-level representation of the individual pillars, referring to the following sections for topics considered relevant to this report, both with reference to what has been achieved in 2021 and for a preview of the main steps that await the Group in 2022.



Governance and accountability

This represents the coordinated set of responsibilities, tools and actions for the consistent implementation of the Group's vision with respect to sustainability issues. The creation of the reference architecture, which allows the governance and accountability of the actions taken and to be taken, is Gardant's first commitment and continues through monitoring the effectiveness of the activities undertaken and the implementation of any initiatives with respect to the evolution of the internal and external context.



Accountability and transparency in business

The accountable and sustainable approach in its business, which the Group has identified in the ESG Master Plan, covers:

- principles of good conduct with regard to debt collection activities;
- proactive behaviour in the recovery of credit positions aimed, where possible, at restoring or rehabilitating the debtors' conditions of continuity;
- appropriate tools and methodologies for the assessment and management of risks and sustainability factors in the management of invested assets, as well as their constant updating according to the evolution of the reference market;
- adoption and extension of good governance and efficiency practices in master servicing activities, with the aim of ensuring the proper, timely and efficient administrative management of receivables.

With particular reference to the investment activities of



Direct and indirect environmental impacts

The Group has identified two specific areas of activity dedicated to environmental sustainability:

- the direct impacts generated in the performance of its activities, which are related to material consumption, waste management, emissions and sustainable site layout;
- the constant monitoring of the assets held in the portfolio in order to map, as far as possible, the environmental aspects related to the assets for which the Group, also through its subsidiaries, has acquired ownership, planning and carrying out related maintenance and upgrading interventions depending on the specific circumstances.



Suppliers and value chain

In this context, the Group intends to progressively include sustainability issues in its selection and procurement processes in order to recognise and reward good practices in terms of ESG factors.



Involvement in and commitment to the community

In addition to Gardant's commitment to conducting its debt collection and investment business in a responsible manner, through its Parent Company and individual companies, the Group intends to promote the creation of positive social impacts by supporting local communities, for example through donations or the promotion of corporate volunteering.



Human resources development

The main responsibility towards employees focuses on respect for the individual, his or her fundamental rights as well as the value that the individual can express. The Group is committed:

- to the continuous development of policies, corporate welfare solutions, and practices that ensure well-being and safety in the workplace;
- to continuous training and skills enhancement to ensure gradual professional development;
- to respecting diversity & inclusion, also in recruiting processes.



Sustainable finance compliance

Gardant offers full disclosure of its sustainability performance and ESG factor management approach with respect to investment activities. The SRI Policy adopted by Gardant Investor SGR is part of this commitment.



Communication and dialogue with stakeholders

The Group seeks to give broad and transparent visibility to all ESG / SRI activities. Communication is not only about performance reporting, but about giving proactive visibility to focus and 'case studies' with the aim of enhancing the Group's good practices, through the following channels:

- *own media* (corporate and proprietary websites);
- *social networks* (Group corporate page);
- external communication through *the media*;
- internal communication;
- institutional communication.

In this regard, the Group recognises and promotes the importance of dialogue with relevant stakeholders, as already mentioned in the respective sections and as also established in the ESG Master Plan.

2.4 The UN's Sustainable Development Principles and Goals

The Group affirms the importance of the 10 principles called for by the UN Global Compact, starting with the following goals, which have been recognised since its establishment:

- **Goal 3:** Ensure healthy lives and promote well-being for all at all ages;
- **Goal 4:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;
- **Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- **Goal 9:** Build resilient infrastructure, promote inclusive and sustainable industrialisation and support innovation.

Joining the UN Global Compact is one of the actions of the ESG Master Plan to which the Sustainability Committee has given priority, believing in the principles that guide the initiative and the importance of participating in an internationally recognised framework for the enhancement of sustainability commitments.

Initial discussions were held with the contact persons of the UN Global Compact Network Italy (UNGCI Italy) during 2021. The membership anticipated for 2022 will commit Gardant to drafting the Communication on Progress, according to the guidelines provided by the organisation itself.



Ensuring health and well-being for all ages



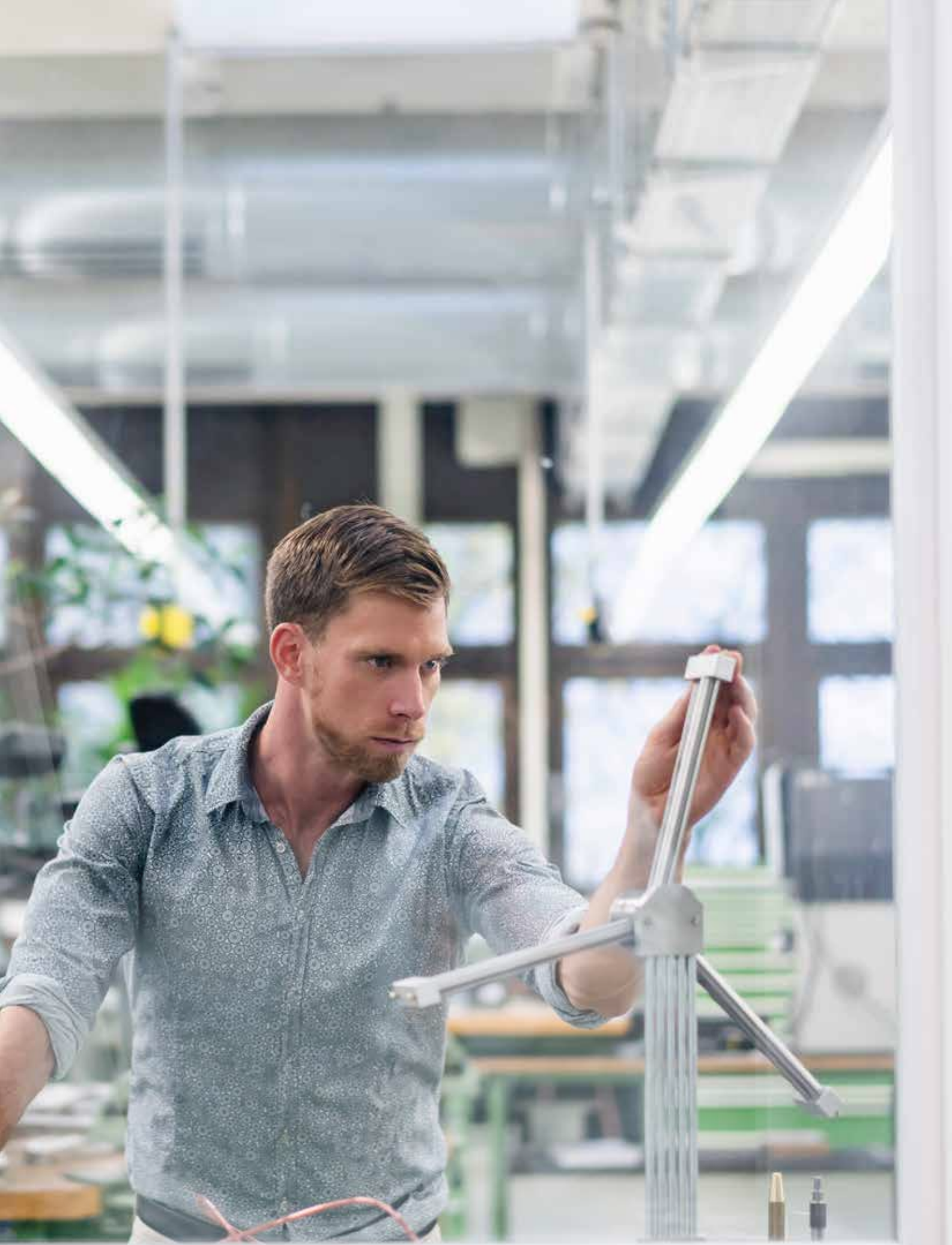
Providing quality, equitable and inclusive education and learning opportunities for all



Incentivising sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Building a resilient infrastructure and promoting innovation and fair, responsible and sustainable industrialisation



3

Actions carried out: a look ahead

As part of the identification of the priority action areas for the definition and implementation of the ESG Master Plan, carried out with the involvement of the ESG Working Group contact persons, the relevant topics for the 2021 financial year were also defined for reporting sustainability activities, which would help the relevant stakeholders to understand the goals set, the approach adopted, and the activities carried out.

The themes thus identified include:

- responsible investment;
- integrity and fairness in credit servicing;
- compliance and transparency;
- privacy and data security;
- direct environmental impacts;
- suppliers and value chain;
- development and protection of employees;
- commitment to the local community;
- economic solidity and value creation.

Each material topic is discussed in more detail in the respective section on the following pages.

3.1 Sustainability in business

3.1.1 Responsible investments

Gardant Investor SGR's approach to responsible investment

Since its creation and in line with the objectives defined by the Gardant

Group, the SGR is committed to considering ESG factors in all its operations, starting with its core business of investing in impaired loan portfolios.

Taking a correct and responsible approach in the investment process and in the management of risks and opportunities related to ESG issues is one of the keys to generating added value for:

- investors in need of reliable and competent business partners;
- debtor stakeholders who can rely on behaviour that complements sustainability and business continuity assessments;
- the economic system of the country in which the Group operates and, more generally, in which specialised skills and instruments can enhance assets already classified as impaired;
- the environment and the territory, thanks to the environmental rehabilitation and revaluation of the assets owned.

To this end, during 2021 and as part of the Group's project to define the ESG Master Plan, the SGR defined an ad hoc, cross-cutting responsible investment policy (SRI Policy) to supplement the procedures in force and the investment policies set out in the management regulations of the managed funds.

The SGR regards a responsible investment approach as an essential part of its positioning in the reference sector in which it operates and aims to strengthen the process that guides investment choices and relations with business partners and clients/debtors, as well as to promote good practices relating to debt collection. The unique characteristics of investments in impaired loans limit the possibility of applying carve-out or exclusion strategies when selecting assets; nevertheless, the SGR conducts thorough screening and due diligence on potential investments, and takes a fair and responsible approach when managing them. The essential elements of the SRI Policy are listed below.

General approach



Align with the principles and good practices of UNIREC (National Union of Credit Protection Companies).



Adopt and promote a management mode characterised by transparency and fairness.



Give preference to out-of-court recovery over judicial recovery.



Promote the application of negotiation standards that also consider responsible and reliable behaviour on the part of debtors.

Asset-specific approach



Leasing credit portfolios
- monitoring of ESG risks, environmental upgrades and revaluation of owned assets.



Portfolios or individual UTP positions - promotion of management strategies aimed at restoring solvency and business continuity.

In order to ensure the proper implementation of the SRI Policy, the SGR has adopted an ESG governance structure consistent with the accountability requirements set forth in the United Nations Principles for Responsible Investment, defining roles and responsibilities for the implementation of the Policy itself and the supervision of the processes for integrating sustainability in investments. The investment team and top management were involved in the process, and a direct line of dialogue was created with the Gardant Group's overall sustainability governance.

Transparency on sustainability in the financial services sector

On 10 March 2021, EU Regulation 2019/2088 on sustainability reporting in the financial services industry came into force. The Regulation requires financial market participants and financial advisors to disclose their approach to the integration of sustainability factors and to improve the level of information on sustainable products, in particular with regard to:

- how ESG risks can be taken into account in their decision-making and investment processes;
- assessments of any negative impacts of the investment policies adopted on environmental and social issues.

In line with the provisions of the most recent European regulations, the SGR adopts appropriate activities and processes to ensure the correct

implementation of the regulations: in particular, this process takes place through the integration of ESG criteria in its processes and conduct. In this sense, the SGR aims to monitor and guard against risks related to sustainability factors that investments might generate for investors and counterparties.

The SGR is also committed to transparently communicating its approach to the integration of sustainability factors in investments, with particular reference to the assessment and management of ESG risks, through the channels established by the regulations in force, starting with pre-contractual and periodic information and disclosure through the website: <https://www.gardantsgr.eu/sostenibilita/politiche-e-codici-esg/>

3.1.2 Integrity and fairness in credit servicing

Accountability and sustainability are an integral part of Gardant's approach to business, starting with the Group's recognised core values:

- integrity and legality - operating in an impeccable and impartial manner, in full compliance with laws and regulations and taking into account our social responsibility;
- transparency - building all our relationships with key stakeholders on the values of trust and mutual honesty, committing to communicate key information to them in a clear, timely and continuous manner;

- client centricity and adaptability - putting the client at the centre of our work, trying to understand their needs and providing them with customised solutions.

In line with these values, and with particular reference to special servicing activities, the Group adopts specific 'Credit Recovery Rules' (hereinafter 'Rules') as part of the Code of Conduct in Credit Management and Recovery.

The Rules stipulate that those involved in credit management and recovery - regardless of whether they are Group employees or third-party professionals - are required to ensure that their activities comply with the principles set out by the Italian Data Protection Authority on Privacy and Credit Recovery, and that their activities are carried out with respect for the debtor's personal dignity, avoiding conduct that may affect the debtor's confidentiality.

In particular, they are required to comply with the following provisions:

1. the counterparties (direct obligors, co-obligors and guarantors) must be informed of the creditor's reasons in a timely and transparent manner. For the performance of the assignment, the parties involved in the management and recovery of credit shall carry out, in total autonomy, but in a spirit of conciliation, every activity permitted by the relevant legislation, subject to compliance with the principles of fairness;
2. the parties engaged in the credit management and recovery do not have the power to agree on discounts, deferrals, changes to the amount owed by the debtor, in addition to the interest and costs accrued and accruing in the meantime, unless they have the power to do so;
3. if, at the end of negotiations, the counterparties suggest or agree on solutions other than the immediate payment of the entire sum due, it

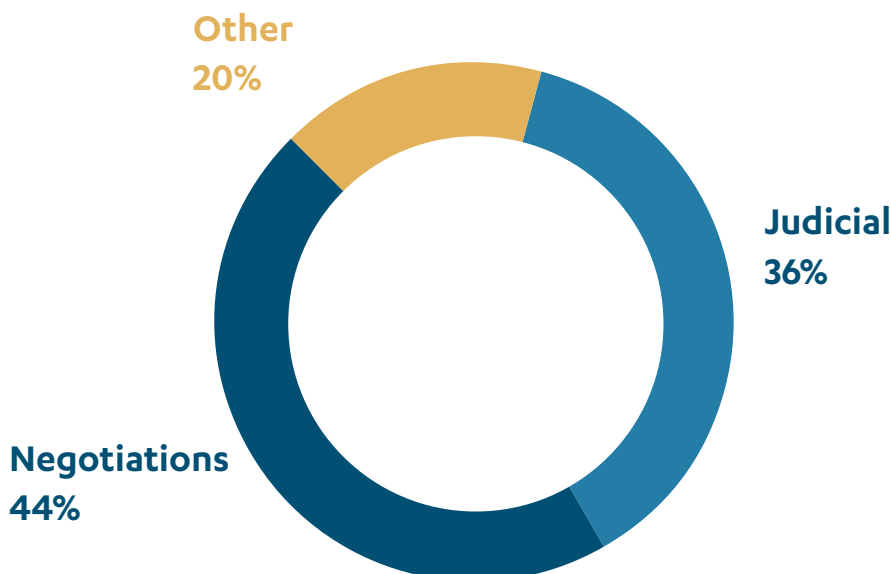
- shall be the responsibility of the parties involved in the credit management and recovery to invite them to formulate their proposals in writing (which must be accompanied by an exhaustive report) or, if necessary, to visit the Group's offices for the appropriate investigations;
4. in the performance of debt collection activities, those involved in credit management and recovery shall:
 - > negotiate and/or disclose sensitive information only to the debtor or his proxy, seeking, as far as possible, to ascertain the identity and/or requesting a copy of the proxy. As far as legal persons are concerned, negotiate/communicate only with their representative and/or their delegate;
 - > always maintain a professional demeanour and not hold confidential relations with the debtor;
 - > not exert undue pressure or threats on the debtor in order to induce him to pay;
 - > behave with utmost professionalism at all times to protect the image of the creditor company.

Objectives, commitments and prospects

At the end of 2021, Gardant Liberty Servicing began its membership in UNIREC (National Union of Credit Protection Companies) with the aim of contributing to the industry's commitment to adopt a code of conduct regulating ethical behaviour in recovery activities. In fact, its membership entails the adoption of the 'Code of Conduct for Credit Management and Protection Processes', which, from the preliminary analysis carried out, recalls rules of conduct already applied by Gardant Liberty Servicing and Special Gardant Servicing.

Once the registration process has finished, the process for Special Gardant Servicing's membership will follow.

Collection strategies



3.1.3 Compliance and transparency

Approach

The Gardant Group's origin from a bank based on a system of structured and pervasive internal controls has allowed the newly formed Group to inherit the set-up, approach and *modus operandi* already adopted in the banking Group. In fact, Gardant promotes a corporate culture marked by principles of honesty, fairness and respect for regulations and adopts specific organisational safeguards aimed at ensuring strict compliance with the internal and external regulatory framework.

The dissemination of the compliance culture in the Group takes into account the strategic importance for Gardant of ensuring the safeguarding of corporate assets, the efficiency and effectiveness of business processes and operations, the reliability of financial information, and compliance with laws and regulations.

Within the ICS, the compliance functions set up respectively at Master Gardant S.p.A. and Gardant Investor SGR S.p.A., the two Group companies subject to direct supervision by the Supervisory Authorities, play a key role.

Both functions have their own compliance regulations and process, which are governed by specific policies.

For the management of the compliance process, the organisational model of the two companies, Master Gardant and Gardant Investor SGR, envisages:

- entrusting the Board of Directors of the companies with the task of approving and supervising, together with the Board of Auditors, the compliance risk management system;
- making all employees and, in particular, the heads of the organisational structures of Gardant's companies responsible for compliance with the relevant external and internal regulations;
- the establishment of a specific function responsible for non-compliance risk management: the Risk Management, Compliance and Anti-Money Laundering Function in Master Gardant and the Compliance Function in Gardant Investor SGR;
- the identification and distinction of roles and responsibilities for risk management at all levels of the organisation.

Internal Control System

The Group's Internal Control System operates within the reference organisational model and is the tool for overseeing the assumption and ongoing management of risks; it therefore concerns the functions responsible for controls, and involves all the corporate structures of the Group companies through the definition, application and evolution of mechanisms, methodologies and tools capable of identifying, measuring/assessing, managing/mitigating risks and ensuring adequate reporting to the corporate bodies.

Through Group Controls, the Parent Company ensures the coordination of the Group's entire Internal Control System, without prejudice to the autonomy and independence of the control functions of the supervised companies.

In the context of non-compliance risk management, the mission of the Compliance Function is to ensure the effective identification and assessment of the risk to which Group companies may be exposed.

In order to monitor and manage the risk of non-compliance according to a risk-based approach, the Function aims to:

- ensure compliance with the rules;
- avoid the risk of sanctions;
- improve the Group's image;
- prevent reputational and image damage;

- increase the trust of 'stakeholders'.

The Function is responsible for:

- continuously identifying the regulations applicable to Group companies and assessing their impact on company processes and procedures;
- defining specific organisational measures for verifying the compliance of activities and processes with external-regulation (laws and regulations) and self-regulation (codes of conduct, codes of ethics), to be submitted to the Board of Directors for approval;
- ensuring that the compliance risk assessment is updated following external regulatory reviews or internal organisational changes;
- verifying that internal organisational measures are capable of ensuring compliance with all legal obligations and those established in internal regulations;
- preparing the annual plan of activities and carrying out the planned audits and follow-ups;
- providing advice and assistance to corporate bodies in all matters where the risk of non-compliance is relevant;
- the ex ante assessment of compliance with applicable regulations for all innovative projects (including the operation of new products or services) that the company intends to undertake;
- preventing and managing conflicts of interest both between the different activities carried out by the company and with regard to employees and company representatives, verifying the existence and ongoing reliability of the conflict prevention procedures and systems adopted;
- contributing to the organisation of staff training activities on the regulatory provisions applicable to Group companies in order to disseminate a corporate culture based on the principles of honesty, fairness and compliance.

Following the establishment of the Gardant Group, the compliance functions conducted specific verification activities in the latter part of 2021, in line with the plan of activities approved by the company's Board of Directors, also taking into account the activities already present in the plan drawn up by the homologous Function of Credito Fondiario.

As far as Gardant Investor SGR is concerned, since the company is still in the initial phase of its operations, the compliance function continued to make its contribution exclusively through (so-called ex-ante) activities of prior assessment and advisory support.

A control plan is being defined for 2022 which is based on the new organisational reality and the application of a risk-based logic.

The solidity of the Group's compliance culture and the respect of all employees for the principles of ethics and fairness enshrined in Gardant is confirmed by the absence, during 2021, of any episodes of non-compliance with regard to corruption, anti-competitive behaviour or compliance with regulations and/or self-regulatory codes on marketing communications.

The Organisational, Management and Control Model

In continuity with the approach previously adopted, Gardant has decided to equip each company in the Group with a special Organisational, Management and Control Model which defines the control and behavioural principles that must be adopted in order to reduce the risk of committing the offences envisaged by Italian Legislative Decree 231/2001 (hereinafter, '231 Model').

The 231 Model is integrated within the regulations, procedures and control systems already in place and operating within the Group, to guard against unlawful conduct in general, including the conduct

established by specific legislation that provides for the administrative liability of entities.

The Board of Directors of each Group company is responsible for ensuring the effective implementation of the 231 Model, assessing and approving the actions necessary to implement or amend it. For the identification of such actions, the Board of Directors is supported by the Supervisory Body ('SB' or 'Body').

The Supervisory Body is required to continuously perform the activities necessary for the supervision of the Model, with adequate commitment and the necessary powers of investigation. To this end, the Body's tasks mainly include the following activities:

- internal audit on the efficiency and effectiveness of the 231 Model and the Group Code of Ethics and Conduct;
- verification of actual knowledge of the Group's internal regulations by each person dealing with the companies, and the actual and correct application thereof;

- maintenance of the 231 Model reporting system and reporting to the Board of Directors at least once a year;
- proposal to the Board of Directors of any disciplinary sanctions in the event of significant non-compliance by the recipients of the Model and supervision of the provision thereof.

The project for drafting the Group's 231 Model began in the last quarter of 2021, which will be completed by the first quarter of 2022.

In order to ensure uniformity at Group level, in the framework of the activities of drafting and updating the 231 Models, the model for each Group company is developed according to the following guidelines:

- promptly appointing the Supervisory Body;
- ensuring the systematic updating of the Model in the light of developments in corporate operations, any regulatory changes, and if significant and/or repeated violations of the provisions of the Model make it necessary;

Internal Control System within the Gardant Group

First-level controls

Carried out directly at the operational level by the corporate structures during day-to-day operational business

Second-level controls

Carried out by the following structures:

- Group Controls, in the Parent Company Gardant SpA, which takes care of the harmonisation of models and processes for identifying, measuring and monitoring risks, ensuring an adequate level of independence in the performance and execution of control activities;
- Risk Management, Compliance and Anti-Money Laundering Function in Master Gardant, dedicated to second level controls for Master Gardant;
- Risk Management Function in Gardant Investor SGR, which has the objective of ensuring both current and prospective assessment and monitoring of the various types of risk, as well as the definition and implementation of second-level controls;
- Gardant Investor SGR's Compliance & AML Function, which has the objective of controlling and periodically assessing the adequacy and effectiveness of the measures, policies and procedures adopted by the company with respect to Directive 2011/61/EU ('AIFMD')

Third-level controls

Carried out by the following structures:

- Group Controls, in the Parent Company Gardant, under the responsibility of the Chief Controls Officer (CCO), carries out third-level controls on the Parent Company and on the subsidiary Special Gardant (including the subsidiary Gardant Liberty Servicing);
- Internal Audit function of Master Gardant;
- The Internal Audit Function of Gardant Investor SGR (outsourced to the company Protiviti Italy S.r.l.) is respectively responsible for the performance of third-level controls of Master Gardant and Gardant Investor SGR.

- preparing communication and training activities addressed indiscriminately to employees, as well as specific training interventions for those engaged in activities that are more sensitive in terms of Italian Legislative Decree 231/2001;
- initiating the updating of the 231 Risk Assessment with reference to new offences and organisational changes.

As the Parent Company, Gardant S.p.A. will ensure that the Models of its subsidiaries comply with the principles communicated to them.

Code of Ethics

The Group Code of Ethics and Conduct is an integral part of the Organisational, Management and Control Model adopted in application of Italian Legislative Decree 231/2001 and regulates the rights, duties and responsibilities that the Group expressly assumes vis-à-vis the stakeholders with which it interacts in performing its activities. The Group's activities must be carried out in compliance with the law

and in accordance with the principles of ethics, impartiality, honesty, transparency, diligence and confidentiality towards shareholders, recipients, as well as public administrations and stakeholders or entities with which the Parent Company and subsidiaries come into contact in performing their main and/or instrumental activities.

These principles are set out below:

In order to guarantee compliance with the rules that make up the Code of Ethics and Conduct, the Group undertakes to ensure that all addressees of the Code are aware of it and receive, in a timely manner, any updates and clarifications necessary for the correct performance of their work.

In this regard, the Code of Ethics and the provisions contained therein are to be understood as binding, without exception, and are addressed to the corporate bodies (and their members), employees, consultants and collaborators, business or financial partners, consultants, and agents in general, with whom all the companies belonging to the Group have business relations.



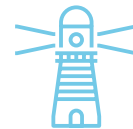
Ethics in conducting business

In pursuing its profitability goals, the Group pays utmost attention to the principles of fair competition with other operators in order to protect corporate value. Indeed, the industrial Group believes that the ethics promoted in the conduct of its business and the pursuit of its goals enhances its image and reputation in terms of reliability, fairness and transparency.



Impartiality

In decisions involving stakeholders, the Group avoids any discrimination based on age, gender, health, race, nationality, political opinions, religious beliefs or other criteria interfering with the fundamental rights and freedoms of individuals enshrined in the Constitution.



Honesty

Relations with the Group's stakeholders are characterised by fairness, cooperation, loyalty and mutual respect.



Transparency

The Group and its employees are committed to providing complete, transparent, comprehensible and accurate information to enable its clients and, more generally, all those interested in the Group's results to make independent and informed decisions.



Confidentiality

Recipients shall ensure the confidentiality of the information and personal data processed and the protection of information acquired in connection with the work performed. It is therefore forbidden to use the information obtained for purely personal purposes in order to gain undue profit or in such a way as to harm the image and reputation of the Group.

Whistleblowing

The Gardant Group adopts, among other initiatives, a system for handling reports of unlawful conduct (whistleblowing), which takes the following form:

- delivery of the 'confidential/personal' letter to the Whistleblowing Officer or, where he/she is not present, to his/her direct collaborator;
- alternatively, the report may be made using dedicated and confidential e-mail addresses, access to which is restricted to the Whistleblowing Officer of each Group company.

The Board of Directors, in consultation with the Board of Auditors, has identified the 'Whistleblowing Officer':

- for the Parent Company, in the Chief Controls Officer;
- for Master Gardant, in the head of the Internal Audit Function;
- for Gardant Investor SGR, in the head of the Internal Audit Function;
- for Special Gardant (including Gardant Liberty Servicing), in the head of Group Controls of the Parent Company.

These appointed people are responsible for receiving, examining and assessing the reports received and reporting directly to the corporate bodies.

During 2021, no reports were registered through the whistleblowing process.

Some refinements of the whistleblowing process management framework are being considered for 2022 to ensure increasing alignment with best practices.

Anti-money laundering and terrorist financing

The Group companies subject to the regulations are:

- **Gardant Investor SGR** as an asset management company specialising in investment solutions, dedicated to institutional investors and focused on the sector of impaired and illiquid loans;
- **Master Gardant** as a financial intermediary pursuant to Article 106 of the Consolidated Banking Act;
- **Special Gardant** and **Gardant Liberty Servicing**, as non-financial operators pursuant to Article 115 of the Consolidated Law on Public Security authorised to carry out extrajudicial debt collection activities on behalf of third parties;

These companies are not only required to carry out investigative work on the relationships and transactions in which they participate, but also to take appropriate measures to identify and assess money laundering and terrorist financing risks.

The Group's governance system for combating money laundering and terrorist financing is defined within the appropriate internal regulations, which contain the rules of conduct, roles and responsibilities and the operations to be put in place to comply with the main obligations imposed by anti-money laundering legislation.

No cases of AML violations were reported in 2021.

3.1.3 Privacy and data security

Gardant's approach and commitment

Privacy

The protection of clients' personal data is a fundamental element of the Gardant Group's activities. The Group is committed to ensuring that the collection and processing of personal data is carried out in compliance with the provisions of EU Regulation 2016/679 and relevant national

legislation, as well as with the rulings of the Data Protection Authority.

In August 2021, the Personal Data Protection Policy was updated and approved by the Board of Directors, which regulates the privacy management model of the Gardant Group companies.

The Model identifies various figures with specific tasks and responsibilities in the area of data management, including:

- the Data Controller;
- the Data Protection Officer (DPO);
- the Data Processor and, if appointed, the Sub-Processor;
- the System Administrator;
- the Person Authorised to process the data or Person in Charge.

There is also a specific set of rules that regulates the following processes to ensure the management of compliance with Regulation 2016/679 (GDPR):

- Enforcement of the data subject's rights;
- Data Breach;
- Privacy by Design-Default;
- Portability of personal data;
- System Administrator.

These documents are published and made available on the company portal, and shared with each employee or collaborator at the time of recruitment.

The DPO has a central role in the Gardant Group, in the general management of privacy and in the implementation of new projects that have an impact on the protection of personal data: in particular, he ensures the control of privacy legislation, guaranteeing the transposition of the relevant updates and regulatory alignment, monitoring the fulfilments also established by the provisions of the Data Protection Authority and thus protecting against the risk of non-compliance.

With regard to the handling of data subjects' requests, the Gardant Group has adopted and formalised specific procedures aimed at ensuring that they are duly handled within the timeframes established by the GDPR. These tools have enabled the mitigation of reputational and non-compliance risks in the processing of personal data, including with regard to the lawfulness and fairness of such processing.

Data security

Computer security, or cyber security, has become a major issue for every type of company, and for the Gardant Group it is also one of the main points of focus and investment.

The Group has equipped itself with MSS - Managed Security Services, which guarantees proactive traffic monitoring on network equipment, session logging, intrusion prevention with AI, and is manned by specialised personnel 24/7.

It has implemented an MDM - Mobile Device Management - system to manage mobile devices and laptops, the encryption of all corporate devices, and access to its management systems is exclusively via MFA - Multi Factor Authentication.

For the provision of its cloud services, the Gardant Group has selected an innovative data centre with a strong orientation towards sustainability issues. It has various certifications in this area, including ISO 14001 (environmental management systems) and ISO 50001 (energy management), and exclusively uses renewable energy sources with the highest efficiency levels in the world and is monitored by a Network Operation Centre (NOC) by means of the Living Data Centre (LDC), a proprietary automated system for monitoring performance and adjusting environmental parameters.

The most relevant features include:

- in terms of efficiency, the model guarantees total compartmentalisation between hot and cold air (T-SCIF structure), ensuring that the heat emitted by the equipment does not come into contact with the cold aisles within the data centre. The highest possible density and efficiency is achieved with this solution. With an even temperature, the data centre offers an ideal environment to ensure a good life cycle for IT equipment. The steel infrastructure supporting the T-SCIF system also acts as a thermal flywheel, allowing the facility to achieve resilience levels above the highest industry standards;
- the cooling system is based on a modular set of AHUs (Air Handling Units) using the principle of indirect evaporative cooling, by means of air-to-air exchangers suitably cooled by water systems (outside the data centre).

Security is guaranteed by a tri-redundant UPS power supply system capable of ensuring 100% availability by means of cabling laid in overhead conduits and supplied from two completely separate sources. In addition, the data centre is built one and a half metres above the surrounding areas in a strategic position also from a seismic point of view: it is built to withstand a zone 2 level of risk, piling under the ground by means of micropiles up to 15 metres. The location of the data centre is also an important no-fly-zone, due to its proximity to air traffic corridors.

During 2021, the Group provided all its personnel with a compulsory training plan in the field of corporate security, focusing in particular on the security aspects of working remotely.

In addition, the Group:

- signed an insurance policy to cover cyber risks;
- implemented further projects aimed at strengthening the security and resilience of corporate information systems.

Objectives, commitments and prospects

An IT security programme for the year 2022 (Gardant IT Security Programme) was prepared to further strengthen the security and resilience of the company's information systems.

The main planned interventions include:

- signing a contract with a specialised company for regular network vulnerability checks (Penetration Test and Vulnerability Assessment);
- signing a contract with a specialised company to monitor the dark-web for the presence of any compromised credentials;
- implementing a single patch distribution software to verify versions of corporate software and reduce the period.

3.2 Care for the environment

3.2.1 Direct environmental impacts

Reducing impacts

The Group has prioritised the reduction of impacts produced by its current operations and, where this is not possible, is committed to balancing them by contributing to projects with a positive impact.

With this in mind, several initiatives were launched in 2021.



Paperless processes

The dematerialisation process aimed at replacing paper with digital media concerned incoming/outgoing correspondence and payables management for the entire Group.

Application sorting systems were implemented on both processes in order to drastically reduce the need for printing when documents are returned to those concerned.

By way of example, the approval process of about 30,000 invoices was successfully managed via dematerialised workflows in 2021 and more than 10,000 pieces of incoming correspondence were sorted with information workflows, without the need for any printing.

Consistently, the Group has also equipped itself with technologies for the paperless management of Board and Committee meetings (paperless CDA).



Go Green DHL

Through its subsidiaries Gardant S.p.A. and Gardant Liberty Servicing SpA, the Group has joined DHL's Go Green Climate Neutral programme, which allows carbon dioxide emissions generated by shipments to be calculated and offset by investing in climate protection projects. DHL annually certifies the total CO₂ produced and the credits used to finance selected green projects.



Water dispensers

Water dispensers connected to the water mains are available to all employees and guests at the Milan and Rome sites. In doing so, the Group aims to:

- minimise water waste and the use of plastic;
- maximise the use of supplied resources, replacing the purchase of bottled and/or drummed water,
- streamline the activities necessary for procurement and distribution.



Battery collection

Starting in October 2021, the Parent Company joined the collection service for used batteries and portable power packs. The service is extended to all Group companies and is carried out for all types of portable batteries envisaged by Italian Legislative Decree 188/08; for treatment and recycling needs, collection is differentiated depending on the different types of batteries (alkaline battery, lithium battery, other)

Objectives, commitments and prospects

LEED certification for the new headquarters in Rome

In 2022, the Rome office will move to a building for which the LEED® Gold category certification process is underway. This process recognises building performance in key areas such as energy and water savings, CO2 emissions reduction, improved indoor ecological quality, materials and resources used, design and site selection.

Water dispensers

Given the positive outcome of the pilot project in the Milan office, the project to distribute drinking water through dispensers connected to the water mains for free use by employees and guests was extended to the new Rome office. In this respect, on Gardant's first day, the company had already given all Group employees a welcome kit. The kit contained a thermal water bottle that employees could refill at the dispensers.

Renewable energy agreement

The use of energy certified as being from 100% renewable sources is being considered in 2022.

Recycling

With the establishment of the new headquarters in Rome, it is planned to adopt protocols for the correct sorting and recycling of waste, and to place special containers for the separate collection of organic, plastic and metal waste (in addition to those already in use for paper and cardboard).

Furniture disposal

Following the relocation of the Rome office, the furniture and equipment in the current location will have to be disposed of. In order to reduce the environmental impact, actions are planned to give priority to free-of-charge transfers to organisations that guarantee their use for social sustainability projects.

Performance Indicators

Materials used by weight or volume

Weight or total volume of materials used to produce and package the organisation's primary products and services during the reporting period divided into: (I) non-renewable materials used; (II) renewable materials used.

UoM: Tonnes	2021
recycled paper	0.54
non-recycled paper	0.06
total paper	0.60

Waste generated

Total weight in tonnes of waste generated and breakdown of total weight according to waste composition

EWG CODE	Waste category	[kg]	[t]
200101	Paper and cardboard	540.0	0.5

Energy consumed

Total energy consumption

Internal primary energy consumption (from non-renewable sources)	GJ	466.73
Natural gas for heating	m3	11,752.00
Internal consumption of transformed energy	GJ	12,688,288.83
Purchased electricity, of which from non-renewable sources	KWh	254,310.00

Direct and indirect greenhouse gas (GHG) emissions

Direct GHG emissions (Scope 1) Natural gas for heating / cogeneration	tCO2e	23.75
Indirect emissions by energy source (Scope 2 - Location based)	tCO2e	75.77
Indirect emissions within the organisation by energy source (Scope 2 - Market based)	tCO2e	116.62

3.3 Care for stakeholders: people, suppliers and communities

3.3.1 Employee development and protection

Attention to people

Gardant recognises the centrality of its employees and the decisive role they play in the Group's continuity and development. In the transition from banking institution to industrial group, Gardant has also maintained the quality and attention to the personnel management style it has built and renewed over the years: protection of rights, skills enhancement, professional growth, work-life balance, and safeguarding health and well-being at work are at the centre of the Group's actions towards its employees.

The Code of Ethics and Conduct and the body of internal regulations adopted by the Group are an expression of the attention paid to people. The first declares the value placed on employees and enshrines the principle of non-discrimination based on age, gender, health, race, nationality, political opinions and religious beliefs. The second, i.e., the set of policies, regulations and procedures, is enacted to translate the principles into practice, so that they can be applied both in day-to-day operational activities and in the case of extraordinary events, including, in particular, the management of health emergencies and changes in corporate structure.

The two pillars on which the Group develops its approach towards employees are professional development and welfare in its different meanings.

The Group's proactive behaviour, oriented towards dialogue with employees and the promotion of diversity and equal opportunities, meant that no cases of discrimination were recorded in 2021.

Composition

The Group currently has 333 employees; of these, 92% are from Credito Fondiario and the rest are new hires.

This composition gives the Group solidity and strength: on the one hand, it includes relationships and skills built up over the years, and on the other hand, the new additions promote the integration and updating of staff skills and experience.

The gender split is balanced (45% of employees are female and 55% male). The Group has launched a series of initiatives aimed at maximum respect for gender equality, also in the process of selecting new personnel: in 2021, 50% of the resources hired, including those hired by Credito Fondiario that were then merged into the Group, were 50% female and 50% male.

Professional development

Professional development is a strategic process within the Group. The Human Resources function of Gardant S.p.A., which operates for the entire Gardant Group, is committed in this direction, by virtue of the outsourcing contracts for 'Corporate Centre' services signed with the respective companies.

Specifically, the structure takes care of the relationship with employees throughout their career, with the aim of aligning the individual's personal growth with the impetus for change and innovation that drives the Group. The process consists of several interconnected steps, summarised below.

Recruiting

The Group's recruitment policy is based on the concept of opportunity, with no constraints in terms of age or gender or life stages (e.g., new mothers or new fathers, completion of studies). The recruitment criteria defined in the recruiting process focus on what matters: professionalism, consistency with the Group's culture, adherence to objectives, compatibility with team members and growth potential.

There were 34 new hires in 2021, nine of which were under 30 and eight over 40, while women accounted for 48% of the total (50% if we consider the hires in Credito Fondiario, later merged into the Group).

Once hired, each person follows a structured onboarding process that facilitates their integration from the very first day. This includes the immediate availability of all IT tools, active users, access to applications and relevant information, introduction to team colleagues and company contact persons, and meeting with Human Resources staff. The new hire is then accompanied in getting to know and move comfortably within the organisational context, both in terms of relationships and operational content. As evidence of how effective the on-boarding process is, the periodic follow-up activity shows how new hires are fully integrated into the work processes in just a few months.

The Human Resources team takes on the specific requests of each employee, with the aim of ensuring a direct and attentive approach to the needs of the individual.

Internal training

Training ensures the professional development of the individual and their connection with the development of the strategic skills necessary for the Group's own growth, depending on the business and the target market.

The objectives pursued by the Group's training policy are:

- strengthening the technical-professional content needed to perform each role and keep the level of professionalism up-to-date;
- fostering relations and exchanges between colleagues;

- developing cross-cutting skills, functional to the role and functional category;
- ensuring the development of a culture of continuous learning.

These objectives were steadily pursued in the years leading up to 2021, whereas in this last year training was affected, but only partly slowed down, by two important factors:

- the extraordinary commitment of all structures in the preparation and implementation of the new corporate structure of the industrial Group, which resulted in less time and resources being available for training than in previous years;
- attendance management connected to limiting the spread of the pandemic, which has conditioned the type of training delivered and deliverable, leaning towards remote training courses and, for this reason, with predominantly technical content.

In spite of these difficulties, two training courses for team leaders were conducted in hybrid form (in-person and remotely) also on the managerial and motivational front: one on the subject of performance appraisal, in order to emphasise the importance of this process for staff development and growth; the other dedicated to managerial skills, with an approach strongly oriented towards developing and refining the ability to correctly read relational dynamics and be able to move in complex situations, without using exclusively linear thinking.

Technical training is often provided by in-house staff thanks to the expertise that the Group's managers and professionals have on the relevant subjects. This expertise is also recognised externally: an example is the proposal received from the Roma Tre University to renew, also for 2021, the collaboration in the advanced course 'Management and valorisation of impaired loans'. At its first edition in 2020, it was the University's advanced course with the highest number of enrolments; today the course is in its second edition thanks to the positive feedback received.

The in-house Academy for Asset Managers and Portfolio Analysts also deserves mention. The Academy project was strongly desired by top management back in 2019 at Credito Fondiario, and was in place until February 2020, when it was halted due to the pandemic situation. In fact, the Academy provides a structure in which direct classroom training combined with the on-the-job training process plays an important role that is difficult to carry out remotely. The project was not abandoned by Gardant, and some activities were already resumed in 2021. Within the limits of the contingencies described above, the training offer is defined while considering:

- distinctive target skills for different roles and positions;
- individual training needs, assessing the level of skills possessed in relation to what is required by the target profile;
- necessary updating with respect to professional content;
- enhancement of individual potential.

The decisive tools for analysing the skills gap and formulating specific training needs (individual, team or role, as the case may be) are as follows:

- the performance appraisal process, which also includes the employee's own self-assessment;
- the training catalogue built and constantly updated on the specific needs of professional figures and available on the dedicated management platform;
- interviews with the heads of the various teams to understand the training needs of their structure;
- the collection of any requests made directly by employees.

Composition of employees



Total employees

333

From Credito Fondiario

92%

New hires

8%

Women

45%

Men

55%

New hires

34

Under 30

9

Over 40

8

Women

48%

Men

52%

The process described aims to create a strong connection between the needs of the business and those for professional development of employees, according to a corporate culture of continuous training, which is considered fundamental for maintaining an innovation- and development-oriented approach.

The training process received the ISO 9001:2015 Quality Certification, an ambitious goal not only for its achievement, but also for the commitment and care required in the application of the same, considering the planning and delivery of all the training activities. Maintenance of the Quality Management System is ensured through annual audits by the certification body.



The performance appraisal process and the reward system

The appraisal process adopted by the Group plays an important role in the professional development and enhancement of people and is an integral part of the process of developing skills and career paths. It is also the basis for allocating the variable remuneration component.

This process brings together the know-how and experience built up over the years and is being updated following the changed company structure. It involves each employee in a process that starts with self-assessment and ends with a direct discussion with his or her manager, with the aim of gathering feedback and setting goals for the new year. Human Resources serves a role of technical and methodological support in this process in order to ensure consistency and homogeneity in the application of appraisal guidelines and logic, and is the contact point for all stakeholders.

Both for the part carried out by the manager and for the employee's self-assessment, the appraisal is based on numerous aspects, including: the quality of the skills acquired, performance results, the internal

path followed, learning-by-doing, mastery of the role, the individual's aptitudes and potential, compliance with regulations (internal and external), helpfulness in relations with stakeholders, team working, risk containment, punctuality and ability to execute, and employee management (where applicable).

The appraisal process is part of the performance management system which, depending on roles and areas, seeks to align corporate objectives with employee performance. Consequently, it awards a company bonus upon the achievement of annual targets. For some professional categories, a management by objectives (MBO) plan is also included within the system. Remuneration guidelines, structure and rules are laid down in the respective remuneration policies of the individual Group companies.

In 2021, 100% of the employees covered by the performance appraisal process were appraised, excluding employees who joined the company following the conclusion of the appraisal period.

Health, Safety and Welfare

The Group's other pillar in terms of its employees relates to health, safety, welfare and, in general, the respect for and protection of fundamental rights.

Workplace safety

The Group is constantly committed to the protection of workplace health and safety through the adoption of actions aimed at eliminating risk factors that characterise work activities.

No cases of work-related injuries were recorded during 2021.

The Group's management of the Covid-19 emergency deserves mention. In 2021, the Group was committed to ensuring logistical interventions, internal regulatory interventions and timely emergency management measures at all locations. The interventions included: provision of

Learning objectives



Strengthening the technical-professional content needed to perform each role and keep the level of professionalism up-to-date.



Fostering relations and exchanges between colleagues.



Developing cross-cutting skills, functional to the role and job responsibilities.



Ensuring the development of a culture of continuous learning.

free protection and work tools for all staff, weekly diagnostic screening at the offices, adoption of remote working for 100% of employees from the first ten days of the month of the first lockdown, establishment of a Covid Committee consisting of: Human Resources, General Affairs (Technical Office), Protection and Prevention Service Managers, company doctors, Workers' Safety Representatives and Trade Unions.

The Group again ensured the possibility of working remotely in 2021 according to the evolving restrictive measures and, at the same time, continued to guarantee access to offices for those who needed it, in compliance with strict protocols to limit contagion.

The Group guaranteed special support for so-called 'frail' persons, including attention, care, maximum protection and full inclusion in corporate organisational life.

Integrated corporate welfare system

For the Group, considering the centrality of its employees also means offering them a system of benefits, preventive healthcare and corporate welfare. For example, employees can decide whether to receive their company bonus in cash or benefit from the use of a Welfare platform through which they can, in whole or in part, purchase services on the platform with the corresponding tax benefit. The platform provides a variety of services to meet the needs of both the individual employee and his or her family.

This area of intervention for employees includes other initiatives, such as:

- mobility bonus: provides an amount, as a refund in their pay slip, to cover costs such as parking or the use of car-sharing or bike-sharing. This bonus was established during the health emergency, as a result of the risks associated with the use of public transport;
- annual season ticket for public transport in the city where the employee works;
- health insurance: for employees and their families, fully borne by the company;
- preventive medicine: through an annual check-up accessible to all employees.

Managing industrial relations

The constant dialogue with trade unions is aimed at discussing both ordinary management, as established in the national bargaining agreement, and special and extraordinary situations. The aim is to ensure a collaborative company climate in the interest of the employees.

Trade union rights and the free association of workers are accordingly guaranteed in the Group.

Specifically, in 2021, the dialogue focused on:

- new company structure and safeguarding the regulatory and contractual entitlements of the employment relationship;
- management of the Covid-19 emergency, following regulatory and epidemiological developments;
- other aspects related to workers' lives in the company.

The transition from bank to industrial group

The industrial Group was established as part of a strategic plan geared towards growth and development. Its creation also had a major impact

on human resources management. The guiding principle was to protect and give continuity to acquired rights.

The reorganisation was managed in full compliance with the procedure laid down in the CCNL (National Bargaining Agreement) of the Credit Sector and the agreement reached, derived from the trade union consultation procedure and signed with the trade unions, guaranteed the seamless transfer of the employment relationships of all employees in the respective companies of the target Group.

Each employee therefore retained all their accrued rights, the salary compensation and contract terms previously applied in Credito Fondiario, in continuity with the application of the Credit Sector National Bargaining Agreement. As a result, all Group companies mandated the ABI to represent them.

There were no redundancies or geographical mobility for the workers involved in the reorganisation.

The agreement also included an article on employment guarantees for all employees. It established a specific commitment to a recruitment plan to be pursued and guaranteed in order to facilitate and support the Group's growth.

According to the same agreement, six-monthly meetings with the trade unions were scheduled for the following three years, from the date of the reorganisation, in order to verify the implementation.

Objectives, commitments and prospects

The Group intends to maintain a high level of attention to its people and to this end, in addition to confirming the actions already in place, it plans several initiatives in the short term in the following directions and with reference to:

- staff management: an HR management platform is to be implemented that will cover all processes in order to ensure greater fluidity and optimisation;
- culture of learning:
 - > resume the internal Academy process in a structured manner, consistent with the lifting of health restrictions;
 - > structuring more far-reaching agreements with universities to contribute to the connection between academia and the world of work, offering young people more opportunities and cultivating talent to grow internally.
- support for Group identity, motivation and belonging:
 - > facilitate building synergies within the Group's companies in a cross-sectoral manner, continuing to foster shared objectives and constant collaboration;
 - > map the new professional figures in line with the new business model and align the performance management system accordingly;
 - > adopt a hybrid model of permanent remote work, supported by the formation of a culture of remote work based on responsibility, motivation and new ways and means of inclusion;
 - > structure a permanent laboratory for the development of managerial skills;
 - > devote specific attention to talent management through ad hoc projects;
 - > promote a culture of sustainability throughout the organisation.

Performance Indicators

Number of employees by gender and contract type					2021
	Fixed term Full time	Full-time apprenticeship	Full-time permanent	Part-time permanent	
Women	2	0	123		26
Men	5	0	176		1
Total	7	0	299		27

Number of employees by category and age					2021
	UoM	<= 29 years	29 - 50 years	>= 51 years	
Executives	N	0	14	6	
	%	0.0%	7.0%	5.2%	
Middle managers	N	3	93	74	
	%	18.8%	46.3%	63.8%	
3rd professional area	N	13	94	36	
	%	81.3%	46.8%	31.0%	
Total	N	16	201	116	

Number of employees by category and gender					2021
	UoM	Women	Men	Total	
Executives	N	4	16	20	
	%	2.6%	8.8%	6.0%	
Middle managers	N	64	106	170	
	%	42.4%	58.2%	51.1%	
3rd professional area	N	83	60	143	
	%	55.0%	33.0%	42.9%	
Total	N	151	182	333	

Sick, injury and maternity/parental leave days				
Company	days/illness	days/parental leave	days/maternity	days/injury
Gardant S.p.A.	21	55	54	-
Master Gardant S.p.A.	16	-	93	-
Special Gardant S.p.A.	142	9.5	-	-
Gardant Libery Servicing S.p.A.;	624	368	38	-
Gardant Investor SGR S.p.A.	2	-	-	-

Total number of training hours provided			2021
	Women	Men	Total
Executives	13	70	83
Middle managers	294	516	810
3rd professional area	237	732	383
2nd professional area			0
Total	544	732	1,276

Average training hours per employee			2021
	Women	Men	Total
Executives	3	4	4
Middle managers	5	5	5
3rd professional area	3	2	3
2nd professional area			0
Total	4	4	4

NOTE TO THE TABLES: Values are shown for the period 1/08-31/12/2021, i.e., from the inception of the Gardant Group. Training provided in the previous period amounted to 2,418 hours, totalling 3,694 hours in the period from 1 January to 31 December 2021. This generates an annual result of approximately 11 hours of training per capita. Taking into account the proportion of employees who did not join the Gardant Group, the total training per capita was 10 hours.

Recruitment

Women

48%

Men

52%

Executives

9%

Managers

43%

Office Workers

48%

3.3.2 Suppliers and value chain

A unique model

Sourcing model

The sourcing model adopted is unique for all Gardant Group companies and is the result of the consolidation of experiences and good practices adopted in past years. It aims to effectively and efficiently monitor the perimeter of risks associated with procurement activities, such as the risk of corruption and waste of resources. The extensive, cross-sectoral control of all Group companies increases its effectiveness.

The model is characterised as described below:

- 'decentralised' in terms of responsibility centres and their budget manager: the latter has ownership of the procurement process for his structure, based on a budget that he has helped to define and for which, at the end of the budgeting process, he assumes responsibility;
- 'centralised' in terms of monitoring, thanks to the single management system adopted by the Group's companies, in which all expenditure initiatives requested by the structures are tracked, guaranteeing timely and cross-cutting checks.

The compendium of regulations adopted by the Gardant Group on this subject, consisting of the Group's 'Payables Policy' and the 'Payables Operations Manual', defines the guidelines on how to engage and formalise agreements with suppliers.

It establishes, inter alia, that each structure involved:

- undertakes to favour a competitive system of procurement of the goods and services required, adopting processes and tools that allow a market analysis of the supply in advance, as well as the comparison of offers from different suppliers or direct negotiation according to the amount of the supply;
- in the selection and contractualisation stage, undertakes to:
 - > produce appropriate technical documentation in order to enable suppliers to make their offers and facilitate the comparison of offers;
 - > comply, in a formal and substantial manner, with the approval process established within the application;
 - > encourage the use of Framework Agreements.

In the relationship with the counterparty, each supplier is also required to:

- comply with the obligation of confidentiality on the content of any information or document received during the relationship with the Group company, ensuring that its employees, collaborators or third parties with whom it works assume the obligations of confidentiality;
- adhere to principles of ethical integrity and compliance within the Group's policies for the management of transactions with related parties and transactions in conflict of interest;
- subscribe, within the contract, to the Group's Code of Ethics and Conduct and the 231/2001 Organisational and Management Model in force in the Group company with which it signs the contract.

Supplier risk

Supplier risk management in the Group is aimed at ensuring the quality of the services offered, mitigating the risk of exposure thereto.

Each budget manager must therefore ensure that, in the selection, preference is given to suppliers that:

- guarantee the best value for money for the required supply;
- have historically been more competitive and have quality certifications for their product or service;

- can demonstrate proven experience and competence in supply management, both within the Group and in other leading companies;
- adopt principles of integrity, ethics and social responsibility in their business, minimising the Group's exposure to reputational risks;
- include appropriate exit strategy contractual clauses to ensure that the Group can identify a new replacement supplier.

The demerger project from which the Gardant Group originated was an opportunity to revise existing contracts with strategic suppliers, bringing them up to date not only with the Group's new scope of operations, but also with the relevant provisions of the Supervisory Authority.

In order to analyse the allocation of expenditure for the local suppliers of the Group companies' main offices (Rome, Milan, Genoa), the expenses invoiced in total by all suppliers were extrapolated for the last five months of the year from the application that manages the Group's payables.

The results show a sharp tendency (approx. 80% of the total) to favour suppliers operating in local communities identifiable with the regions in which the Group's main offices are located.

The use of foreign suppliers is entirely residual (approx. 7%) and is mainly attributable to business initiatives involving stakeholders based outside Italy.

Although representing a partial extrapolation and being mainly the result of collaborations already established over time, these can be taken as consolidated findings representing the entire period of 2021 for the scope of activities considered.

Objectives, commitments and prospects

One of the Group's main sustainability objectives is the dissemination of guidelines that assess suppliers, both during the selection process and on an ongoing basis, on the basis of environmental and social sustainability parameters.

Performance Indicators

Proportion of spending on local suppliers

Percentage of the procurement budget used for significant operating offices that is spent on local suppliers of these locations

Proportion of spending on local suppliers	€	[%]
Procurement expenditure on Italian suppliers	€ 1,875,863	14%
Procurement expenditure from local suppliers (Lazio Region, Lombardy Region and Liguria Region)	€ 10,780,965	79%
Procurement expenditure on foreign suppliers	€ 953,313	7%
Total expenditure	€ 13,610,142	100%

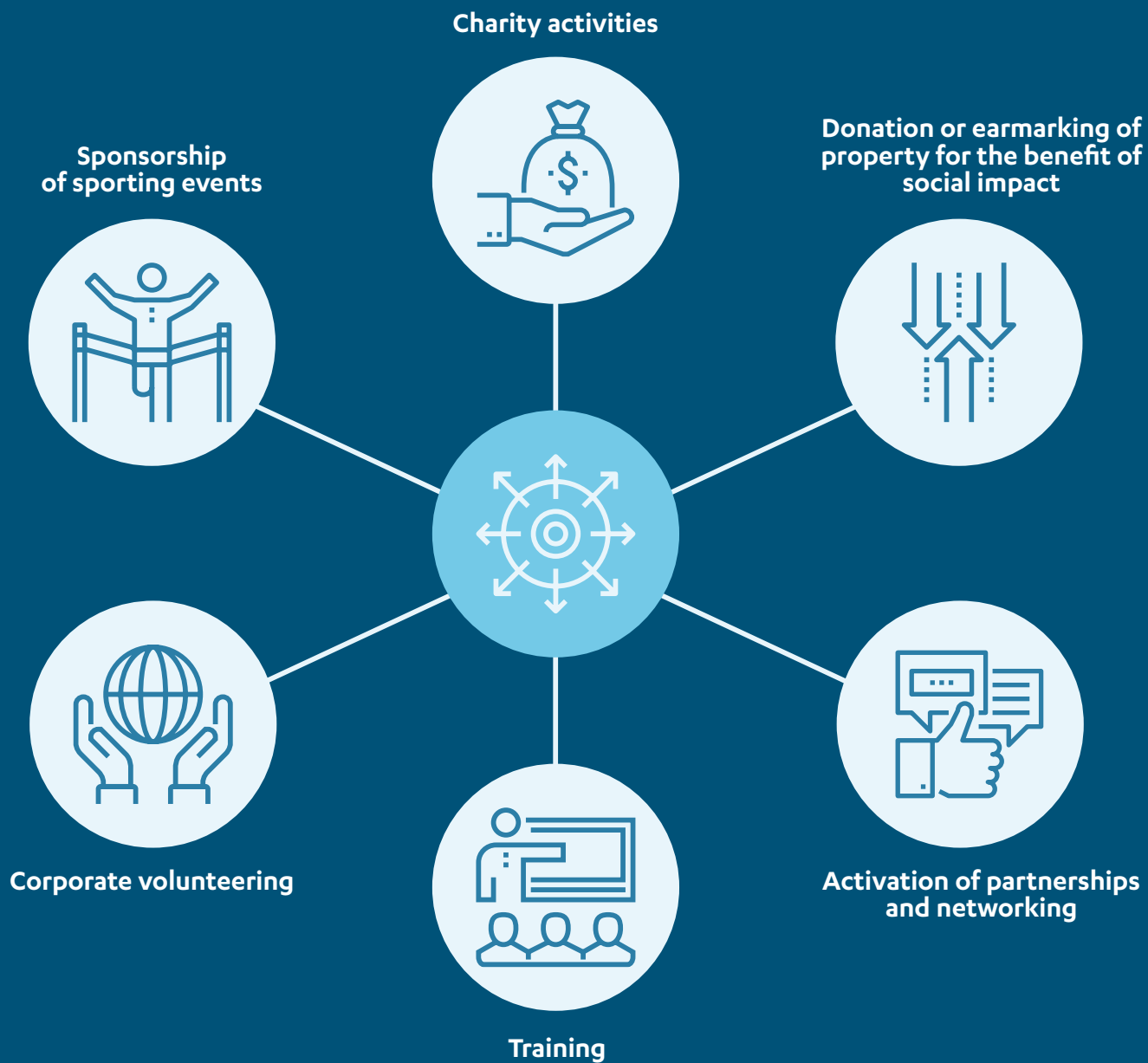
Note: all the data and information refer to the financial year 2021 from the date on which the Gardant Group was established (1 August 2021); as regards expenditure initiatives prior to the establishment of the Group, as the activities and supplies relating to the perimeter subject to the demerger to Gardant have been continued, the same results can be assumed as those obtained after 1 August.

3.3.3 Commitment to the local community

Returning part of the value created to the territory

The Gardant Group seeks to promote initiatives aimed at the

Commitment to the territory



development of the communities in which it is active by allocating its resources and expertise to projects with a social impact. To this end, it identifies the following main areas of action:

- Charity activities;
- donation or earmarking of property for the benefit of social impact projects;
- activation of partnerships and networking on socially relevant initiatives;
- training on relevant financial topics;
- corporate volunteering;
- sponsorship of sporting or other events that have a positive impact on the region.

The year 2021 was the starting point of a structured and organic approach to social issues, focusing on people and the local area. Initiatives along these lines were also promoted in the previous corporate structure, but with the establishment of the new Group, the willingness to allocate resources and commitment according to a deliberate and organic plan was defined.

The year in question was dedicated to structuring this approach; simultaneously, three initiatives were prepared, or consolidated as the case may be, within the identified areas of action: charity, training and sponsorship.

These initiatives have one thing in common: they focus on youth and are an expression of the Group's approach of looking to the future.

Charity

One of the main levers identified by the Group for producing positive social impacts is the allocation of funds to specific initiatives, thus giving concrete expression to its commitment to support projects with a social impact in the areas where it operates, through the use of part of the economic value produced.

During 2021, the Group was engaged on two fronts: on the one hand, in defining the reference infrastructure in terms of principles, guidelines and strategic direction; on the other hand, in researching and evaluating possible initiatives to which the funds allocated with a three-year time horizon should be allocated.

Started in 2021, the process allowed the following to be consolidated at the beginning of 2022:

- policy for charity activities, which outlines guidelines and operating rules so that the activity becomes part of both operations and the Internal Control System, thus guaranteeing functionality, transparency, legality and ethicality;
- charity strategy with a three-year horizon that defines the strategic direction and outlines the criteria for channelling commitment and resources to one or more specific projects;
- charity operating plan which, incorporating the guidelines and following related due diligence activities, selects the project that implements the strategy and establishes the implementation plan.

It is precisely as part of the operational plan that, in mid-2022, a project will be launched in partnership with the Pio Istituto del Buon Pastore Foundation, a historical institution in Milan that has been involved in the overall development of individuals since 1848 through its primary

school and its educational and family communities that take in minors removed from their families by ruling of the Juvenile Court due to situations of serious hardship (abandonment, physical/psychological abuse).

The aim of the project is to renovate a flat located within the area in which the Institute's activities take place, to house the 'Traguardo Community', which is one of the five communities for minors run by the Pio Istituto del Buon Pastore Foundation. The Community hosts minors from the age of 14 to the age of majority who have been assigned by the Juvenile Court. It carries out an educational and support project with them with the aim of helping them to overcome the burden of discomfort caused by family problems and the environment they come from, so as to gradually become more and more autonomous and independent.

Education

Gardant believes in the culture of innovation, the behavioural ethics of recovery, compliance with codes of conduct, the search for highly sustainable solutions and the enhancement of assets, aiming to transfer them in the form of know-how and expertise in the credit management sector. The goal is to train professionals in this field who are able to take action to enhance credit management for the benefit of all stakeholders.

Gardant's collaboration with the Roma Tre University to provide the Advanced Course in 'Management and valorisation of impaired loans' goes in this direction.

The initiative is part of the Gardant Group's broader commitment to education, which includes the in-house Academy, tailored for Gardant Asset Managers and Portfolio Analysts, and the ISO 9001:2015 quality certification of the training system.

The response from the university world, as well as the ambition of candidates in the recruiting process which places the Group as a coveted business in which to work and learn, provide an image of the Group that confirms that the path of professionalism and continuous innovation on what and how to do business, is the right one. This repays the daily commitment of management and of all the people working in the Group.

Sponsorship

Gardant Investor SGR sponsors the Youth Sector of Atlante Eurobasket Roma.

Atlante Eurobasket Roma is a young and well-established group in the Italian basketball scene. It was founded in 2000 and has been participating in the national A2 Series championship for the past six years.

The Group's choice in this initiative is summed up in the words of Guido Lombardo, CEO of Gardant Investor SGR: 'We are convinced that sport is an essential factor in the growth and education of children and young people of all ages, making them active members of society. This initiative is our contribution to the virtuous development of the communities in which we live, with the aim of growing together, in harmony'.

The initiative is a commercial sponsorship that has the merit of being aligned with our ESG policy. SGR promotes it because it is also a young company with championship-level talent and skills.

3.4 Financial capital

Economic solidity and value creation

The major shareholders of the Gardant Group are:

- Tiber Investment SARL, a subsidiary of the funds managed by Elliott Management Corporation, with a controlling interest;
- Private investors, some entrepreneurs and members of top management.

The Group's management team has recently been enriched with a number of new professionals to support the growth and evolution of the business and the creation of value for all stakeholders. The generation of value is ensured by an absolutely unique business model on the Italian scene, which combines on the one hand the investment component, concentrated on alternative investment funds managed by the Group's SGR, and the service component of

the assets underlying the investments, which mainly generates commission components, and on the other hand a peculiar ability to combine the professionalism and know-how of people with the most advanced technologies for collecting, managing and processing billions of data points.

It is precisely these elements that are the foundations for achieving the important objectives of the 2022 - 2024 Business Plan, approved by the Group at the end of 2021, which highlight a line of growth in NPL and UTP Managed assets, the development of new investment asset classes and a productivity and profitability of the Group steadily rising over the three-year period, thanks to better enhancement of all the resources that contribute to the creation of value.

The solidity of the business model and the ability to create value are evidenced by an EBITDA, i.e., actual gross margins, not dependent on valuation items, of about 18.7 million euros on total revenues of about 42.7 million euros.

EBITDA

18.7 million

Total net revenues

42.7 million

Assets under management

44.8 billion

Assets under servicing

20 billion



4

Methodological note & Contacts

Methodological Note

The Sustainability Report 2021 - hereafter also the Report - has been prepared on a voluntary basis in order to represent the Gardant Group's sustainability performance, with reference to its main activities, business areas, internal principles and policies, and results achieved during 2021. The contents of the document, with particular reference to the section 'Actions taken: a look ahead', were selected with the involvement of the ESG Working Groups' contact persons, starting from the priorities identified in the ESG Master Plan, in order to allow the Group's performance to be understood by the relevant stakeholders.

Through the ESG Working Groups, the corporate structures contributed to drafting the Report contents, participating in the collection of data and information and in the validation of the document.

The Report is published annually: the reporting scope corresponds with the Group's scope of consolidation, with particular reference to the details reported in the section 'Companies'. The indicators shown refer to the financial year ending 31 December 2021, and cover the calendar year, with the exception of the values shown with reference to the period from 1 August to 31 December 2021, i.e., from the inception of the Gardant Group, appropriately indicated in the document.

Lastly, the report was prepared by referring to the Global Sustainability Reporting Standards (GRI Standards), published and updated in 2018 by the Global Sustainability Standards Board, for some specific indicators, namely:

- GRI 201-1 Direct economic value generated and distributed;
- GRI 204-1 Proportion of spending on local suppliers;
- GRI 205-3 Confirmed incidents of corruption and actions taken;
- GRI 206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices;
- GRI 301-1 Materials used by weight or volume;
- GRI 302-1 Energy consumption within the organisation;
- GRI 305-1 Direct (Scope 1) GHG emissions;
- GRI 305-2 Energy indirect (Scope 2) GHG emissions;
- GRI 306-3 (2020) Waste generated;
- GRI 403-9 Work-related injuries, with reference to the number of injuries;
- GRI 404-1 Average hours of training per year per employee;
- GRI 404-3 Percentage of employees receiving regular performance and career development reviews;
- GRI 405-1 Diversity of governing bodies and employees, with reference to diversity among employees;
- GRI 406-1 Incidents of discrimination and corrective actions taken;
- GRI 417-3 Incidents of non-compliance concerning marketing communications;
- GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

Contacts

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