

Alba Leasing S.p.A.

2022 Consolidated non-financial statement

Statement pursuant to Legislative decree
no. 254/2016





albar leasing

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Chairman's letter to the stakeholders

2022 was an important year for our group, which bounded back after the two years marked by the Covid-19 pandemic.

Despite the unfavourable global and national economic situation, Alba Leasing ended the year on a positive note, confirming the resilience and effectiveness of its strategies and business model, designed to support Italian companies and the domestic economy in general.

In order to better understand how our strategies affect environmental, social and economic aspects, we have listened to some of Alba Leasing's stakeholders this year to obtain a more comprehensive, focused and objective view of our operations. This feedback enabled us to revisit our approach to the most significant sustainability issues which are those that help us to develop our approach to risks and opportunities.

Innovation, sustainability and customer centricity steered and guided Alba Leasing in 2022.

Accordingly and thanks to the support from some European and Italian institutions, we decided to extend and continue our portfolio of specialist subsidised products to increase our positive contribution to the local communities and the environment. For example, the European Central Bank (ECB) provided Alba Leasing with a new facility of more than 450 million in 2022 to be used for initiatives promoted by SMEs and Mid Caps, in line with the Paris Agreement objectives. Alba Leasing also focused on providing customers with even more tailored, better performing and digitalised services through greater automation and efficiency.

Our commitment to the environment led us to focus on energy efficiency, the judicious use of resources and sustainable mobility. We signed agreements supporting energy self-sufficiency and green investments of Italian SMEs and promoted sustainable mobility through remote working and by providing Milan-based employees with annual urban travel passes for the local transport systems. We concurrently provided all employees with learning pills to raise their awareness of the importance of green mobility. Finally, the company will continue to develop internal projects to encourage soft mobility through our 2023 commuting plan.

We are well aware that people make the difference and we designed special support measures for our employees in response to the surge in living costs in Italy and Europe during 2022.

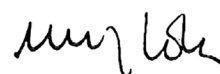
In 2022, the company's directors participated in ESG induction courses to reinforce their knowledge of the greatest challenges and trends inherent in the ecological transition, in line with the guidance and expectations of Italian and European institutions.

This 2022 Consolidated non-financial statement presents these events and issues and many other initiatives confirming our commitment to sustainability and enriching our story as a group rooted in the present and projected to the future.

The challenges facing our planet are extremely complex and vast and we intend to play our part in resolving them alongside our people, our customers and communities.

I hope you find this report interesting.

Luigi Roth
Chairman Alba Leasing S.p.A.





2022 Highlights

Over 5 thousand
branches throughout Italy

280 employees

Roughly 1.7 billion
products in our portfolio*
serving 33 thousand
corporate customers

1 monthly
appointment
with our internal
sustainability newsletter

Around 22 hours
of training provided
to each employee

5 subsidised
lease products
tailored for innovation
and sustainability

Over 6,000 hours
of training provided

100% renewable
energy used at our
Milan and Rome offices

New funds
of €450 million available
to companies that invest
in projects that comply
with the Paris Agreement

Increase in
the European
Investment Bank
(EIB) funds with an
additional €60 million
earmarked for SMEs'
investments in research
and innovation

8 days of remote
work a month available
to employees

21% of contracts
signed with women
entrepreneurs

Induction courses
on ESG subjects for the
Board of Directors and
the Board of Statutory
Auditors

30 stakeholders
involved in identifying
strategic sustainability
topics for Alba Leasing

More than 100
travel passes
for public transport
given to Milan office
employees

* The product portfolio includes the value of all contracts agreed in 2022



Alba Leasing: profile and business model

About us

Alba Leasing S.p.A. is a major player in the Italian leasing market. Owned by Banco BPM S.p.A. (39.19%), BPER Banca S.p.A. (33.50%), Banca Popolare di Sondrio S.p.A. (19.26%) and Crédit Agricole Italia S.p.A. (8.05%) and based in Milan, Alba Leasing currently has nearly 33 thousand customers, mainly SMEs, and an extensive distribution and sales network of around 5,300 branches, including business centres and corporate managers. The branches of just the partner and affiliated banks number 4,960.

The company operates in the finance lease sector with a vast and diversified portfolio of products for diverse operating segments. It continues to extend its foothold in the operating lease market, which has grown rapidly over the past three years with volumes up in excess of roughly 300% compared to just 2020.

Considering new leases, the company's main product continues to be plant and machinery leases (57%), down slightly on the previous year, followed by real estate (25%), which grew in 2022, vehicles (16%) and finally the maritime and aviation industry and railway (2%). The company ended the year strongly with a pre-tax profit of €14,937,708, reflecting the resurging domestic economy despite the complications caused by the geopolitical crisis and its repercussions on the commodity and energy markets.

Russia's invasion of Ukraine, which has triggered increases in the cost of raw materials and an upswing in inflation, encouraged the company to make prudent and conservative assessments, in particular, of its customers with performing exposures that could be affected by the current geopolitical situation.

The company's products include:

- **plant and machinery leases:** targeted at companies of all sizes in all sectors;
- **vehicle leases:** reserved for companies and professionals intending to lease any type of vehicle;
- **real estate leases:** fully covering commercial, industrial, services and all other production properties;
- **maritime and aviation leases:** covering the lease of sea vessels by companies and professionals.

Alba Leasing's values

Change

Sustainability

Entrepreneurship

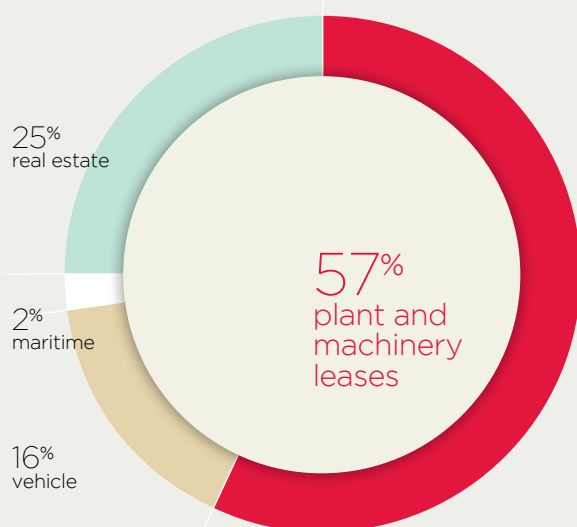
Customer centricity

Involvement
in the community

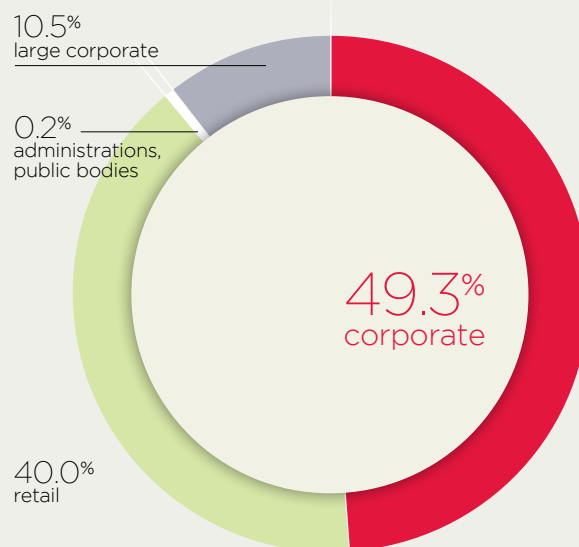
Expertise

The following charts provide a breakdown of the Company's product portfolio¹.

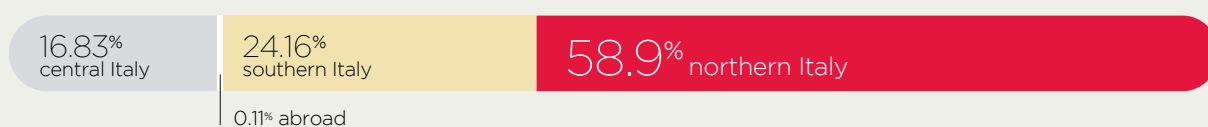
Product portfolio by business segment (%)



Customers by segment (%)



Product portfolio by geographical segment



Supply chain management

Like all finance lease brokers, Alba Leasing's ability to select or propose the suppliers of assets to be leased with finance leases is limited, because these decisions are usually taken by the customer, which applies for the lease through the commercial networks.

However, Alba Leasing has vetted and handpicked a list of preferred suppliers over the years, based on factors such as recurring demand, market share, product reputation, customers' positive feedback as well as the supplier's customers' credit ratings. It has selected preferred suppliers in the various main industrial sectors in which Italian lease suppliers operate.

Alba Leasing classifies the screened suppliers into two categories:

¹ The percentages refer to the total value (net of operating leases) of the portfolio, i.e., the total value of the contracts agreed in 2022.

- **Affiliated suppliers:** there are currently 13 suppliers covering the mechanical (9), energy efficiency (3) and mobility (1) sectors. The suppliers sign a commercial agreement with Alba Leasing under which they directly report transactions offered and performed with their customers at set conditions. The group also has affiliated suppliers for operating leases.
- **White-list suppliers:** there are 54 suppliers that work in 12 separate industrial sectors (mechanical, electro-medical, packaging, wood, plastic, glass/measuring tools/paper/internal handling). They supply major Italian and European machinery and plant brands. They have no direct affiliation agreement but the assessment process for finance leases with white-list suppliers is faster as the company already has past experience with the supplier, guaranteeing its quality.

Outsourced suppliers: the company requires and checks that these suppliers meet certain essential requirements such as professionalism, ethics, financial strength and independence during the initial screening process and the ongoing monitoring of their activities.

It also considers other requirements and specifically:

- business continuity solutions;
- documented exit strategies, in line with Alba Leasing's existing outsourcing policy and business continuity plans;
- personal data processing safeguards, considering the supplier's geographical location, by acquiring additional information when they are located in a third country (i.e., not an EU member state).

The supplier monitoring process includes requesting the following documents, which have to be updated once a year: the DURC (certificate of contributions compliance) certification; sector association membership certifications; licences; most recent financial statements and/or tax returns.

An online platform facilitates procurement management and the self-preparation of contracts. Thanks to the company's fully paperless system, all the documents needed to finalise contracts can be uploaded and signed digitally in the platform while it is also possible to monitor the purchase order status, making the transaction completely traceable.

Suppliers can access the reserved supplier area on the company's website in full compliance with security and privacy regulations using credentials sent to their certified email address. The group also set up its front-end HeyLis@ web platform, designed exclusively for its operating lease suppliers. This accelerates the procurement procedure offering affiliated suppliers the option to agree contracts with customers in line with their ceilings, including by using digital signatures.

In 2021, the group launched the ORACLE ERP platform to manage its internal orders and invoices. This platform has streamlined the order creation and approval processes, optimising internal work times and improving transparency with suppliers.

Our approach to sustainability

The lease market is subject to strict EU regulations and heavily affected by political situations. The European Union has introduced and will introduce rather tough regulations increasing the accountability of the main economic and social parties, starting with companies. Its end objective is to promote environmentally and socially sustainable investments, partly by involving the banks and financial institutions which will, thus, play a key role in this transition, both in terms of the rise in volumes of ESG investments and by drawing on their innate resilience. As a result, the lease sector will be called upon to make a very significant contribution to the development of a sustainable economy, as an enabler of the sustainable, circular and digital economic transition. It offers customers the possibility to use next generation goods, designed and manufactured with technologies that are increasingly efficient in the use of resources.

Leases are a flexible and efficient way of making investments and are the most suitable tool to acquire cutting-edge systems and technologies without requiring immediate cash outlays to boost productivity.

In this scenario, Alba Leasing intends to strengthen its position as a partner of choice to assist companies implement their recovery, growth and development projects with its innovative and sustainable financial and commercial solutions. Alba Leasing is an essential enabler of the ongoing transition in market demand, assisting Italian companies to rebound and to do so sustainably, including through digitalisation (see the section on Social aspects).

The company's commitment to sustainability is elucidated in its sustainability policy, which establishes values and principles to protect the environment, health and safety of individuals and the community as part of its normal business and as set out in its business plan.

The sustainability policy has four main sections:

- **Integrity and transparency in doing business and a sustainability culture** to tie its development to its ability to generate value through innovation and far-sighted strategic decisions;
- **Seconding our customers, service innovation and quality** to play a part in sustainable change and to assist customers' growth over the course of the entire relationship;
- **People and skills development** to consolidate the business and take on future market challenges, contributing to creating a welcoming, inclusive and non-discriminatory workplace;
- **Protection of the environment and health and safety** to integrate these aspects in its products and services, promoting approaches consistent with energy transition models and the circular economy

Alba Leasing's contribution to the UN's SDGs

Alba Leasing's business and its sustainable and responsible conduct provide a tangible contribution to the achievement of six of the 17 Sustainable Development Goals (SDGs) set out by the United Nations in the 2030 Agenda.



SDG 3 Health and wellbeing Health and wellbeing are issues that have supplanted individual and collective priorities in recent years. The company has introduced dedicated internal controls and procedures. If necessary, it promptly adopts more suitable measures. Its zero injury objective is a tangible example of its commitment to this Goal.



SDG 8 Decent work and economic growth Alba Leasing guarantees professional growth opportunities based on anti-discriminatory meritocracy and acquired skills criteria, it encourages teamwork and collaboration respectful of the dignity and reputation of all its people. The company also enables local businesses and young business people through its products and services, proactively contributing to social-economic development and the growth of SMEs.



SDG 9 Industry, innovation and infrastructure The company contributes to the development of the innovation of products, services and production processes along its value chain by promoting more sustainable products. It is committed to checking its customers' and suppliers' compliance with ESG topics more carefully so as to improve its value chain.



SDG 4 Quality education Specialisation and upskilling are essential for business continuity and to be competitive. The company is committed to developing its human capital through ongoing upskilling and reskilling training sessions.



SDG 13 Climate action The company pursues climate change mitigation and emissions reduction objectives through direct improvement paths, connected to business activities, and indirect ones, promoting customer awareness of lower-impact solutions.



SDG 5 Gender equality To be a company that guarantees gender equality and adopts policies so that the work environment is inclusive and welcoming, which implies working to ensure all our people fully cultivate their talents.

In 2022, Alba Leasing decided to become a signee of the "Donne in Banca: valorizzare la diversità dei genere" charter promoted by the Italian Banking Association (ABI) to promote the value of gender diversity as a key resource for development, sustainable growth and the creation of value throughout the company.

Updating the materiality analysis

Every year, Alba Leasing performs a materiality analysis which steers its strategies, commitments and reporting.

In 2021, the GRI reporting standards were updated to their new version, Universal Standards, which also included revisiting the approach to the materiality analysis. It focuses on identifying and assessing the impacts (positive, negative, existing or potential) of the organisation on the economy, the environment and people, including human rights, in order to meld the stakeholders' perspective into a broad and unambiguous assessment process.

Therefore, Alba Leasing commenced the analysis by identifying a list of positive and/or

negative impacts associated with the various material topics. It then asked its stakeholders to assess the materiality of each impact and its probability of occurrence using a rating of 1 to 10. Thirty stakeholders from different categories (customers, employees, corporate bodies, local communities, stakeholders, suppliers, sector associations and sustainability experts) took part in this public survey.

The following topics (graded by materiality) were identified after the survey results were processed and analysed:

Material topic	Assessed impacts	Leg. decree no. 254/16 aspects	Section
Service quality and digital innovation	Accessibility to lease services	Social	Social aspects: Accountability to customers and communities
Credit quality	Credit quality		
Management and professional development of employees and the sales network	Inclusive professional development	Human resources	Human resources: employee growth and protection
	Upskilling		
Social and economic development of companies	Responsible commercial policies and support of partners	Social	Human resources: employee growth and protection
	Customer centricity		
	Extensive service		
Product innovation	Process digitalisation		
	Supporting companies that promote product, process and R&D innovation		
Diversity and Inclusion	Diversity and inclusion at work resources	Human	Human resources: employee growth and protection
Reduction of environmental impacts and safeguarding of assets	Carbon footprint (CO ₂ emissions, consumption of materials) Energy efficiency and security of real estate assets	Environment	Environment: responsibilities and innovation
	Work-related injuries Employee wellbeing		
Employee health, safety and wellbeing	Work-related injuries	Human Resources	Human resources: employee growth and protection
	Employee wellbeing		
Integrity and transparency in business	Corruption and money laundering	Fight against corruption	
Data privacy	Loss of acquired sensitive information	Human rights	Business ethics Human rights
	Possible non-compliance with privacy regulations		

Alba Leasing's main stakeholders

The company's main stakeholders are all those parties that engage with it on a daily basis and specifically:

- shareholders, with which the company engages constantly to create value over the medium to long term;
- employees and sales network, that are directly involved in the business;
- sector associations that Alba Leasing consults regularly to develop a constructive approach;
- suppliers and commercial partners, which are required to maintain high quality standards and to propose valid alternatives to customers;
- local communities, with which the company engages as part of its business.



Stakeholder engagement tools

For Alba Leasing, a positive long-standing relationship with stakeholders creates trust and improves processes, leading to shared growth, which is why it pursues ongoing and transparent engagement with its stakeholders. During the year, the company decided to upgrade its tools used to communicate with customers and its digital channel footprint. These tools include a monthly newsletter, sent to around 20,000 subscribers, and a call centre, which responds promptly to current and potential customers' requests.

The company also set up a call centre service for both existing customers requiring assistance and potential new customers looking for a quote or that prefer not to use the online forms. Its website has a section designed to help customers understand its various products and to receive information about regulations as well as FAQs on payment moratoria.

In addition, in order to measure and monitor customer satisfaction, the company carries

out customer satisfaction audits by interviewing its distribution network. The feedback is used to assess service levels and design improvement plans (see the “Social aspects: accountability to customers and communities” section for more information).

Engagement with shareholders and with the national and international financial community (analysts, institutional investors and rating agencies) is of fundamental importance to promote transparency. To this end, in 2022, the company held numerous in-person and virtual meetings hosted by senior management to present updates on new initiatives, its results, the market, its vision and strategies. Alba Leasing also actively participates in projects organised by Assilea, the sector organisation for finance and operating lease operators in Italy.

Organisational and management model

The organisational and management model is designed to ensure the strength and continuity of the company’s business, maintaining its ability to generate value through innovation and long-term strategic choices.

The model is structured as follows:

- corporate bodies in charge of the company’s corporate governance;
- committees, which are interdisciplinary bodies that support the corporate bodies and general management with coordination, planning and control activities;
- organisational structure, with a mission and duties consistent with the company’s objectives.

Corporate bodies

Board of Directors

Alba Leasing has a traditional corporate governance model with a board of directors elected by the shareholders in charge of the company’s ordinary and extraordinary administration (except for those areas reserved by law or the by-laws to the shareholders). The board of directors regularly carries out self-assessments to ensure its correct working and proper composition, to identify any weaknesses, to encourage its members’ participation and to build up relationships of collaboration and trust.

The policy to select the directors is set out in a document which regulates the optimal number of directors and their qualifications prepared and approved by the board of directors in order to illustrate to the shareholders its needs in terms of gender, professionalism and expertise diversity when the shareholders present the lists of candidates for election.

Quantitative composition of the Board of Directors

The composition of the Board of Directors is relevant from a quantitative point of view. The number of directors shall be adequate given the size and complexity of the company’s organisational structure. In particular, its bylaws establish that the board of directors shall have a set number of members, who do not have to be shareholders. Specifically:

- 7 members, if the company has less than five shareholders that are not related to each other and each have an investment of more than 5% in the company, or
- between 8 and 10 members, if the company has more than five shareholders that are related to each other and each have an investment of more than 5% in the company, without prejudice to the fact that, in this case, an increase in the number of directors shall be proportionate to an increase in the number of shareholders meeting the above requirements.

The by-laws provide that one or more independent directors may sit on the board. They establish that at least a quarter of the directors should be independent. Moreover, in line with market best practices, the board's composition should comply with gender equality criteria, under which at least one third of the elected directors should be of the less represented gender.

Based on the above requirements, the optimal number of directors on the board is seven and, in order to comply with the above criteria, at least two directors must be independent and at least two directors must be of the less represented gender.

The company's board of directors currently has seven members.

Qualitative composition of the Board of Directors

Sotto il profilo qualitativo, i componenti del Consiglio di Amministrazione di Alba Leasing debbono quindi in primo luogo:

- > have an adequate level of professional skills considering the company's operating complexity and size. To this end, they shall have gained specific experience through ongoing engagements;
- > ensure sufficient diversification to provide a proper contribution to the board's activities;
- > dedicate their time and resources in line with the requirements of their duties.

In addition, the board of directors shall include:

- > independent members who supervise the management of the company with independent judgement powers;
- > non-executive members with well-defined roles and duties, who effectively counter balance the executive members and company management.

Professional requirements

Specifically, and based on the guidelines and instructions defined by Bank of Italy and in Ministerial decree no. 169/2020, each director shall state that they have familiarity, skills and experience with the following areas:

- > administration, supervisory or management duties in the credit, financial, securities or real estate sectors;
- > administration, supervisory or management duties in listed companies or companies of a greater or similar size and complexity (in terms of turnover, type of business, complexity of the organisation or its activities) to that of the company;
- > professional activities carried out or related to the credit, financial, securities or insurance sectors or in any case pertinent to the activities performed by the financial intermediary; the professional activities must be sufficiently complex, also with reference to the recipients of the services provided, and must be carried out on a continuous and prevalent basis in the sectors mentioned above;
- > university teaching activities, as first or second level professor in legal or economic subjects or in other subjects related to the credit, financial, securities or insurance sectors;
- > supervisory, managerial or senior functions held in public bodies or public administrations pertaining to the credit, financial, securities or insurance sector and provided that the body in which these functions were performed is of a size and complexity comparable to those of the company.

With respect to the skills (again as established by Bank of Italy and Ministerial decree no. 169/2020), each director shall state that they have theoretical knowledge and practical experience gained in one of the following environments:

- financial markets;
- banking and financial sector regulation;
- strategies and programming;
- organisational structures and corporate governance;
- risk management (identification, measurement, monitoring, control and mitigation of the main types of risk);
- internal control systems;
- banking and financial activities and products;
- accounting and financial reporting;
- information technology;
- HR management.

Diversity

An adequate degree of diversification in terms of age, gender and geographical origin facilitates, inter alia, the taking of different approaches and perspectives in analysing problems and making decisions, avoiding the risk of conduct that merely adheres to the mainstream inside and outside the company.

Diversification can lead to the greater involvement of each member on matters or decisions more in line with their qualifications, without however compromising the principle of active participation of all members in the work and decisions of the board.

To this end, each member must be able to analyse and assess all the issues dealt with and decisions taken by the board. At least a third of the directors shall be of the less represented gender and, as mentioned earlier, ideally, the company's board of directors shall include at least two (2) members of the less represented gender.

Indipendence

The board of directors shall include independent members who supervise the management of the company with independent judgement, including in the case of conflicts of interest, to ensure that the business is managed in the company's interests and in line with the objectives of healthy and prudent management. The directors shall meet the independence requirements set by article 13 of Ministerial decree no. 169/2020 and article 15 of the by-laws.

As already noted, in line with the company's by-laws and the relevant regulations, as well as its size and operating complexity, the board of directors should ideally include at least two (2) independent directors.

In order to avoid situations of conflicts of interest or where the personal interests of the directors are involved, the company has introduced a dedicated "Conflicts of interest and interlocking policy". This policy sets out rules to manage conflicts of interest, areas where such situations could arise and the measures to be adopted.

Directors who find themselves in a conflict of interest shall communicate this and shall abstain from taking part in resolutions, motions or general decisions about the underlying transaction.

Therefore, resolutions or decisions are taken by the board on a collegial basis without the director subject to the conflict of interest.

Non-executive members

The majority of the company's directors shall be non-executive, i.e.:

- > they do not have proxies;
- > they do not carry out activities related to, even on a de facto basis, to the company's management.

The company's current board of directors does not include executive members.

Limits to the number of positions

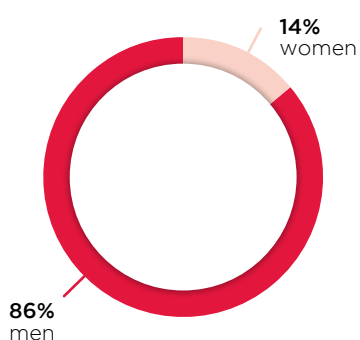
Each director shall be fully aware of their strategic role and related powers and obligations. To ensure they carry out their duties correctly and are effective in their roles, the directors must be able to dedicate sufficient time and resources to their positions. Their availability shall be greater when they cover specific executive positions or are members of the board committees. Directors accept their position when they are confident they can effectively dedicate the time necessary to diligently carry out their duties, considering their professional and business commitments, the number of positions they hold as director or statutory auditor in other companies listed on regulated markets (including abroad), in financial companies, banks, insurance companies or large companies.

Breakdown of the board of directors by gender (no.)	2020	2021	2022
Directors	7	7	7
Men	6	6	6
Women	1	1	1

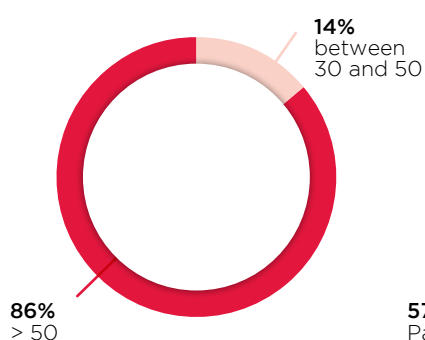
Breakdown of the board of directors by age bracket (no.)	2020	2021	2022
<30	0	0	0
between 30 and 50	2	2	1
>50	5	5	6

Directors' expertise	Banking and financial	Legal economic and commercial	Governance and risk	Strategies and institutional relations	IT and new technologies	HR management
	7/7	7/7	2/7	3/7	1/7	7/7

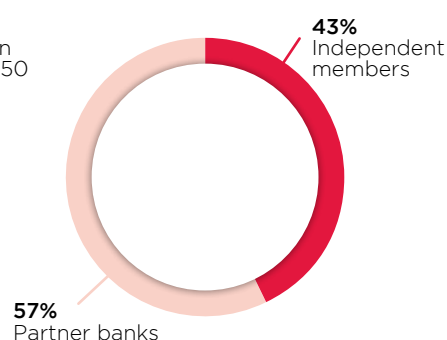
Breakdown of the board of directors by gender (%)



Breakdown of the Board of Directors by age bracket (%)



Independent directors (%)



Board of Statutory Auditors

Alba Leasing also has a board of statutory auditors that oversees compliance with the law, regulations and by-laws, the principles of correct administration, the adequacy of organisational and accounting structures and the working of the internal control system.

The supervisory body as per Legislative decree no. 231/01 has similar oversight duties along with independent powers to monitor the company's operations and compliance and updating of its models, assisted by the internal audit unit. At 31 December 2022, the company's directors hold an average of five other positions in other companies or bodies while the statutory auditors hold an average of nine other positions.

Board committees

In order to optimise internal decision-making and ensure the supervision of commercial and management processes, the company has set up the following board committees:

- the Internal Audit Committee, which monitors the company's risk profile and measures to ensure the completeness, adequacy, the functioning and reliability of the internal control system;
- the Steering Committee, which makes proposals to the board of directors and coordinates and steers internal transformation initiatives;
- the Sustainability Committee, which makes proposals and is consulted about assessments and decisions relating to ESG issues;
- the Lending Committee, which takes decisions about loans as per the proxies delegated by the Board of Directors;
- the Commercial Committee, which checks that commercial objectives are reached, analyses the distribution chain and proposes changes to the product portfolio in terms of new products or markets.

Except for the Internal Audit Committee, all the other Committees' members are Company Managers.

The Internal Audit Committee comprises two non-executive, independent directors and three managers, one of whom acts as the Committee Chair, who are, by the nature of their positions, executive and not independent. These managers are in charge of control units.

Remuneration policy

The remuneration of the directors, key management personnel and senior managers is in line with the current remuneration policy effective for 2022.

The policy is designed to:

- achieve remuneration systems increasingly tied to the company's performance;
- avoid incentives that could encourage employees to violate regulations or engage in excessive risktaking;
- attract, motivate and retain people, creating a sense of identity and developing a performance and merits-based culture.

Shareholders decide the total remuneration of the board of directors, including members with special duties. The board of directors then decides how to allocate this amount among its members after consulting the Board of Statutory Auditors in line with the by-law requirements. Once it obtains explicit agreement from the shareholders, the board of directors may assign remuneration to the individual directors, in line with market practices and their duties.

The board of directors establishes the general manager's remuneration while the general manager decides that of the managers, excluding those in charge of the control units, whose remuneration is set by the board of directors.

The general manager is responsible for drawing up remuneration and/or incentive plans in line with the guidelines prepared by the board of directors as part of its definition of strategies and the annual budget. The general manager also informs the board of directors of the annual updates to the policies which are also communicated to the shareholders (also once a year).

This system is designed to work towards medium to long-term objectives and remuneration is made up of a fixed and variable component depending on the person's position and responsibilities.

Fixed remuneration

The fixed remuneration is that established in the national collective employment agreements, the company's internal agreements and other contractual arrangements. It can be integrated by individual fixed components for specific positions of great responsibility or that require highly professional expertise or components linked to a specific job or duties which are paid as long as the relevant conditions are met.

Variable remuneration

Variable remuneration allocated to employees is tied to the company's effectively achieved results. In the case of more senior employees and department heads (i.e., management), this remuneration is tied to achievement of quantitative and qualitative objectives, defined in line with the company's objectives and values. It is calculated annually as part of the budget process and is pegged to sales, profit, cost containment and risk objectives. Starting from 2023, Alba Leasing will include qualitative objectives tied to sustainable finance and achievement of ESG (Environment, Social, Governance) objectives in its remuneration policy.

The general manager will be responsible for defining the quantitative objectives and the calculation criteria each year, using proposals presented by each department and unit. In addition to the fixed and variable remuneration, the company also gives its employees nonmonetary bonuses in line with market practice. The most significant of these bonuses include cost-of-living bonuses, supplementary pension funds, supplementary healthcare and subsidised banking services.

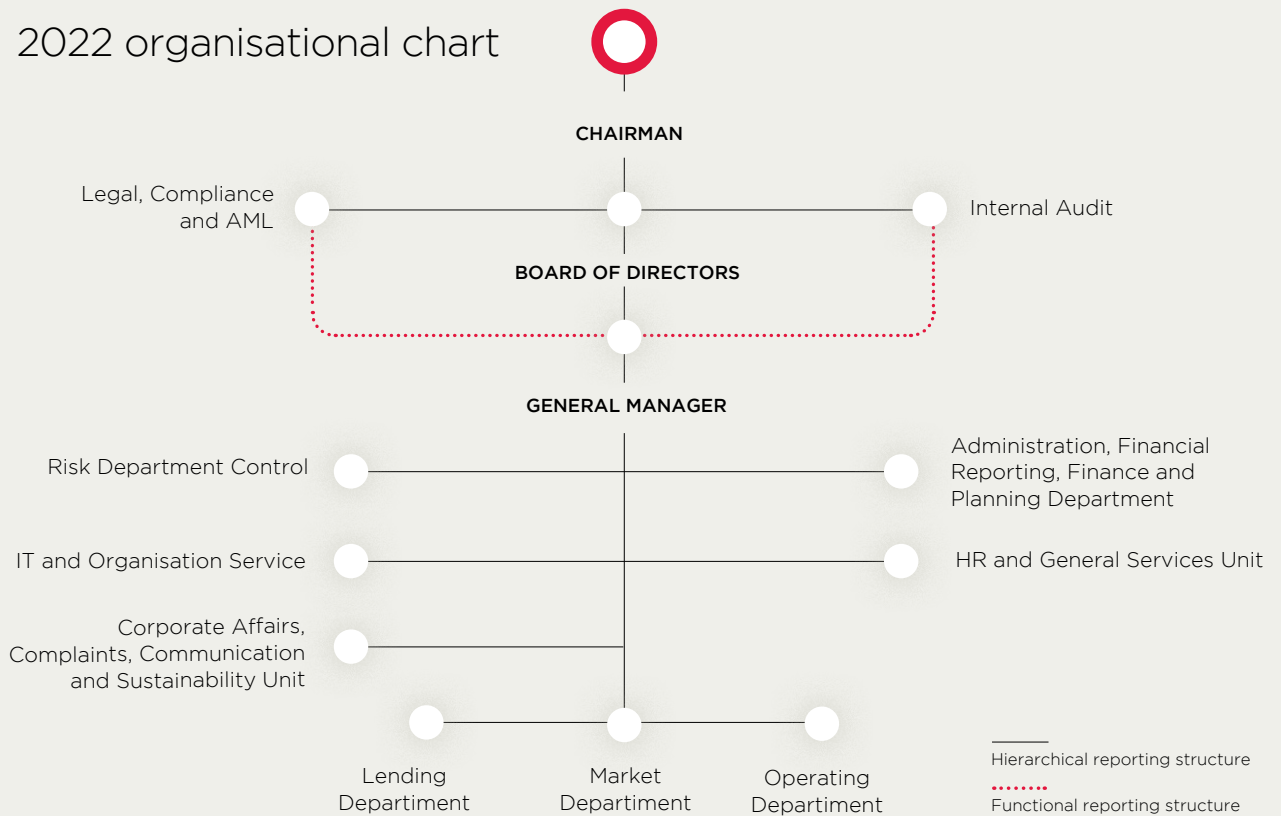
Organisational structure

The Board of Directors appoints the General Manager, who implements the board's decisions. The General Manager can also represent the Company within the limitations of their management powers and also draws up the Company's strategies to be approved by the Board of Directors and subsequently the shareholders. The General Manager has the decision-making and operating powers given to them by the Company's by-laws and the Board of Directors.

The general manager is also responsible for attainment of the business plan and budget objectives as well as for the company's business in general. The control units (i.e., the Compliance unit, the AML unit the Internal Audit unit and the Risk Management unit) also report directly to the Board of Directors.

Internal procedures and regulations define their roles and duties.

2022 organisational chart



Sustainability

The board of directors approves the code of ethics and its updates, guidelines and, indirectly, oversight of the impacts tied to the material topics as well as sustainability (ESG) policies. Once a year, it also approves the consolidated non-financial statement, ensuring that it is prepared and published in compliance with the relevant regulations in force.

The board of directors is assisted in this by the sustainability committee, whose members are senior managers and whose duties include assisting the board of directors with assessment and decisions related to ESG matters and, in order to pursue sustainable success, the company's sustainability plan.

The sustainability committee liaises with the other committees and, especially, the steering committee to ensure the company's policies are all aligned for sustainability purposes. It also supervises:

- changes in ESG factors and sustainability, including in compliance with international guidelines and principles, as well as market developments, monitoring the company's positioning vis-à-vis national and international ESG best practices;
- integration of environmental, social and corporate governance issues in the business model, including by analysing the related KPIs;
- the pursuit of sustainable success when preparing the business plan;
- preparation of the sustainability plan in force from time to time;
- definition of policies to ensure the best possible control of ESG risks.

The board of directors has appointed a sustainability officer who performs ongoing checks and liaises with the other units.

Specifically, the sustainability manager oversees the definition of strategies, the updating of ESG and reporting guidelines and stakeholder involvement in ESG and sustainability topics. This manager also defines the company's sustainability training requirements, assisted by the other competent units. A dedicated organisational procedure defines the roles and internal responsibilities.

The sustainability committee usually meets once a month and reviews the processes and their impacts. It updates the board of directors on progress made towards the objectives from time to time.

The committee met 11 times in 2022 to discuss and/or take decisions about sustainability matters, such as:

- initiatives and activities related to ESG supervisory requirements issued by Bank of Italy;
- analyses of the company's monthly sales performance;
- approval of social responsibility initiatives through participation in the "Payroll giving" project whereby employees can donate one or more hours of pay to support women who have been victims of violence through their pay slips;
- ESG training and communications;
- risk reporting and assessment: the committee approved various projects referring to individual ESG objectives, ESG ratings, the one-off population of the customer database and mapping of a green loans portfolio;
- approval of an internal sustainability newsletter;
- approval of a work-life balance questionnaire to be completed by employees
- European-wide reporting, the 2022 non-financial statement and related materiality analysis;
- results of the 2023 commuting plan and approval of the activities, especially the publication of a presentation on the @liseo intranet, sustainability learning pills and the newsletter "ESG Informa".

In 2022, the board of directors met 14 times and discussed, inter alia, ESG matters in eight meetings, including updating the materiality analysis and approval of the consolidated non-financial statement. During the year, all the directors, statutory auditors and the chairman took part in an ESG induction course to consolidate their understanding of the most significant challenges and trends underpinning the ecological transition. This course was held by sector experts at the company's premises.

Responsibility for implementing the guidance and management of impacts was entrusted to the individual department heads in line with their expertise and without establishing specific formal mandates.

**Alba Leasing
among the top
2022 Italian
sustainability
leaders**



Alba Leasing has made it into the 2022 sustainability leaders ranking for the first time. Now in its second year, this initiative, is organised by Il Sole 24 Ore with the statistics portal Statista and it recognises the top 200 companies that have reported their ESG progress in the most efficient, complete and transparent manner. The survey assessed roughly 1,500

potentially relevant companies and selfcandidates, analysing their sustainability reports, their integrated reports and non-financial statements using approximately 40 parameters to monitor the three facets of sustainability: environmental, social and economic. The results were published in the "Rapporto Leader della Sostenibilità 2022" of May 2022.

Internal control and risk management system

The company is committed to fostering an internal culture hinged on awareness and management of risk to make informed and prudent strategic decisions. The risk management system comprises tools, organisational structures, procedures and rules in place to achieve the company's strategic and operating objectives in accordance with the ruling regulations.

Given its business sector, Alba Leasing defines risks in line with the supervisory guidelines with respect to its internal capital adequacy assessment process (ICAAP). The risk mapping process entails:

- assessment of the overall risks to subsequently identify the key types of risk, taxonomy, materiality, management/monitoring and mitigation;
- their comparison to the minimum risk list drawn up by Bank of Italy;
- self-assessment, i.e., identification of any entity-specific risks;
- checking the characteristics of risks that can be measured and risks that cannot be measured but can be assessed.

While the above procedures are performed in consecutive order as part of the process, the internal control and risk management system is an interactive process involving various departments and bodies. Specifically:

- I) assessment of the overall risks and identification of the key risks are part of the risk mapping procedure revisited by the risk management unit and approved by the board of directors, which is responsible for overseeing the entire process, once a year. This approval is followed by preparation of the ICAAP report (required by the supervisory regulations), which includes details of all the measurements and considerations about the company's overall risk profile (including by performing stress tests) in order to assess its capital adequacy;
- II) at least once every six months, the board of directors reviews the risk management report in order to identify areas of improvement and any process weaknesses and to define the related remedial actions;
- III) as the company's risk profile is mainly affected by external situations that often cannot be foreseen, the self-assessment stage has to be performed regularly: the risk management unit performs the measurements either monthly or quarterly, however, these measurements may identify a change in priorities defined in the risk map as described above due to exceptional circumstances that would require the company's risk profile to be changed.

Main risks associated with non-financial aspects

The assessment of risks focuses firstly on core credit risks and secondly on risks associated with other activities related to the scopes and material topics of the decree. With respect to operational risks, Alba Leasing has a risk self-assessment process which directly involves the company owners and is based on subjective estimates about risk frequency and impact expressed in quantitative terms and a calculation of the effective losses. The company carries out assessments on whether to investigate ESG risks and especially risks associated with climate change and its potential impact on the business. It monitors sector best practices and discusses the issue with its business partners.

In 2022, the company developed a new model for real estate ratings (propensity to maintain its value over time) in order to correct the appraisal rating to reflect: i) environmental risk (earthquakes and energy class), ii) SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis, iii) forward looking risk. Some of the main risks that

are not strictly financial in nature and were identified during the risk mapping procedure, the related controls and any mitigation actions are described below.

Material topics	Main risks related to material topics	Controls/mitigation action
Sustainable social- economic development of companies Innovative products	<p>Strategic risk Existing or potential risk of a contraction in profits or capital due to changes in the operating context or bad company decisions, or the inadequate implementation of decisions and/or poor responsiveness to changes in the competitive scenario and/or a new corporate structure.</p>	<ul style="list-style-type: none"> • Supervision and monitoring of the reference markets by the markets department and the operating marketing unit, which pinpoint new business growth opportunities, in terms of both products and customer segments. • Assessment of strategic risk in line with the ICAAP performed by the risk management unit by analysing the company’s exposure to its reference markets, its results and its efficiency/ effectiveness objectives
Service quality and digital innovation Sustainable social-economic development of companies Credit quality	<p>Credit risk Risk that a debtor may not be able to meet its obligations to pay interest and reimburse principal due to defaults and mistaken assessments of credit worthiness.</p>	<ul style="list-style-type: none"> • Comprehensive check of the customer’s credit worthiness and any related guarantees by opening an electronic credit check (PEF - pratica elettronica di fido). • Credit processing rules complementary to ratings. • Existence of a data governance policy and a data governance procedure that ensure the reliability and truthfulness of the information used for the credit check process. • Existence of a dedicated unit which manages problem exposures.
Management and professional development of employees and the sales network Product innovation Credit quality	<p>Operational risk Risk of losses due to inadequate processes, human resources, technological systems and unexpected external events. This risk is associated with all the company’s activities and checks of the procurement process. It includes the risk of losses due to violations of laws or regulations, contractual and non-contractual liability or other disputes.</p>	<ul style="list-style-type: none"> • Self-risk assessment and monitoring of operating losses • Specialised courses for employees on legislation and to hone their technical and company-specific skills

continues

<p>Management and professional development of employees and the sales network</p> <p>Diversity & Inclusion</p>	<p>Outsourcing risk Company mostly outsources management of the IT system and certain processes. Risk generated by two types of events: inefficiencies and disservices by servicers; risk of the loss of skills of internal human resources. Despite the outsourcers' high standing, the outsourced activities are important and could affect the company's credit rating, compliance and reputation.</p>	<ul style="list-style-type: none"> • Existence of an outsourcing monitoring office which manages and monitors risks associated with outsourcing contracts.. • Existence of an outsourcing policy. • Definition of service level agreements (SLAs). • Existence of an operating procedure to monitor outsourced activities, which defines the outsourcer selection and supervision criteria. • Procedure for the management of professional services outsourced to third parties which defines how such services are agreed and managed
<p>Integrity and transparency in business</p> <p>Employee health, safety and wellbeing</p>	<p>Non-compliance risk Risk of incurring judicial or administrative sanctions, large financial losses, due to the violation of mandatory rules (laws or regulations) or internal codes (by-laws, codes of conduct, codes of ethics). Significant importance is attributed to monitoring this risk given that, when assessing the operating units, it is closely tied to operational risk and especially reputation risk.</p>	<ul style="list-style-type: none"> • Existence of a 231 Organisational model and a Code of ethics • Direct supervision by the Compliance department of non-compliance risk management as part of the entire business and indirect supervision by dedicated internal units/ departments. • Whistleblowing procedure to collect reports and any ethical violations. • Supervision by the AML unit, in charge of managing the risk of non-compliance with AML regulations. • Existence of an AML Procedure. • IT procedure for the profiling and management of customer AML risk. • Specialised courses on anti-corruption and anti-money laundering. • Supervision of compliance with anti-trust regulations. • Existence of an internal "Occupational Health and Safety Procedure". • Existence of a specialist internal Health and Safety unit to ensure the company's compliance with the related regulations. • Supervision by a "Prevention and Protection Officer" of compliance with health and safety regulations. • Existence of a Technical Analysis Procedure (moveable property) and a Technical Analysis pProcedure (real estate) to check the environmental status of the asset before its acquisition or before its lease/sale.

continues

<p>Reduction of environmental impacts and asset security</p> <p>Service quality and digital innovation</p> <p>Diversity & Inclusion</p>	<p>Reputation Risk Loss of standing due to events linked to the company's relationship with its customers, partners, shareholders, investors or regulators for issues related to the environmental impact of its products.</p>	<ul style="list-style-type: none"> • Existence of a Complaints procedure and a monitoring and control system. • Monitoring of the management of leases for injuries in accordance with the ruling regulations performed by the Operating Department and the Problem Loans Unit and controls over occupational health and safety risks. • Existence of internal rules in line with European regulations covering personal data protection (GDPR) and monitoring of compliance with such rules by the Data Protection Officer. • Planned curtailment of automated loan authorisation procedures for certain transactions that could expose the company to fraud, money laundering or environmental risks. • Due diligences of suppliers and financed assets.
<p>Data privacy</p>	<p>Cyber Risk Risk of incurring financial losses, damaging its reputation and losing market share related to the use of information and communication technologies (ICT). This risk is included in operational, reputation and strategic risks.</p>	<ul style="list-style-type: none"> • Upgrading of technological infrastructures to the latest security levels. • Existence of a Privacy Officer who is responsible for this issue at company level. • Existence of a Data Protection Officer who provides advice and performs checks. • Existence of a "Specialist Data Privacy unit" which checks the compliance of operations with the regulations, especially as regards data processing. • Specialised data processing courses.

In recent years, the company has taken steps to strengthen its predictive ability when assuming credit risk by introducing forward-looking scoring and financial transaction sustainability scoring (developed with Crif) to integrate its traditional assessment tools with machine learning techniques. It has also rolled out Borges, an advanced IT tool which monitors customers' performance.

The company is also developing a fraud risk score to assess its customers' and suppliers' propensity to fraud using a probabilistic model and assessing the risk associated with their relationship as well (risk of collusion to fraud).



**Bank of Italy:
action plan to
integrate climate
and environmental
risks**

The company's board of directors discussed the analysis documentation prepared by the risk management unit in its meetings of February and March 2023 in order to respond to Bank of Italy which requested an environmental and climate risk action plan, supported by a materiality analysis.

Although this risk has a limited impact on the company's corporate reputation, it has a different and more significant effect on its exposures portfolio: its customers as well as the leased goods are exposed to climate risk, with differing complexity levels.

With regard to its customers, which are companies of varying size (mostly SMEs), the company intends to purchase credit scores from an info provider which already has a proven methodology, at least in the short term.

Its decision will also consider the ease of comprehension of the methods; the company, mainly its lending department and the risk management unit, has tied a possible supply agreement to the underlying information that allows a proper understanding of the models and variables.

The loans department and the risk management unit intend to also acquire an understanding and familiarity with the new parameters, rather than just mapping the exposures portfolio, as they are aware that it will take some time to properly understand the issue.

With respect to the leased goods, the procedure may be more difficult due to the unavailability of data and benchmarks. The only information currently available for real estate, which is the most important category of leased goods, is its energy class. In 2022, the company started to collect this information in its IT systems: most of the properties leased in 2022 belong to non-optimal efficiency classes, this in line with the overall Italian situation. However, in order to perform an initial assessment of the portfolio, it will be necessary to obtain this information for contracts agreed several years ago and to define an internal process to manage documents

that are out of date or obsolete due to changes in the regulations. The company also started to systematically collect information in the IT systems about the CO2 emissions of the vehicles; it will be necessary to find a solution to the unavailability of information about industrial vehicles in the canonical documents. Plant and machinery are another matter: the system's experience in measuring their carbon footprint is at a very early stage and the standard methods may need to be tweaked.

Generally speaking, there is a lack of benchmarks and generally accepted standards. The assertion that Italian companies and real estate are exposed to high risks (or, in the case of real estate, qualify as "non-green") implies that over the next few years the proper use of new information in the operating processes (lending and sales) should take place concurrently with a step forward in market practices which will need to be monitored continuously.

Internal Audit activities

The company's internal audit unit prepares an annual audit plan using a risk-based approach and an integrated planning procedure to strengthen controls over risks. The unit liaises continuously with all the other internal units and departments so that any recommended mitigation actions can be implemented as efficiently and promptly as possible.

The internal audit unit plays a fundamental role in assessing the company's risk and control culture, assuring the board of directors that the corporate values are appropriately embedded in its daily life and that the employees' conduct reflects its ethics, in line with the guidance of the Financial Stability Board (FSB).

The unit has a system to analyse and monitor key risk indicators, using the data warehouse as its base. Its aim is to fine-tune the existing methodologies and develop new tools to make controls over irregular trends and violations of procedures more efficient, in order to take more immediate action.





2022 HIGHLIGHTS

- Five AML training sessions for the lending and markets departments
- AML controls have been strengthened
- Zero sanctions and/or non-monetary measures for non-compliance with social- economic laws or regulations

Business ethics

An ethical and transparent modus operandi that complies with the ruling regulations is a priority for Alba Leasing, especially as regards AML and anti-corruption issues.

Integrity and transparency in business

Alba Leasing is guided by a governance system based on principles of integrity, transparency and accountability. These principles and the guidelines for correct and proper business practices are ensured by the 231 Organisational model and the Code of ethics, in accordance with current regulations and with specific reference to AML and anti-corruption issues.

The company has a dedicated whistleblowing procedure for anyone wishing to make a report or flag ethical violations, including:

- members of the Company's corporate bodies (Shareholders, Directors, Statutory Auditors, etc.);
- employees and consultants;
- third parties that work with the company (e.g., Suppliers, Customers or Business Partners).

The company has a special channel for reporting:

- violations and/or alleged violations of AML and terrorist financing regulations;
- violations and/or alleged violations of the requirements set out in the 231 Organisational model and its annexes including, specifically, those provided for in the company's Code of ethics;
- events and/or behaviours that could constitute one of the predicate crimes as per Legislative decree no. 231/01.

The supervisory body, delegated by the company to receive such reports and communications, received a report in 2022 about alleged violations of the requirements set out in the 231 Organisational model and its annexes including, specifically, those provided for in the company's code of ethics.

With respect to money laundering, Alba Leasing has an AML unit in charge of updating the internal regulations and detecting any suspicious or risky transactions, including by using special IT procedures and checks of the data warehouse.

In order to comply with amendments to legislative decrees, guidance of the Italian Financial Intelligence Unit (UIF) and the related requirements arising from the services' high digitalisation rate, the company updates its AML controls every year to counter financial crime. Starting from February 2022, the procedure for contracts under the Presto Leasing agreement was changed, providing for the revision of the process in terms of credit monitoring in the presence of customers at high risk of money laundering.

In this respect, it updated the 231 organisational model to comply with Directive (EU) 2018/1673 on combating money laundering by criminal law. It also introduced new predicate crimes, such as the administrative liability of companies, which are pertinent to the company's business. The board of directors approves all changes to internal AML procedures and regulations as well as the audit plan, which describes the activities undertaken, those planned based on the results of the audit procedures and the related remedial actions.

The supervisory board reports any reports or violations of the code of ethics to the board of directors every six months.

Respectively 71% and 100% of the members of the boards of directors and statutory auditors were informed of the anti-corruption policies and procedures while the company's business partners are also provided with information about this in a specific operating procedure that is part of their contract with the company.

In 2022, 55% of the company's workforce was provided with compliance and anti-corruption training courses. 71% of the directors and 100% of statutory auditors attended the training offered to all of them.

During the year, five AML training sessions were provided to the lending and markets departments, including one specific session for the account managers (more information is available in the "Human resources: employee growth and protection" section).

Employees provided with compliance training by position (%)	2020	2021	2022
Managers	100%	100%	100%
Junior managers	94%	100%	62%
White collars	91%	97%	42%

With respect to its anti-trust compliance programme, the company regularly updates the related manual which describes pertinent situations and behaviour. It also provides periodic training sessions on the issue. Specifically, in 2022, all the managers, including the general manager, and the account managers attended a course held by an external expert, which covered:

- preventive merger control powers;
- sanctions for natural persons;
- the Italian Competition Authority's (AGCM) audit powers;
- case studies.

In addition, the company posted explanatory slides on the intranet for consultation by all employees, together with an interview of the general manager and the anti-trust compliance officer.

The course and updating of the anti-trust policy comply with the ECN+ Directive and Legislative decree no. 185/2021 on the right to fair competition.

In 2022, Alba Leasing did not incur large monetary or non-monetary sanctions for non-compliance with the environmental and socio-economic laws and/or regulations, including those on fair competition, money-laundering and corruption.

Tax

Alba Leasing's core business is the domestic finance lease sector and it pays taxes in Italy. It is subject to IRES (corporate income tax) at a rate of 24%, the additional IRES tax at 3.5% and IRAP (regional production tax) of 5.57%. The main issue it faces is the correct application of the tax withholding to finance leases.

That being said, the company:

- acts in an honest and ethical manner to ensure its tax compliance, as it is aware that tax revenue is one of the main sources of funding for a country's economic and social development;
- aims to comply with the applicable tax regulations and to interpret them in such a way to respect their substance and form and to have a proactive and transparent relationship with the tax authorities so that the latter have a complete understanding of the events and circumstances underlying the company's decisions about the application of tax regulations;
- considers taxes to be an operating cost and, as such, to be managed, in accordance with the principle of legality, with the aim of safeguarding the company's capital and pursuing its main interest of creating value in the medium to long term.

The company has internal operating procedures for tax issues and a specialist team that is part of the administration, financial reporting, finance and planning department, which also has a dedicated accounting and tax unit.

As tax laws are complicated, the company has put in place internal and external control systems to ensure timely checks and its ongoing compliance with such laws.

To this end, the accounting and tax unit is assisted by the company's long-serving consultants that represent it before the tax authorities and competent courts, should it be necessary to commence tax proceedings and carries out, together with the relevant departments, analyses and assessments of tax risks to ensure the scrupulous, appropriate and constant specialist oversight of risks, traditionally arising from the legal and interpretative aspects of leases and the applicable tax regulations. It also complies with the interpretations provided by Assilea (the sector association for finance and operating lease operators in Italy).

Specifically with respect to interactions with the tax authorities, the unit's approach is to foster constructive dialogue to ensure the correct application of taxes, including by the individual lessees.

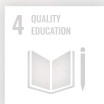
As it operates in Italy, Alba Leasing pays all its taxes in this country and willingly complies with all the legal requirements, thus contributing to the country's economic development. More information about revenue and income taxes is available in the consolidated financial statements and notes thereto.

Calculation and distribution of added value	2020	2021	2022
Interest and similar income	108,024	105,512	136,912
Interest and similar expense	-22,164	-15,320	-40,279
Fee and commission income	21,798	28,149	29,613
Fee and commission expense (net of costs for external networks)	-18,819	-21,439	-22,841
Dividends and similar income	0	0	0
Net trading income (expense)	0	0	0
Net hedging income (expense)	0	0	0
Profits (losses) on the sale or repurchase of:	0	0	0
<i>a) financial assets at amortised cost</i>	0	0	0
<i>b) financial assets at fair value through other comprehensive income</i>	0	0	0
<i>c) financial liabilities</i>	0	0	0
Net gains (losses) on other financial assets and liabilities at fair value through profit or loss	0	0	0
<i>a) financial assets and liabilities designated at fair value</i>	0	0	0
<i>b) financial assets and liabilities mandatorily measured at fair value</i>	0	0	0
Net gains (losses) on financial assets and liabilities of insurance companies as per IAS 39	0	0	0
Net impairment losses for credit risk associated with:	-55,598	-29,131	-31,650
<i>a) financial assets at amortised cost</i>	-55,598	-29,131	-31,650
<i>b) financial assets at fair value through other comprehensive income</i>	0	0	0
Net impairment losses/impairment gains of insurance companies as per IAS 39.	0	0	0
Net modification gains (losses)	-336	130	231
Net premiums	0	0	0
Other insurance operating income/expenses	0	0	0
Other operating income (expenses), net	62,601	-4,447	-6,268
Net gains (losses) on equity investments (for the "net profits/losses on sales" component)	0	0	0
Net profits (losses) on sales of investments	-1	-834	86
Post-tax profit (loss) from discontinued operations	-31,449	-692	482
A. Total economic value generated	64,056	61,928	66,286
<i>b) Other administrative expenses (net of VAT and donations and the cost of the Interbank Deposit Protection Fund and the Depositors' Guarantee Fund) (*)</i>	17,570	14,932	14,840
Economic value distributed to suppliers (*)	17,570	14,932	14,840
<i>a) Personnel expense (including the cost of external networks, such as agents, financial consultants) (-)</i>	27,500	27,963	30,654
Economic value distributed to employees and consultants	27,500	27,963	30,654
Profit (loss) for the year attributable to non-controlling interests	0	0	0
Economic value distributed to third parties	0	0	0
Profit (loss) allocated to shareholders	0	0	0

continues

Economic value distributed to shareholders	0	0	0
<i>b) Other administrative expenses: indirect taxes and duties</i>	703	890	1,064
<i>b) Other administrative expenses: cost of the Interbank Deposit Protection Fund and the Depositors' Guarantee Fund (-)</i>	0	0	0
Income taxes (for the part relative to current taxes, changes in current taxes of previous years and the reduction in current taxes for years)	11,899	323	414
Economic value distributed to the central and peripheral public administration	12,602	1,213	1,478
<i>b) Other administrative expenses: donations</i>	0	787	212
<i>b) Other administrative expenses: environmental projects</i>	0	0	0
Profit allocated to charities	0	0	4
Economic value distributed to the community and the environment (*)	0	787	216
B. Total economic value distributed	57,672	44,895	47,188
Net accruals to provisions for risks and charges	497	618	1,091
<i>a) loan commitments and financial guarantees given</i>	-329	227	664
<i>b) other net accruals</i>	826	391	428
Depreciation and net impairment losses on property, equipment and investment property	2,206	2,470	2,200
Amortisation and net impairment losses on intangible assets	1,864	3,438	801
Unrealised gains (losses) on equity investments (impairment losses/impairment gains,	0	0	0
Net fair value gains (losses) on property, equipment and investment property and intangible assets	0	0	0
Impairment losses on goodwill	0	0	0
Income taxes (for the part relative to changes in deferred tax assets and liabilities)	1,252	3,206	4,635
Profit allocated to reserves	565	7,301	10,371
C. Total economic value retained	6,384	17,033	19,098

3



2022 HIGHLIGHTS

- New funding of €450 million available to customers that invest in the energy transition
- 21% of contracts signed with women entrepreneurs
- Increase in the European Investment Bank (EIB) funds with an additional 60 million earmarked for SMEs' investments in research and innovation
- Strategic partnership with Sorgenia to facilitate Italian SMEs' energy transition

Social aspects: accountability to customers and communities

Alba Leasing promotes the growth of Italian SMEs, supporting them with their development as it is well aware of their fundamental importance to the Italian economy. In line with its sustainability policy, which the board of directors approves once a year, the company is committed to acting in a transparent and responsible way with its customers and to ensuring an excellent high quality service for continuous improvement.

The social aspects of the company's business fall into three key categories:

- service quality and digital innovation, taken to mean its ability to respond to customers' needs and requirements;
- innovative products, with the intention to continuously improve its services;
- proactive contribution to companies' social-economic development through its products and the related activities;
- credit quality, being the entire process of granting credit, which includes selecting solvent customers, minimising the risk of unlawful practices and credit deterioration.

Service quality and digital innovation

Alba Leasing's commercial policies are designed to ensure high quality credit procedures in order to minimise the risk of unlawful practices (such as fraud, money laundering and environmental crimes) and credit deterioration.

A counterparty's business sector can be a point in its favour and is factored into its credit worthiness. The company prefers to work with companies interested in product and process innovation and that invest in research and development². It imposes certain limitations on risky goods and product categories and does not work with companies active in sectors that do not comply with its code of ethics, such as gaming or arms manufacturing.

A key factor considered during the screening process is the legality rating assigned to the counterparty by the Competition Authority.

Companies can request this rating, which certifies that they operate in compliance with principles of legality, transparency and social responsibility, from the Authority which consults the Ministries of the Interior and Justice.

² R&D aspects are considered for products that benefit from the European Investment Fund's guarantee scheme, InnovFin.

The credit screening and assessment process allows the automated comparison of the information in the company's data warehouse with the new information from third parties' databases using an algorithm. This mechanism makes assessment of the company's risk appetite more efficient and improves the selection of customers and sectors. The lending process includes the assignment of a rating aimed at analysing the counterparty's corporate governance, in order to assess the riskiness of its corporate structure, as well as an ad hoc assessment process for self-employed people.

Alba Leasing also assesses the assets by checking their technical characteristics and their compliance in terms of health and safety, fungibility and re-leasing of the asset in the event of termination of the contract. It performs a documentary check to establish whether the plant and machinery comply with the relevant regulations, while it checks real estate through an external appraisal and due diligence. The company vets its suppliers carefully to check their market position and reputation in order to protect its customers.

**Borges,
a new tool
to monitor
customer
performance**

In 2022, the company introduced Borges, a new digital tool developed by the credit monitoring office to assess credit risk in a more efficient and timely manner. The technology is used to collate large quantity of data from internal and sources (Cerved, Crios, Crif, Assilea, Eurisc and Cebi)

to assign a risk rating (from 2-low risk" to "6-Default") to all business customers. During the second stage of the project, thanks to the availability of new data which will be available in the data warehouse, the office will fine-tune the Algorithm used to assign the credit risk ratings.

Customer centricity underpins the company's policies, designed to strengthen its digital marketing and digital leasing channels aimed at a younger customer bracket alongside the traditional banking distribution channels. Thanks to its digital channels, the company pursues the goal of greater inclusiveness when providing its services, thus also contributing to dematerialisation and the reduction in travel in line with sustainability objectives. Customers can use three channels to contact Alba Leasing: the toll free number, emailing customer care or the specific website section.

The most popular channel is the call centre which received more than 46 thousand calls in 2022, of which only 6% led to the opening of a ticket for assistance from the company's departments, while the operators were able to deal promptly with the other 94% of the customer calls providing sufficient information.

The revisited customer section of the website is and will continue to be the "DIY" channel for customers that can independently manage their contracts and, going forward, agree new ones online.

This channel has the greatest potential thanks to the options already available (IRAP calculations, contract changes, document uploading, etc.) and those that will be added in the future.

As part of the company's digital innovation journey, in 2022, it successfully completed its first robotic process automation (RPA) projects for the transition to the automated operation of activities that were previously performed manually. This has allowed the company to streamline certain processes related to contract management and accounting.

In addition, to ensure efficient and up-to-date customer assistance and services, the company upgraded its digital equipment which included the replacement of around 100 PCs during the year.

Customer Satisfaction audit

Monitoring customer satisfaction is key to assessing service levels and, when necessary, introducing remedial plans together with the company's partner banks and business partners. As a result and in line with the previous year, Alba Leasing engaged Cerved Marketing Intelligence to perform a customer satisfaction audit.

This audit targeted the company's end customers and involved the key players of its distribution network to assess service levels and introduce any necessary improvements. The 2022 audit focused on recent customers, i.e., customers that entered into a lease contract with Alba Leasing in 2021 or the first half of 2022 through its main brokers (partner banks, affiliated banks, brokers or agents).

The audit took the form of phone interviews carried out in January 2023, followed by a structured questionnaire, with a sample of 661 customers out of a total contactable customer base of roughly 2,100 customers.

The feedback confirmed a very high level of satisfaction (94%) with the company's distribution channels, its operators and the type of contract or asset leased.

The customer satisfaction index, which measures the individual satisfaction drivers against the company's performance, was 96.1%, demonstrating the excellence of its distribution channels, and the high quality of its service, customer service and relationships.

As a result, CERVED certified the company as an ethical company that listens to its customers based on its customer satisfaction audit (<https://www.albaleasing.eu/upload/reclami/rendiconto-attivita-2022.pdf>).



Complaints management

Complaints management is an important indicator of service quality and can be used to identify areas of improvement.

The company believes that proper complaints management can contribute to a number of objectives, including: (i) maintaining a relationship of trust with the customer; (ii) less litigation; and (iii) detecting any problems with its services/products on offer.

As a result, the company has introduced the following objectives:

- (i)** raise employee awareness to ensure the effective protection of customers' rights;
- (ii)** facilitate complaints management, with the clear definition of:
 - interactions between the complaints management unit and the other units involved in management of the complaint and/or units not directly involved;
 - the timing, methods and recipients of the related reports;
 - the main duties of the control units to ensure that complaints are handled correctly and the adequacy of the related procedures and solutions.

The company's complaints management policy, approved by the board of directors, establishes its strong commitment to protecting customers' rights. It is also designed to raise awareness about the issue and to facilitate management of complaints, especially as regards the collaboration of other units in addition to those directly involved in handling the complaint.

The company updates the policy once a year and it is available to all employees and consultants on the intranet.

The complaints management unit reviews all complaints and responds to customers within the legally established deadlines in force from time to time providing a prompt opinion on the grounds (or lack of grounds) of the complaint.

The unit also considers the company's regulations about conflicts of interest when assessing the complaints. The compliance department is informed of any potential conflicts of interest involving the employees handling the complaint.

Customers may send their complaints to the company by ordinary post, email, certified email or by using the web form. Every six months, the compliance department.

Production innovation and socioeconomic development of companies

For Alba Leasing, innovation means helping its customers successfully deal with challenges thrown at them by the market. Its products are designed to make a tangible contribution to the industrial and social-economic development of SMES, which account for 95% of its customer base. The company's ability to innovate its products and the tools to use them gives it a real competitive edge.

In a period characterised by great uncertainty and instability, the company intends to strengthen its role as an important partner to its customers, offering them innovative and sustainable financial products to assist achievement of their recovery, growth and development projects. Thanks to the support of European and national institutions, the company has extended the range of subsidised specialised products to extend its footprint in Italy.

Financing of nearly 2 billion has been disbursed in recent years thanks to the funding made available by the European Investment Bank (EIB). Since June, the EIB has provided Alba Leasing with new funding of more than 450 million to be used for projects promoted by SMEs and Mid Caps. These projects must be sustainability-driven, in line with the Paris Agreement, and also designed for low-emission and climate resilient development. The company focused on the three sectors with the highest carbon emissions (energy, transport and energy intensive companies).

The Sabatini decree subsidies, which allow micro enterprises and SMEs to upgrade plant, purchase new equipment, and invest in hardware, software and digital technologies have been continued with the Ministry of Economic Development's (MISE) subsidised funding. From 2011 to 2022, the company has agreed more than 11 thousand leases contracts for 1.7 billion as part of this initiative.

With respect to SMEs' investments in research and technological innovation, they can continue to finance these investments at particularly advantageous rates thanks to the subsidised leases offered by Alba covered by the InnovFin guarantee promoted by the European Investment Fund (EIF). In 2022, the EIF supplemented the allocated funds of €300 million with another €60 million.

Alba Leasing's subsidised products

Renewable energy leases	Electrical mobility	Public sector leases	Leases of tyres and "buy now pay later" financing	Nuova Sabatini (Ter)	InnovFin guarantee
For alternative plants and investments in energy efficiency	Leases for services in the electrical mobility sector	To acquire plant and real estate by the public administration	Developed in partnership with Michelin Italia for the business customers and resellers of the Michelin network	Participation in the subsidised loan of MISE (Ministry of Economic Development) to upgrade plant, equipment and digital technologies for SMEs	Designed for research, development and innovation plans

2022 campaign (RePowerEu)

In 2022, the company launched its RePowerEu initiative for customers with a real estate lease. It involves offering an operating lease for the instalment of solar panels on the leased real estate. The initiative's underlying objective is to reconcile the growing need to save on

energy costs with environmental sustainability and it was developed with primary sector operators. Customers contacted as part of the initial survey to gauge their interest responded positively and the initiative will be rolled out properly over the next few months

When engaging with its partners, Alba Leasing not only guarantees normal operating activities but takes a constructive approach by applying responsible commercial policies and providing long-term assistance to them. This aspect is particularly important for the management of problem exposures or complicated situations, such as the case of the flooding on the island of Ischia in November 2022. The company granted its customers resident or with their registered and/or operating offices on the island temporary moratoria for mortgage/unsecured loan and lease repayments. It took a similar approach after the adverse weather events in the provinces of Ancona, Pesaro and Urbino in September 2022 and those in some municipalities in the province of Brescia in July 2022.

Once again in 2022, Alba Leasing attended Ecomondo, the leading European event for the green and circular economy. This trade fair was an opportunity to meet with other sector operators and re-engage with customers and suppliers.

**Alba Leasing
and Sorgenia,
an agreement
for SMEs'
energy
transition**

At Key Energy, the renewable energy trade fair held in Rimini as part of the Ecomondo event, Alba Leasing and Sorgenia signed a partnership agreement to promote green investments by Italian SMEs. This partnership represents their tangible contribution to the energy transition of companies, providing them with the opportunity to lease solar panels to self-generate renewable energy under an operating lease. Sorgenia's high tech

products are thus made available for lease enabling companies to instal solar panels without having to purchase them. This formula means the companies can dilute their investment over the lease term paying fixed instalments (unaffected by volatility in energy prices) and the operating lease includes insurance, maintenance and out-of-warranty repairs services until the removal of the solar panels at the end of the lease.

One of these is the relationship with Sorgenia, a company active in the free electricity and natural gas market with which Alba Leasing has formalised a partnership and a joint product. The company also participated in a round table discussion at the trade fair organised by the information portal Vaielettrico.it ("Private charging in condominiums and companies: the best way forward for the development of mass electric mobility") to present lease products that support smart mobility and reflect market trends.

In 2022, Alba Leasing also took part in the #NPLDays Italia organised by DD Talks, an event attended by the key experts in the distressed debt sector. It represents an occasion to catch up with other Italian distressed debt market players and analyse the measures, changes, challenges and opportunities of non-performing loans. Italy is one of the biggest NPL markets in Europe and an alliance among all the players (government, banks, investors and local stakeholders) is essential to bolster recovery of the country's real economy.

In the autumn, the company attended #BiMU, the most important Italian event dedicated to the manufacturing industry of machine tools, robots and automation. It presented the lease products that support companies interested in investing in new production technologies, including by taking advantage of government incentives..



2022 stories



Mazzeschi Snc, pink company for environment- saving “shirts”

Mazzeschi Snc is a national and international leader in the production of round bottom bags from 5 to 1,300 litres and above. These are actual “custom shirts” in highly resistant polyethylene, 100% made in Italy, tailor-made to adhere perfectly to the containers, keep them clean and thus avoid their washing.

Alba Leasing promotes their growth with a real estate lease to purchase a warehouse that will allow the company to double its production and build up its business.

Alluminio Agnelli, passionate about aluminium since 1907

Alugreen is a foundry founded in 2013 and part of the Agnelli Group. Its mission is to enable the group to be independent of the sector’s multinationals by recycling aluminium scraps. Alluminio Agnelli started this integrated circular economy process in 1935 when the Agnelli family decided to purchase and melt military aircraft scraps thus recycling them to counter shortages of aluminium after the war. Alba Leasing has worked with this company since 2014 providing it with numerous leases, so that it always has next generation machinery available to create increasingly innovative projects.

Oldrati Group, innovation and pursuit of sustainability

Oldrati Group, innovation and pursuit of sustainability
Based in the provinces of Bergamo and Brescia, Oldrati Guarnizioni Industriali is now one of the most important international groups for the production of rubber, plastic and silicone technical articles. Its mottos are “Internationalisation” and “Innovation” and the company is always primed to take on new challenges, especially the lack of raw materials and their waste. Thanks to continuous research and the introduction of innovation solutions, the group invented Ogreen, the regenerated and environmentally-friendly rubber used to produce technical articles. This technology has made it possible to reduce the production of waste and the consumption of virgin raw materials, thus decreasing the group’s CO₂ emissions. Alba Leasing is one of its partners that have sustained and supported the group’s growth and success over the years..

High tech precision mechanics of Poggipolini

Poggipolini was originally a mechanical workshop that, assisted by Sens-In, patented the first smart screws with very high tech sensors and connectivity to provide millions of real time data about the structures they are inserted into. Thanks to the idea of designing screws in titanium, which is a material with particular mechanical characteristics and is extremely light, the company has grown and expanded into the aerospace, automotive and motor sports sectors. Alba Leasing is proud to support this company’s development.

Torello, logistics 4.0

Torello is based in Avellino and is a brand leader in integrated logistics, which Alba Leasing supports by leasing its industrial vehicles. The Torello family business is characterised by its innovative and proactive approach, especially as regards sustainability. In 2020, upon completion of the related R&D project, it patented its GLAP (Green Logistic Automation Platform) process, which draws on the enabling technologies of Industry 4.0 to make the real time logistics handling of goods more efficient. This has allowed it to improve the quality of its services which are increasingly environmentally- friendly.

FAB furniture distributed in more than 52 countries

Set up in 1974 as a small furniture company to make dining room furniture and tables, FAB is now an international player making units for the entire furnishing sector, from retail to large-scale home improvement brands and DIY specialists to the specialised manufacturing industry. With the entry of the family's second generation into the company in 1998 and the ongoing upgrading of its IT processes, over the past decade, FAB has recorded its fastest growth surge up to 450 employees, a production area of 70,000 square metres, 10 production units and a distribution network spanning more than 52 countries around the world. Alba Leasing is proud to have contributed to its growth .

Azienda Agricola Annese, three generations of extra virgin olive oil

In 1982, following in the steps of his father, Onofrio Annese started the large-scale production of extra virgin olive oil under the Annese brand. In 2022, his wife Giuseppina took over and continued the tradition of making a high-quality product without using preservatives, dyes or any chemical products. The family company currently has around 100 hectares of land on which it grows olives, vegetables and fruit. Since 2009, with the backing of Alba Leasing, it has become energy self-sufficient thanks to its production of renewable energy.

IMAB Group SpA, furniture makers since the early 1900s

IMAB Group SpA, furniture makers since the early 1900s
The origins of carpentry are lost in very distant times: it is one of the oldest trades practiced by humans and it has given rise to the success of the IMAB Group. This passion, handed down from generation to generation, led to the foundation of Società Fratelli Bruscoli in 1959, specialised in the production of bedroom furniture. In 1968, Antonio Bruscoli drew on this experience to set up IMAB Mobili e. Prefabbricati. IMAB now has around 800 workers that operate out of 10 production units covering a surface area of 155,000 square metres. In 2021, successfully assisted by Alba Leasing, IMAB had a turnover in excess of €174 million.

Innovation and technology at the service of healthcare

Alba Leasing is at the forefront of supporting investment by healthcare companies: in 2020 and 2021, it leased more than 1,300 units of electromedical equipment worth €121 million. Some success stories are presented below.

Ab medica

Alba Leasing has been one of ab medica's key financial partners for several years. This company purchases and distributes the Da Vinci robotic surgical system in Italy. This is the most advanced technology used for many different types of surgical procedures thanks to its mini-invasive technology and the faster post-operation recovery by patients.

Bioscience Genomic

Bioscience Genomic, a university spin-off founded by Bioscience Institute, can sequence the circulating cell-free DNA of a foetus to detect the presence of chromosomal abnormalities. It also patented an innovative method to identify genetic conditions that could give rise to tumours. Bioscience Genomic has to continuously upgrade its equipment to ensure it always has state-of-the-art technologies. Alba

Leasing provides the financing to lease research and laboratory equipment.

Farmitalia

Farmitalia is a successful pharmaceutical company, a real leading light in the Sicilian economy engaged in developing innovative, quality products to meet people's needs in the medical and pharmaceutical fields. Since 2021, Alba Leasing has worked with this excellent company by allocating funds which have already been used to agree three contracts to purchase equipment for the packaging of drugs.

La Maddalena

La Maddalena is a highly specialised level 3 Oncology Department based in Palermo, which provides healthcare services tailored to its patients' needs. It has three macro categories of services: healthcare services, diagnosis and treatment services and scientific research. Since 2015, Alba Leasing supports this department with the regular agreement of leases of medical equipment and machines, such as mammography, tomographs and laboratory equipment.

Alba Leasing supports female-led companies

The company supports women entrepreneurs: roughly 21% of the beneficial owners of companies that have signed a lease contract with the company in the period from 2010 to 2022 are women. Female-led companies have grown in number considerably in Italy over the last decade although this came to an abrupt halt with the pandemic, which is just another reason why Alba Leasing as an enabler of growth supports high potential companies.

4



2022 HIGHLIGHTS

- More than 6,000 hours of training supplied
- Signee of the “Donne in Banca: valorizzare la diversità di genere” charter promoted by the Italian Banking Association
- 22 hours on average of training provided to each employee
- One-off €500 voucher given to all employees to be used on its welfare platform
- Distribution of €200 petrol vouchers to all employees

Human resources: employee growth and protection

Alba Leasing's people are one of its key assets and are pivotal to its successful growth and handling of market challenges over the long term.

As stated in its sustainability policy, the company's objective is to offer opportunities for professional growth by enhancing the skill-set, talents and sense of belonging both of its employees and the sales network in a stimulating and inclusive environment. It concurrently promotes their physical and mental health and their wellbeing.

The company's HR management strategy is three-pronged:

- management and professional upskilling of employees and the sales network, encouraging them to take professional development paths
- focus on employee health, safety and wellbeing, pursuing a zero injury goal, including by raising awareness of this issue among all the participants in its value chain
- promotion of diversity & inclusion by cultivating an inclusive work environment which prioritises human capital and has zero tolerance for discrimination in any form.

The workforce

At 31 December 2022, the company has 280 employees, substantially unchanged from the previous three years. It builds long-term relationships with them, based on mutual respect and the possibility of professional growth. In line with this policy, nearly all employees have an permanent full-time contract although the company also provides other options, offering part-time positions to reconcile the work- life balance to those employees who request this. All employees are covered by the national labour agreement and 52% of them belong to trade unions, an increase of 7% on the previous year. There are 15 employees who belong to protected classes.

Human resources management is based on meritocracy and professional competence criteria. The company offers its employees career and training possibilities without any form of discrimination or favouritism, in line with its code of ethics. It also cultivates a team spirit and mutual collaboration in respect of the dignity and reputation of each employee.

Employees and other workers (no.)	2020	2021	2022
No. of employees at 01/01	290	289	285
Total new hires	3	6	6
Total departures	2	9	11
Total no. of employees at 31/12	291	286	280
Breakdown of employees by gender	2020	2021	2022
Men	170	163	159
Women	121	123	121
Breakdown of employees by contract term and gender (no.)	2020	2021	2022
Permanent contract	289	284	274
<i>of which men</i>	<i>168</i>	<i>162</i>	<i>155</i>
<i>of which women</i>	<i>121</i>	<i>122</i>	<i>119</i>
Term contract	2	2	6
<i>of which men</i>	<i>2</i>	<i>1</i>	<i>4</i>
<i>of which women</i>	<i>0</i>	<i>1</i>	<i>2</i>
Other types of contract (internships, etc.)	5	4	3
<i>of which men</i>	<i>4</i>	<i>3</i>	<i>3</i>
<i>of which women</i>	<i>1</i>	<i>1</i>	<i>0</i>
Non-guaranteed hours employees	0	0	0
<i>of which men</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>of which women</i>	<i>0</i>	<i>0</i>	<i>0</i>
Breakdown of employees by region (no.)	2020	2021	2022
Northern Italy	264	258	252
Central Italy	15	15	15
Southern Italy and Islands	12	13	13
Permanent contract	289	284	274
<i>Northern Italy</i>	<i>262</i>	<i>256</i>	<i>246</i>
<i>Central Italy</i>	<i>15</i>	<i>15</i>	<i>15</i>
<i>Southern Italy and Islands</i>	<i>12</i>	<i>13</i>	<i>13</i>
Term contract	2	2	6
<i>Northern Italy</i>	<i>2</i>	<i>2</i>	<i>6</i>
<i>Central Italy</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Southern Italy and Islands</i>	<i>0</i>	<i>0</i>	<i>0</i>
Breakdown of employees by type of employment and gender (no.)	2020	2021	2022
Full time	253	250	244
<i>of which men</i>	<i>168</i>	<i>161</i>	<i>158</i>
<i>of which women</i>	<i>85</i>	<i>89</i>	<i>86</i>
Part time	38	36	36
<i>of which men</i>	<i>2</i>	<i>2</i>	<i>1</i>
<i>of which women</i>	<i>36</i>	<i>34</i>	<i>35</i>
Breakdown of employees by category and gender (no.)	2020	2021	2022
Managers	11	11	10
<i>of which men</i>	<i>11</i>	<i>11</i>	<i>10</i>
<i>of which women</i>	<i>0</i>	<i>0</i>	<i>0</i>
Junior managers	151	147	146
<i>of which men</i>	<i>109</i>	<i>103</i>	<i>102</i>
<i>of which women</i>	<i>42</i>	<i>44</i>	<i>44</i>
White collars	129	128	124
<i>of which men</i>	<i>50</i>	<i>49</i>	<i>47</i>
<i>of which women</i>	<i>79</i>	<i>79</i>	<i>77</i>

An analysis of the gender pay gap shows that it is below the national average for the banking and financial services sector³.

Gender pay gap	2020	2021	2022
Pay gap gross annual remuneration⁴ (%)			
Managers	n.a	n.a.	n.a.
Junior managers	85.40	85.05	84.17
White collars	105.29	105.35	106.63
Total pay gap⁵ (%)			
Managers	n.a	n.a.	n.a.
Junior managers	86.28	85.68	85.60
White collars	105.15	105.35	106.68

Alba Leasing is heavily invested in personnel retention as can be seen from the average length of service (around 20 years), which demonstrates and confirms employee loyalty to the company and the possibility of internal career paths.

Breakdown of employees by age bracket (no.)	2020	2021	2022
<30	11	11	12
between 30 and 50	121	114	104
>50	159	161	164
Breakdown of employees by category and age bracket (no.)	2020	2021	2022
Managers	11	11	10
of which <30	0	0	0
of which between 30 and 50	0	0	0
of which >50	11	11	10
Junior managers	151	147	146
of which <30	0	0	0
of which between 30 and 50	49	43	38
of which >50	102	104	108
White collars	129	128	124
of which <30	11	11	12
of which between 30 and 50	72	71	66
of which >50	46	46	46

3. On average, women in the Italian financial sector earn 23.7% less than their male counterparts (source: Eurostat - Gender pay gap statistics, data updated to March 2023).

4. The pay gap is calculated as: women's average remuneration/men's average remuneration. In order to calculate the 2020 gross annual remuneration gap, the company analysed the remuneration of all its full-time and part-time employees, adjusted using an equivalent full-time remuneration, at 31 December of all three years.

5. The gross annual remuneration, bonuses and one-off amounts are included in the calculation of the total remuneration gaps.

New hires are both a resource and great opportunity to acquire new knowledge and skills for the company. Alba Leasing encourages the sharing of experience and know-how by the more expert and specialised colleagues and welcomes the professional innovation brought by the newcomers.

New hires	2020	2021	2022
Total new hires	3	6	6
New hires by gender			
Men	2	1	4
Women	1	5	2
New hires by age bracket (no.)			
<30	3	3	6
Between 30 and 50	0	2	0
>50	0	1	0
New hires by geographical area (no.)			
Northern Italy	3	5	6
Central Italy	0	1	0
Southern Italy and Islands	0	0	0
Departures			
Total departures	2	9	11
Departures by gender (no.)			
Men	1	7	8
Women	1	2	3
Departures by age bracket (no.)			
<30	0	2	0
Between 30 and 50	0	0	3
>50	2	7	8
Departures by geographical area (no.)			
Northern Italy	2	8	11
Central Italy	0	1	0
Southern Italy and Islands	0	0	0

New hires rate	2020	2021	2022
New hires rate	1.0%	2.1%	2.4%
Men	1.2%	0.6%	2.5%
Women	0.8%	4.1%	1.7%
<30	27.3%	27.3%	50%
Between 30 and 50	0%	1.8%	0%
<50	0%	0.6%	0%
Northern Italy	1.1%	1.9%	2.4%
Central Italy	0%	6.7%	0%
Southern Italy and Islands	0%	0%	0%
Employee turnover rate	2020	2021	2022
Employee turnover rate	0.7%	3.1%	3.9%
Men	0.6%	3.3%	5%
Women	0.8%	1.6%	2.5%
<30	0%	18.2%	0%
Between 30 and 50	0%	0%	3%
<50	1%	4.3%	5%
Northern Italy	1%	3.1%	4%
Central Italy	0%	6.7%	3%
Southern Italy and Islands	0%	0%	0%

Parental leave

Alba Leasing provides parental leave to its employees in line with the current legislation. The return rate after this leave is 100% while the retention rate (continued employment 12 months after return from parental leave) is also 100%. Both rates indicate a positive climate with respect both to job security and optimal return to work conditions. The company encourages decisions about parental leave (maternity and paternity leave) and other related rights to be taken on an equal basis based on gender equality.

Parental Leave	2020	2021	2022
Employees who had the right to take parental leave (no.)	90	68	57
of which men	47	35	31
of which women	43	33	26
Employees who took parental leave (no.)	6	5	5
of which men	1	0	0
of which women	5	5	5
Employees who returned to work during the reporting period after taking parental leave (no.)	6	5	5
of which men	1	0	0
of which women	5	5	5

Parental Leave	2020	2021	2022
Employees who should have returned to work after taking parental leave (no.)	6	5	5
of which men	1	0	0
of which women	5	5	5
Employees who returned to work after taking parental leave and are still with the company 12 months after their return (no.)	14	5	5
of which men	1	0	0
of which women	13	5	5
Return rate after parental leave (%)	100	100	100
of which men	100	n.a.	n.a.
of which women	100	100	100
Retention rate after parental leave (%)	100	83.3	100
of which men	100	0	0
of which women	100	100	100

Management and professional development of employees and the sales network

Human resources management is based on meritocracy and professional competence criteria. The company offers its employees career and training possibilities without any form of discrimination or favouritism, in line with its code of ethics. The enhancement of human capital and ongoing training underpin any company's excellence and resilience as they allow adaptation to changing social- economic scenarios and the better management of existing and potential impacts on the business and the entire sector.

Training and development

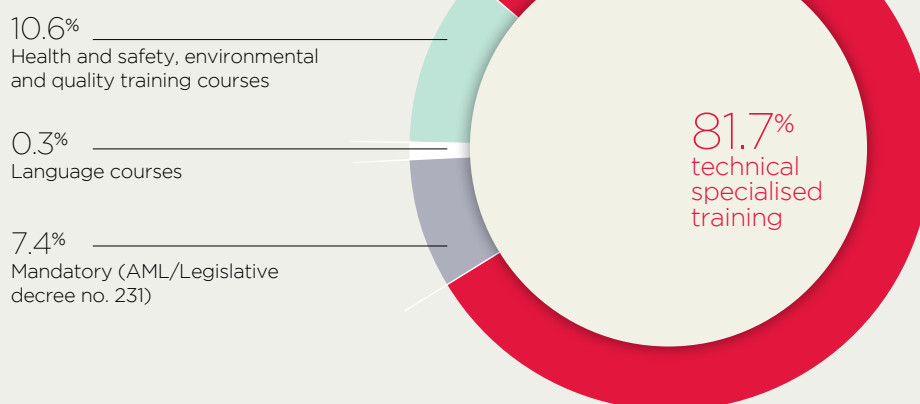
In 2022, the company's training courses and paths for its entire workforce, including the sales network, were designed to draw out the potential of each employee, encourage the development of interdisciplinary expertise, soft skills and digital know-how. Another objective was to teach employees how to assess markets and sector trends.

The subjects covered were:

- mandatory training courses (AML/Legislative decree no. 231);
- health and safety, environmental and quality training courses;
- language courses;
- technical specialised training.

In 2022, the company provided a total of 6,243 hours of training for an average of 22 hours per employee.

House of training by area (%)



Breakdown of average hours of training by gender (no.)	2020	2021	2022
Men	23	23	25.6
Women	29	15	18
Breakdown of average hours of training by category (no.)			
Managers	4.0	13.9	2.5
Junior managers	25.0	19.8	22.6
White collars	26.0	18.3	23.5

During the year, the lending and markets departments, including the account managers, took part in four and one internally-organised training courses, respectively, on:

- the importance of anti-money laundering issues, identification of the beneficial owner and the three stages of money laundering;
- Bank of Italy's AML publications;
- the four types of companies involved in organised crime;
- irregularity indicators that could trigger a suspicious transaction report.

A sector expert held an ESG course for some managers designed to increase their familiarity and understanding of the tools and methods used for sustainability oversight. The course included an extensive section on the GRI Standards which guide non-financial reporting.

Alba Leasing rolled out several communication and information initiatives for its employees to raise their awareness of sustainability aspects. Its internal sustainability newsletter, ESG Informa, provided learning pills about the various ESG topics in line with the calendar of International Days promoted by the United Nations, the European Union or other specialised agencies. Each month, different sustainability aspects or current affairs are discussed with an explanation of how they tie into the company's vision and mission with reference to both the company's people and the Italian business sector. The newsletter is designed to stimulate employees' interest, awareness and sense of community. The company also concentrated on making employees aware of the importance of sustainable

mobility by regularly sharing materials, studies and articles on the financial sector's commitment to this topic. It also uploaded six sustainable mobility learning pills onto the intranet to encourage more sustainable commuting habits.

Enhancement of individuals: focus on young people and women

New hires are a great opportunity to acquire new knowledge and skills for the company. Alba Leasing encourages the sharing of experience and know-how by the more expert and specialised colleagues and welcomes the professional innovation brought by the newcomers.

The company continued its policy of offering internships to new graduates, both to provide these students with its in-house skills and expertise and to discover talents coming from the universities and specialised training centres. In 2022, it welcomed 11 new people, mentored by internal resources, and hired five of them (45%) with a term contract after completion of their internship.

Staff meetings and welcome kits to encourage internal brand items

Staff meetings" is the section of the intranet @liseo, set up for the company's employees who can access the gallery of new hires which presents the new colleagues to the company, as well as other galleries assembled designed for

different categories of employees. Finally, to welcome new hires, the company has introduced a welcome kit which contains Alba Leasing such as a water bottle to discourage the use of disposable cups in the office.

In 2022, Alba Leasing became a signee of the "Donne in Banca: valorizzare la diversità del genere" charter promoted by the Italian Banking Association to increase the value of gender diversity as a key driver of development, sustainable growth and value creation. This has implied a commitment to cultivating equal treatment and opportunities through an inclusive work environment, strengthening recruitment and development processes, promoting the full and effective participation of women, especially in senior management positions, and steering its policies and internal awareness of gender equality through key management personnel.

The company's sustainability officer and HR and general services manager are both members of the interbank work group on the "Donna in Banca" charter, demonstrating the company's real commitment to the issue. This group was set up to discuss, analyse and share information about different environments and activities, to analyse the legislative framework, promote awareness of the charter's content and disseminate an inclusion and diversity culture and knowledge to enrich companies and society.

The company encourages female empowerment, including through their participation at international events. In fact, one female employee took part in the Leaseurope 2022's Future Group project: each year, the European association of lease companies hosts a group of young professionals chosen by their companies to work together to develop innovative solutions for the sector. The company's employee was part of the group that presented the "Mobility CO2 Calculator" to Leaseurope's annual conference in Cascais. This device is designed to calculate the CO2 emissions of a company's fleet of cars as well as emissions generated by employees who commute to work. Another employee participated as a speaker at the 2022 Milan Symposium on securitisations and on the status of the STS

(Simple, Transparent and Standardised) market. They presented Alba Leasing's experience acquired over the years in funding transactions performed to source new funds and become increasingly independent of its partner banks.

Employee assessments

The company has a performance management process (PMP) for employee assessment. This entails a face to face interview with the employees to assess their performance and feedback between the employees and their supervisors. The aim of the PMP is to promote achievement of the company's objectives by establishing each employee's contribution and their areas of responsibility. MAEVE: face-to-face interview with the employees to assess their performance and feedback between the employees and their supervisors

The final score is based on a five-level scale going from poor to excellent. The assessment process is completed by an action plan which sets out improvement actions to be taken, including to close any identified gaps. Typical examples of this are tailored training courses, job rotations, assignment of a task/project and coaching in other departments. The entire assessment process was completed in February 2023.

During the year, 79% of the workforce (48% women, 53% men; 55% white collars and 45% junior managers) was assessed and 100% of those completed the entire process. In order to encourage internal mobility, Alba Leasing continued its job posting scheme, which matches the company's requirements to the aspirations of its employees, who can apply for new positions. This scheme provides for the creation of alternative career paths and identifies possible development needs.

Employee health, safety and wellbeing

Its commitment to employee health, safety and wellbeing is an integral part of the company's culture, which it pursues through internal regulations and tools in line with the national health and safety legislation.

Alba Leasing is committed to ensuring a healthy and safe work environment for everyone, minimising risks for its employees, suppliers that work at its offices or visitors that access its facilities. Accordingly, it regularly monitors the conditions of the workplaces and health of its employees with regular medical check-ups, safety procedures and risk identification procedures.

It also provides its employees with annually-scheduled briefings and training courses. The prevention and protection officer is in charge of these activities.

In 2022, the company set up an election committee to re-elect safety representatives, who have a four-year term of office and a very important mandate: they represent the other employees about occupational health and safety issues.

In 2022, 660 hours of mandatory HSE training were provided, a significant increase on the previous year due to the training of the new prevention and protection staff member (ASPP), three new safety officers (RSL) and the numerous new hires and interns. For preventative reasons, the company provides safe driving courses to its commercial staff, deemed to be most at risk in this respect.

Injuries in the workplace (no.)	2020	2021	2022
Total injuries	0	0	1
<i>of which men</i>	0	0	0
<i>of which women</i>	0	0	1
Total commuting injuries	0	0	0
<i>of which men</i>	0	0	0
<i>of which women</i>	0	0	0
Total injuries in the workplace	0	0	1
<i>of which men</i>	0	0	0
<i>of which women</i>	0	0	1
Total fatal injuries	0	0	0
<i>of which men</i>	0	0	0
<i>of which women</i>	0	0	0
Total serious injuries (for more than 180 days of sick leave)	0	0	0
<i>of which men</i>	0	0	0
<i>of which women</i>	0	0	0
Total hours of sick leave for illnesses and injuries	6,334	8,203	8,288
Total hours worked	424,209	415,022	444,914
Days lost due to injuries	0	0	12
Recorded near-misses	0	0	0
Serious injury frequency rate (per million hours worked) ⁶	0	0	0
Employee injury frequency rate (per million hours worked) ⁷	0	0	2.25
Severity rate (per thousand hours worked) ⁸	0	0	0.03
Absenteeism rate (hours of absence/total workable hours)	1.5%	2.0%	1.9%
Work-related ill health of employees (no.)			
Total deaths caused by work-related ill health	0	0	0
Total recordable cases of work-related ill health	0	0	0

In addition, up until 31 December 2022, vulnerable employees had the option to work remotely in agreement with the company doctor.

Corporate welfare, work-life balance and social initiatives

Alba Leasing has a corporate welfare system for all its full-time and part-time employees. It includes social-welfare support initiatives and flexible work tools, some of which have been gradually extended.

Specifically, Alba Leasing:

- gives €7 meal vouchers to all employees, including those with term contracts, while the part-time employees' vouchers are calculated in line with their hours worked;
- provides a complementary healthcare policy to all its employees and their dependents, which it extended in 2022 to include various non-hospital services (diagnostics,

6. The serious injury frequency rate is calculated as the total number of serious injuries divided by the total number of hours worked multiplied by 1 million

7. The injury frequency rate is calculated as the total number of injuries divided by the total number of hours worked multiplied by 1 million

8. The severity rate is calculated as the days lost due to injuries divided by 1 thousand hours worked

specialist visits, dentist visits, etc.), with a significant increase in the annual allowance from €3,600 to €4,000;

- pays the 3% contribution to PREVIP's complementary pension plan;
- provides free in-person or online tax assistance to all its employees, including those with term contracts.

Once a year, the company gives its employees a bonus tied to achievement of the objectives set out in the trade union agreement. The employees can choose whether to receive this bonus in cash or in welfare benefits (or both). These latter benefits can be accessed on the company intranet @liseo and includes services such as:

- reimbursement of education costs for their children;
- reimbursement of the cost of babysitters and minders for elderly relatives;
- reimbursement of public transport costs;
- payments into pension funds;
- vouchers for goods and services;
- on-demand travel service;
- hobbies and personal care.

The company provided three webinars to assist its employees understand how to convert the bonus into welfare services.

In 2022, as the company's objectives were exceeded (110%), it increased the bonuses. It also renewed and extended the Banco BPM products available to all employees under the 4YOU agreement. They include special offers for current accounts, credit cards, mortgage loans, personal loans, current account overdrafts, savings and investments. The company included two new offers for current accounts for children aged between 12 and 17 and for adults under 27 years of age to provide additional benefits to families and employees with children and to new hires.

Alba Leasing helping families cope with the surge in living costs

Given the spiralling inflation and the resulting surge in living costs in Italy and Europe in 2022, the company decided to provide its employees with tangible assistance. All employees, other than the managers and employees with company cars, received 200 petrol vouchers, to be used to cover household

mobility costs. In addition, the company provided all its employees, excluding the management team, with a one-off 500 voucher to be used on the company's welfare platform to purchase household items, exchanged for food vouchers, to buy clothes, etc. and cover daily living costs.

Alba Leasing gives great importance to work-life balance and has introduced work flexibility and other initiatives to ensure this and to improve its employees' wellbeing. During the year, all the employees were requested to complete a questionnaire to better understand what initiatives, goods or services are the most useful to improve the quality of their lives.

After assessing the feedback, the company extended the range of company devices available to employees who work remotely. These included ergonomic office chairs and/or a 24" desktop monitor supplied for their remote workstations on a free loan basis. Alba Leasing provides its employees with information on how to comply with the relevant regulations and advice for the best use of their home offices as indicated in the

communication on employee health and safety, which includes recommendations about the safe use of equipment and devices.

**Alba Go Green:
sustainable
mobility
at work**

In 2022, the company increased its commitment to sustainable mobility by offering the possibility to work remotely and by providing Milan office employees with free annual urban travel passes for the local public transport network. Specifically, it paid for eight Trenord train passes and 99 ATM metro passes (equal to

around 55% of the Milan office employees). The company also took steps to promote a green mobility culture in the workplace by introducing learning pills to raise awareness and educate all employees about the use of public transport, sharing options and the health benefits of using two-wheeled mobility.



5



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



13 CLIMATE ACTION

2022 HIGHLIGHTS

- Roll-out of the RePowerEu campaign, to encourage operating leases and the installation of solar panels
- New funds of over 450 million, projects in line with the Paris Agreement objectives
- “Sustainable mobility learning pills” initiative launched: information and advice for employees about a new form of mobility

Environment: responsibilities and innovation

In line with its sustainability policy, Alba Leasing carries out its business in a way that is respectful of the environment, biodiversity and ecosystems and the related objectives set at international level. It translates this commitment into tangible actions to mitigate climate change and reduce emissions by decreasing the impact of its operations in line with ruling regulations, by providing support to companies that intend to improve their environmental footprint through its role as a services provider and by proposing lower impact solutions to its customers.

In particular, the company monitors the environmental impact of the assets returned to it, focusing on preventing environmental crimes associated with moveable assets and real estate whose contracts were not successful or for which the purchase option was not exercised. The company's 231 organisational model makes specific reference to these aspects.

Environmental management falls under the material topic "Reduction of environmental impacts and asset security".

Reduction of environmental impacts and asset security

The company focuses on initiatives at its Milan and Rome offices to:

- reduce the consumption of materials (dematerialisation);
- reduce electricity consumption;
- reduce emissions of pollutants from business activities;
- reduce consumption by its fleet of vehicles;
- correctly manage waste elimination;
- manage the indirect effects of its buildings and assets

Consumption of materials

In 2022, Alba Leasing continued projects as part of its journey to steadily reduce its carbon footprint. Where possible, it is replacing hard copy publications with soft copies to save paper. In order to discourage printing and reduce the use of ink, the company also eliminated some of the printers at its offices. The significant increase in paper consumption in 2022 is due to the purchase of supplies during the year.

Materials used by weight or volume⁹	M.U.	2020	2021	2022
Paper purchased	boxes of 5 reams	370	69	271
Total paper consumption	kg	4,159.4	853.1	3,215.6

Energy consumption and emissions

The company's energy consumption mostly relates to lighting and air-conditioning systems for its offices in Milan and Rome and its fleet of vehicles.

The company has replaced its neon lights with LED lighting in all the common areas of its Milan office for energy efficiency purposes.

The company's fleet comprises 80 vehicles, most of which are diesel, as well as a petrol car, a hybrid car and an electric car. Its 2022 figures show a slight decrease in the direct consumption of petrol and a slight increase in diesel consumption, which is substantially in line with previous years.

The company continues to strongly promote sustainable mobility.

In 2022, the company carried out the survey necessary to draw up its commuting plan (PSCL) using a platform to obtain the data. This enabled it to join a coordinated and collaborative network of public and private companies with more than 100 employees involved in the initiative. Moreover, to combat energy and food waste, the company reorganised the Milan office's break areas. This included the installation of new high tech class A and A++ vending machines with cutting-edge technology for food preservation.

It achieved energy savings from the reduction of the number of vending machines in line with the changed work situation and the smaller presence of employees in the office due to the remote work option. The company solely purchases certified energy from renewable sources and has agreed a "green" contract for the Milan and Rome offices.

Energy consumption	M.U.	2020	2021	2022
Total energy consumption	GJ	5,783.82	7,483.08	7,338.87
<i>of which from renewable sources</i>	<i>GJ</i>	<i>1,085.31</i>	<i>1,124.89</i>	<i>961.80</i>

Breakdown of direct consumption of primary energy by source and type	M.U.	2020	2021	2022
Direct consumption of primary energy from renewable sources	GJ	0	0	0
Direct consumption of primary energy from non-renewable sources	GJ	4,698.51	6,358.19	6,377.08
<i>Of which diesel (fleet of vehicles)</i>	<i>GJ</i>	<i>3,595.24</i>	<i>4,828.05</i>	<i>4,630.83</i>
<i>of which petrol (fleet of vehicles)</i>	<i>GJ</i>	<i>102.76</i>	<i>191.04</i>	<i>161.64</i>
<i>of which gas to heat offices</i>	<i>GJ</i>	<i>1,000.50</i>	<i>1,339.10</i>	<i>1,584.61</i>
Total direct energy consumption	GJ	4,698.51	6,358.19	6,377.08

Electricity consumption	M.U.	2020	2021	2022
Electricity purchases	GJ	1,085.31	1,124.89	961.80
Milan office	GJ	1,032.44	1,079.46	923.12
Rome office	GJ	52.87	45.42	38.68
<i>of which from renewable sources (D)</i>	<i>GJ</i>	<i>1,085.31</i>	<i>1,124.89</i>	<i>961.80</i>
<i>% renewable sources</i>	<i>%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

The calculation of energy consumption and related emissions covers both offices.

⁹ Paper consumption refers to the company's entire reporting scope, including, for example, its offices at partner banks.

The company's scope 3 emissions (indirect impacts) are calculated considering paper supplies and business travel. Its direct CO₂ emissions in 2022 increased slightly compared to 2021 but are however in line with previous years.

Emissions	M.U.	2020	2021	2022
Direct CO₂ emissions - Scope 1	tCO₂	329.89	420.99	444.01
<i>of which diesel (fleet of vehicles)</i>	<i>tCO₂</i>	<i>264.81</i>	<i>329.79</i>	<i>340.42</i>
<i>of which petrol (fleet of vehicles)</i>	<i>tCO₂</i>	<i>7.54</i>	<i>14.02</i>	<i>11.81</i>
<i>of which natural gas</i>	<i>tCO₂</i>	<i>57.54</i>	<i>77.17</i>	<i>91.78</i>
Indirect CO₂ emissions - Scope 2 - location based	tCO₂	85.77	83.93	67.30
Indirect CO₂ emissions - Scope 2 - market based	tCO₂	0.00	0.00	0.00
<i>Milan office</i>	<i>tCO₂</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
<i>Rome office</i>	<i>tCO₂</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Total CO₂ emissions (Scope 1 and Scope 2) - location based¹⁰	tCO₂	415.66	504.91	511.31
Total CO₂ emissions (Scope 1 and Scope 2) - market based¹¹	tCO₂	329.89	420.99	444.01
Indirect CO₂ emissions - Scope 3¹²	tCO₂	21.02	9.25	21.01
Emissions from paper procurement	tCO ₂	3.82	0.78	2.96
Emissions from business travel	tCO ₂	17.19	8.46	18.05

The GHG emissions and energy intensity data for the three years refer to the Milan and Rome offices and are substantially in line with the previous three years.

Carbon intensity and energy intensity	2020	2021	2022
Energy intensity (GJ consumption/employees at 31/12)	19.88	26.16	26.21
Carbon intensity (Total CO ₂ emissions Scope 1 - Scope 2 market based / employees at 31/12)	1.13	1.47	1.59

Alba Leasing, one of the 130 most climateconscious companies



The newspaper Il Corriere della Sera included Alba Leasing in its classification of the 130 most climate-conscious companies in its "Pianeta 2030" insert, which is entirely dedicated to the environment, sustainability and the circular economy. For the second consecutive year, Corriere della Sera, Pianeta 2030 and Statista drew up a list of Italian companies that

achieved the greatest in the ratio of their CO₂ emissions to turnover, by calculating their CARR (Compound Annual Reduction Rate), which shows the CO₂ emissions intensity reduction rate between 2019 and 2021 compared to turnover. Their intent is to identify the most virtuous companies, i.e., those that manage to increase turnover and simultaneously reduce their carbon footprint.

10. Reference conversion factor: Efficiency and decarbonisation indicators for total energy consumption and power sector - ISPRA 366/2022.

11. Reference conversion factor: ABI - Guidelines for the application of the GRI Standards relating to environmental topics by banks (December 2022).

12. The company reports its scope 3 emissions as per the GHG Protocol for the business travel and purchased goods and services categories. Specifically, with respect to the business travel category, the company calculates its emissions using the information on the ecopassenger.org website, as recommended by the Italian Banking Association 2022 guidelines. It was not required to differentiate between high speed and regional train travel, as most of its employees' travel is by high speed trains. With regard to travel by airplane, the company did not deem it necessary to distinguish between domestic and international flights, as most flights undertaken by employees are domestic. It did not consider travel by hired vehicles in its calculation of business travel emissions. The company calculated the emissions for the purchased goods and services category considering solely its purchases of paper.

Waste management

The company mostly generates waste in the form of paper, plastic and furniture, mainly related to its ordinary business activities (urban waste). Any special waste generated during the year mostly refers to light bulbs, printer toner and batteries used as part of the company's everyday activities. Hazardous and non-hazardous waste is dealt with by specialist operators that comply with high quality standards and the environmental regulations in force. They disclose the type of material picked up and its elimination method in special forms.

The company encourages plastic-free consumption at its Milan office and has installed microfiltered water dispensers in the break areas. All employees have been given thermal water bottles to reduce the use of single-use plastic products.

Waste	M.U.	2020	2021	2022
Hazardous waste	t.	0.13	0	0
<i>of which recycled or recovered</i>	%	100	0	0
Non-hazardous waste	t.	8.08	16.15	1
<i>of which recycled or recovered</i>	%	100	100	100
Total waste	t.	8.21	16.15	1.00

Use of water resources

The company's use of water resources is limited to its bathrooms with water taken from the mains water. Given the tiny volumes of water used, this is not a material topic for Alba Leasing.

Safety of buildings and company assets

Alba Leasing's commitment to protecting the environment includes its indirect environmental impact. It includes environmental assessments as part of the lending process and asset management to ensure it does not damage the ecosystem or its inhabitants. The company performs documented checks of its plant and machinery in compliance with the ruling regulations. It has a dedicated appraisal model for the real estate segment and to enhance the assets during the agreement, transformation and management (renegotiation, exercise of purchase options and termination) of leases. Third party qualified experts manage the model used to appraise the real estate according to criteria such as its location, its surrounding area, safety and environmental impact, and regularly report to the company. The recovery of assets due to leases that have been terminated or for which the purchase option has not been exercised involves mapping and managing any risks associated with environmental crimes as provided for in the relevant legislation in order to take the necessary remedial actions.

The company carries out redevelopment, safety and reclamation activities on returned assets in order to restore and/or improve their environmental and social impact profiles so as to then remarket them sustainably.

In 2022, given the rise in real estate risk, with returns higher than the number of sales and an average holding period of around five years, the company's risk management and lending policies unit continued to review the appraisal documents and parameters used to calculate their commercial values in order to facilitate their remarketing. In order

to achieve a more appropriate appraisal service and handle this issue, the company has introduced:

- a new process for the better sharing of information between the remarketing and operating technical activities units, although their duties continue to be segregated;
- a new tool (appraisal) for the more accurate estimation of the real estate's value; pursuant to the ruling regulations, and especially article no. 124 of Law no. 4 no. 124 and the EBA guidelines, the company has changed the method used to calculate the adjusted market value. This new method can only be used for real estate that has already been returned or is in the process of being returned and the commercial negotiations have been started.

Based on that performed in previous years, the company continued its environmental assessment of the returned assets in 2022. Remediation activities were recommended for 14 properties with asbestos or other environmental liabilities. The remediation of six properties has been successfully completed. Alba Leasing confirmed its engagement of a third party company as its asbestos officer to manage the assets it still holds and which contain asbestos (even when this is minimal and does not legally require removal) and to report annually on their maintenance and safety. The company has 199 properties available for lease including 128 owned by Banco BPM and 17 which it owns, all listed on its online portal.

To improve its disclosure of the sustainability characteristics of the company's assets, it has increased the information about them in the technical forms. Accordingly, the forms for real estate transactions includes a new "energy class" box while with respect to vehicles, new fields will be included for each chassis/registration plate, including CO₂ emissions (grams per km). This information is necessary to comply with the future reporting to the European Investment Bank for "sustainable goods" contracts - EIB Standard 11 (green) and EIB Standard 12 (Paris Agreement).

Low environmental impact products

Alba Leasing is engaged in the mitigation of environmental impacts and accordingly its products are designed to achieve energy efficiency, smart mobility and renewable energy objectives.

Thanks to the support of certain European and Italian institutions, the company has extended its portfolio of subsidised specialised products intensifying its impact across the country and assisting companies with their transition to "greener" business models (more information is available in the "Social aspects: accountability to customers and communities" section).

Indeed, Alba Leasing intends to lever its role as a driver of change and increasingly promote the use of leases as a tool that Italian companies can use to innovate their business and concurrently reduce their impact on the environment.

Finally, during the year, the company launched the RePowerEu initiative under which customers are given the opportunity of agreeing an operating lease to install solar panels on buildings they have leased in order to achieve the growing need to contain energy costs and become environmentally self-sufficient. The "Production innovation and social-economic development of companies" section (section 3) provides more information about this initiative.



2022 HIGHLIGHTS

- 0 reports of discrimination
- 0 losses or thefts of data
- 54,440 attempts to access company servers blocked
- 150 hours of pay donated to women who have been victims of violence
- 72% emails quarantined in advance because they were suspicious or spam

Respect for human rights

Safeguarding human rights mostly relates to data protection and respect for the individual given the nature of the company's activities. This also covers its business partners. Specifically, the company focuses on:

- the individual's fundamental rights;
- workers' rights, as set out in the International Labour Organisation's (ILO) Declaration;
- the right to health, safety and privacy;
- the right to a healthy environment.

Alba Leasing's code of ethics sets out its principles, rights, obligations and responsibilities vis-à-vis its shareholders, representatives, employees, consultants, customers, suppliers and public authorities. The code of ethics states, promotes and prohibits specific conduct for which the company could be liable or that does not comply with its ethical standards.

The main rules related to the rights of the individual or the entire workforce are set out below:

- starting from the recruitment stage, Alba Leasing offers the same opportunities without any form of discrimination linked to gender, race, language, religion, political opinions or trade union membership;
- candidate assessment is based on checking satisfaction of the professional and soft skill criteria for the position, respecting the candidate's dignity, personality, private life and opinions;
- Alba Leasing has a zero tolerance policy for harassment of any kind of employees, suppliers, customers or visitors where harassment means any form of intimidation, threat, behaviour or verbal offence that hinders an employee from peacefully carrying out their duties or abuse by a superior (for example, the request of personal favours that upset the recipient's serenity);
- the company prohibits relationships with parties that directly or indirectly engage in behaviour contrary to individual freedom and personality and/or violate or contribute to violating the fundamental rights of the individual (for example, exploiting child labour, promoting sex tourism, etc.); and with parties involved in criminal activities such as but not limited to drug trafficking, money laundering and terrorism.

Alba Leasing makes whistleblowing channels available to all its stakeholders so they can report risky situations or violations of one or more of the rules set out in the code

of ethics. These reports are managed in such a way as to protect the whistleblowers from any form of retaliation.

No internal reports of discrimination have been received in the last three years.

Alba Leasing employees on the front line advocating for rights

Solidarity and human rights are precious values for Alba Leasing which it promotes through various initiatives. In 2022, it joined the “Payroll Giving” initiative for violence against women. Its employees donated 150 hours of their pay through their payslips. The company then doubled the amount donated by them and transferred the entire amount to “Fondazione Libellula” to provide financial assistance to women who have been victims of violence. Eight company employees also took part in the tenth edition of the Milan Relay

Marathon, a charity race where the teams compete on behalf of non-profit organisations. Alba Leasing’s two teams competed for the Emma Rouge NPO which raises funds for the prevention and treatment of melanoma, to promote the right to good health.



Data Privacy

Keeping data confidential is a priority for the company and is its business aspect that most pertains to the sphere of human rights. Data privacy and the security of the sensitive information acquired, stored and processed by the company are closely related to respect for an individual’s rights.

The issue is managed through the code of ethics, which confirms that the personal data acquired, stored and processed as part of the company’s business is protected in full compliance with the provisions of Legislative decree no. 196/2003 (the personal data protection code).

As required by this decree, the company’s specialist data privacy unit ensures the confidentiality of the data of its employees and customers, the compliance of its operations with the regulations and the proper processing of the data collected.

Confidentiality is built into every internal process starting from the design phase with the incorporation of the related supporting IT applications (privacy by design).

As required by the EU's GDPR, the company has a privacy officer, a data protection officer and a specialist data privacy unit.

Given the recent acceleration in its digitalisation, the company monitors data security by investing in its cyber attack protection system for all its infrastructure, which includes encryption of employees' PCs as well as specific tests to check the security and reliability of its information systems.

Precisely for this reason, the company updated its internal Incident Management Procedure, to define a cyber security incident management process consistent with the reference regulatory framework and industry best practices. The update is designed to make internal processes more efficient and ensure coordination between internal units in the event of anomalous emails, theft/loss of PCs, mobile phones, smart cards and operating anomalies on IT applications to achieve increasingly timely ticket management and system recovery.

In addition to the regular training courses (part of the mandatory programme) on data privacy, the company also provided its employees with two short modules on cyber security. Specifically:

- the 20 minute Module A on "The main threats", provided as an e-learning course to 224 participants;
- the 20 minute Module B on "How to avoid fraud", provided as an e-learning course to 218 participants.

As a result of its commitment to this issue, the company did not receive any complaints from customers concerning breaches of their privacy nor did it incur losses or thefts of data in 2022.



Methodology for reporting non-financial information

This document is the consolidated non-financial statement (the “statement” or the “NFS”) of Alba Leasing for the year ended 31 December 2022. The company prepared this statement in accordance with Legislative decree no. 254 of 30 December 2016, as subsequently amended. While it is not legally required to comply with this decree, the company has elected to draw up the statement voluntarily pursuant to article 7 thereof so as to report on its non-financial performance to its stakeholders.

The company publishes the statement once a year in line with the timeline for the preparation and publication of its annual consolidated financial statements. The NFS presents data and information about environmental, social and human resources aspects, respect for human rights and the fight against active and passive corruption which were all identified as material in the materiality analysis, updated in 2022, considering the guidance provided in the revised version of the GRI Universal Standards described on page 11. The board of directors approved the materiality analysis when it approved the NFS. The statement’s reporting scope includes Alba Leasing at 31 December 2022.

Alba 6 SPV S.r.l., Alba 9 SPV S.r.l., Alba 10 SPV S.r.l., Alba 11 SPV S.r.l. and Alba 12 SPV S.r.l., which are consolidated by Alba Leasing, are excluded from the reporting scope as they are securitisation vehicles, do not have employees and do not have a material environmental or social impact. The company’s ownership structure has not undergone significant change with respect to the reporting scope and period.

The company has prepared the NFS in accordance with the GRI Universal Standards, revised by the Global Reporting Initiative (GRI) in 2021. The company chose the “in accordance” option. Comparative figures are given for each indicator for the previous two years, when possible, to allow an assessment of the company’s performance over the medium term. The scope of the environmental data includes the Milan office in Via Sile and the Rome office in Via Bissolati. It does not include the other offices located in the partner banks. Information useful to understand the performance over the three years is provided in notes within this Statement. The statement has been prepared in accordance with the GRI reporting principles: Sustainability Context, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity and Verifiability.

Statement of use: Alba Leasing prepared its statement using the “in accordance” option under the GRI

GRI 1 used: GRI 1: Foundation 2021.

Applicable sector standards: n.a.

Material topic	GRI Standard	Indicator	Document page number	Note / Omissions
GRI 2: GENERAL DISCLOSURES 2021				
The organization and its reporting practices				
	2-1	Organizational details	7	
	2-2	Entities included in the organization's sustainability reporting		Methodology for reporting non-financial information
	2-3	Reporting period, frequency and contact point	Back cover	Publication date: 26/04/2022
	2-4	Restatements of information		No significant data or information have been restated compared to the previous NFS.
	2-5	External assurance	77	
Activities and workers				
	2-6	Activities, value chain and other business relationships	7-9	
	2-7	Employees	5; 47-48	
	2-8	Workers who are not employees	48	
Governance				
	2-9	Governance structure and composition	14-18	
	2-10	Nomination and selection of the highest governance body	14-18	
	2-11	Chair of the highest governance body		The company's chair is not a member of senior management.
	2-12	Role of the highest governance body in overseeing the management of impacts	14; 20-21	
	2-13	Delegation of responsibility for managing impacts	20-21	
	2-14	Role of the highest governance body in sustainability reporting	Nota metodologica	
	2-15	Conflicts of interest	16-17	
	2-16	Communication of critical concerns	29; 37-38	
	2-17	Collective knowledge of the highest governance body	4-5; 21	
	2-18	Evaluation of the performance of the highest governance body	14	The performance of the highest governance body is evaluated on a voluntary basis by an external company and does not take place regularly. The most recent evaluation was performed in 2021 and it also covered the board of directors' awareness of ESG and sustainability topics.
	2-19	Remuneration policies	18-19	The directors receive a fixed fee
	2-20	Process to determine remuneration	18-19	The board of directors approves the remuneration policy.
	2-21	Annual total compensation ratio		The company does not report this ratio as it is sensitive data.

Material topic	GRI Standard	Indicator	Document page number	Note / Omissions
Strategy, policies and practices				
	2-22	Statement on sustainable development	4	
	2-23	Policy commitments	7-9; 20-21; 29-31; 61; 67	As stated in the NFS, the company's commitments are set out in its sustainability policy, available at this link https://www.albaleasing.eu/politica-di-sostenibilita/ and; approved once a year by the board of directors. Respect for human rights, identification of related topics and how they are managed, including from a prevention viewpoint, are described in the dedicated section of the NFS.
	2-24	Embedding policy commitments	8-9; 29-31; 52-54	To the extent of their mandates, department heads must ensure compliance with the policies issued by the company bodies and general management. The general manager monitors their complete compliance as they have overall responsibility for the company's operations. business.
	2-25	Processes to remediate negative impacts	37-38	
	2-26	Mechanisms for seeking advice and raising concerns	29	
	2-27	Compliance with laws and regulations	31	
	2-28	Membership associations		ABI, ASSILEA, AIAF, AIFIRM, AIIA, AIGI, AISCA, ASSBB, ASSIOM, A.ASS.OD, FOREX, AOMI, Anti-trust Authority, Conciliatore Bancario, Organismo per la tenuta dell'Albo dei Promotori Finanziari, IVASS, PROMETEIA.
Stakeholder engagement				
	2-29	Approach to stakeholder engagement	13-14	
	2-30	Collective bargaining agreements	47	
GRI 3: MATERIAL TOPICS				
	3-1	Process to determine material topics	11-12	
	3-2	List of material topics	12	
GRI TOPIC STANDARD				
Anti-corruption				
Integrity and transparency in business	3-3	Management of material topics	29-31	
	205-2	Communication and training about anti-corruption policies and procedures	30	
	205-3	Confirmed incidents of corruption and actions taken	31	A breakdown by region is not significant, as Alba Leasing mostly works in Italy.
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	31	

Material topic	GRI Standard	Indicator	Document page number	Note / Omissions
Tax				
Integrity and transparency in business	3-3	Management of material topics	31	
	207-1	Approach to tax	31	
	207-2	Tax governance, control, and risk management	31	
	207-3	Stakeholder engagement and management of concerns related to tax	31-32	
	207-4	Country-by-country reporting	32	A breakdown by region is not significant as Alba Leasing mostly works in Italy.
Sustainable social-economic development of companies	3-3	Management of material topics	35-45	
	201-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	32-33	
Customer privacy				
Data privacy	3-3	Management of material topics	67-69	
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	69	
Employment				
Management and professional development of employees and the sales network	3-3	Management of material topics	47; 50-51; 54	
	401-1	New employee hires and employee turnover	50-51	
Diversity and equal opportunities				
Diversity & inclusion	3-3	Management of material topics	47-49	
	405-1	Diversity of governance bodies	17; 48-49	
	405-2	Ratio of basic salary and remuneration of women to men	49	
Human rights				
Integrity and transparency in business	3-3	Management of material topics	67-68	
	406-1	Incidents of discrimination and corrective actions taken	66; 68	
Training and education				
Management and professional development of employees and the sales network	3-3	Management of material topics	52-55	
	404-1	Average hours of training per year per employee	5; 52-53	
	404-3	Percentage of employees receiving regular performance and career development reviews	55	
Occupational health and safety				
Employee health, safety and wellbeing	3-3	Management of material topics	55-57	
	403-1	Occupational health and safety management system	55-56	
	403-2	Hazard identification, risk assessment and incident investigation	55-56	

Material topic	GRI Standard	Indicator	Document page number	Note / Omissions
	403-3	Occupational health services	55-56	
	403-4	Worker participation, consultation, and communication on occupational health and safety	55-56	
	403-5	Worker training on occupational health and safety	53; 55-56	
	403-6	Promotion of worker health	55-56	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	55-56	
	403-9	Work-related injuries	56	Nothing to report in point b as immaterial for the company.
	403-10	Work-related ill health	56	Nothing to report in point b as immaterial for the company.
Employee wellbeing				
Health, safety and wellbeing	3-3	Management of material topics	51-52; 57-58	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	57	
	401-3	Parental leave	51-52	
Environment				
Reduction of impacts and asset security	3-3	Management of material topics	61-65	
	301-1	Materials used by weight or content	61-62	
	302-1	Energy consumption within the organisation	62	
	302-3	Energy intensity	63	
	305-1	Direct (Scope 1) GHG emissions	63	
	305-2	Indirect (Scope 2) GHG emissions	63	
	305-3	Other indirect (Scope 3) GHG emissions	63	
	305-4	GHG emissions intensity	63	
	306-1	Waste generation and significant waste-related impacts	64	
	306-2	Management of significant waste-related impacts	64	
	306-3	Waste generated	64	

List of indicators not included in the GRI indicators

Material topic	GRI Standard	Indicator	Document page number	Note / Omissions
Credit quality	3-3	Management of material topics	35-36	
Innovative products	3-3	Management of material topics	8; 38-40	
Service quality and digital innovation	3-3	Management of material topics	35-37	



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

*To the board of directors of
 Alba Leasing S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2022 consolidated non-financial statement of Alba Leasing S.p.A. (the "company") prepared in accordance with article 4 of the decree and approved by the board of directors on 20 March 2023 (the "NFS").

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the NFS

The directors are responsible for the preparation, on a voluntary basis, of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the bank's business and characteristics, to the extent necessary to enable an understanding of the bank's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the company's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the company's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

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Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the company's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

1. Analysing the material aspects based on the company's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the company's consolidated financial statements.
4. Gaining an understanding of the following:
 - the company's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
 - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
 - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).



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5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the company's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the company's business and characteristics, we performed the following procedures:

- a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
- b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2022 consolidated non-financial statement of Alba Leasing S.p.A. has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Milan, 4 April 2023

KPMG S.p.A.

(signed on the original)

Roberto Spiller
 Director of Audit





Photo taken from

VISIONI D'INSIEME Event
Milan, 2 February 2023

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2023
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