

# Alba Leasing S.p.A.

2021 consolidated  
non-financial statement

Statement pursuant to Legislative decree no. 254/2016



alba  
leasing



# contents 1

**Chairman's letter**

**2021 highlights**

Alba Leasing:  
identity and  
business model  
page 7

Business  
ethics  
page 25

Social aspects:  
accountability to  
customers and  
communities  
page 31

Human resources:  
employee growth  
and protection  
page 39

Environment:  
responsibilities  
and innovation  
page 53

Methodology  
for reporting  
non-financial  
information  
page 65

Respect for  
human rights  
page 61

Independent  
auditors' report  
on the 2021  
consolidated  
non-financial  
statement  
page 69



## Alba Leasing: sustainability as the linchpin

2021 was another very challenging year for everyone torn between the need for normality and to start up again, especially companies, and the continuing global public health emergency, with its effects on the economy and society.

We achieved excellent results this year, responding to a market characterised by new challenges with products and services based on social responsibility and innovation. These two key concepts have steered our choice to strengthen our decision-making and organisational processes and will continue to do so in the future, driving a transformation in our business model as well.

This vision has led to updates in the year. First, we set up a sustainability committee to guide our sustainability strategies, as well as to seize and pre-empt the resulting numerous opportunities. We have strengthened our internal culture of sustainability to ensure that everyone, in line with their roles and duties, is aware of the importance of ESG (Environmental, Social, Governance) issues as necessary to apply them to all aspects of their jobs, thus fully developing our sustainability policies.

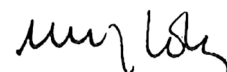
During the pandemic, technology and the digitalisation of internal processes continued to be fundamental to guarantee operational continuity, while fully safeguarding the health of our people, and to steadfastly assist our customers. We also focused on identifying innovative solutions for our core business, increasingly orientated towards digitalised lease processes, and made online channels available to customers to facilitate their recovery and growth with high security standards. We increased our investments in circular economy, energy efficiency, green mobility and highly innovative environmentally sustainable projects. This included "green" funds made available to Italian companies engaged in sustainable development in 2021 and our partnership with the European Investment Bank (EIB) Group.

We intend to step up our role as an enabler of economic and social development in our local communities and to avail of the opportunities offered by the Italian National Recovery and Resilience Plan, focused on digitalisation, agriculture, the green transition and healthcare. We aspire to be a key player in kick-starting recovery, growth and development to relaunch Italy together with all the stakeholders and decision makers at national level.

The complicated political and social situation at the start of this year will lead to new directions, developments and accelerations and Alba Leasing will be ready to play its part. In 2022, Italy will and must rediscover its potential and we intend to do our share to build a sustainable future together.

I hope you find this report interesting.

Luigi Roth  
Chairman Alba Leasing S.p.A.



## 2021 Highlights

**Over 5 thousand**  
branches throughout  
Italy

**286**  
employees

**Roughly 1.5 billion**  
products in our  
portfolio\* serving  
30 thousand corporate  
customers

**7 subsidised**  
lease  
products tailored  
for innovation and  
sustainability

**€ 50 million**  
of green funds available  
to Italian companies  
that invest in sustainable  
development

**Over 5 thousand**  
hours of training  
provided

**100% renewable**  
energy  
used at our Milan  
and Rome offices

**Training**  
on sustainability  
provided to the entire  
workforce

**Around 19 hours**  
of training provided  
to each employee

**More than**  
**38 thousand**  
days of remote  
work during the year

**€ 50 million**  
for operating leases  
for circular economy  
and energy efficiency  
projects

**Set-up**  
of a sustainability  
committee

\* The product portfolio includes the value of all contracts agreed in 2021



# 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 Credito Valtellinese S.p.A. (8.05%) and based in Milan, Alba Leasing currently has nearly 30 thousand customers, mainly SMEs, and an extensive distribution and sales network of around 5,200 branches at partner and affiliated banks.

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 of the operating lease market, which grew 150% in 2021.

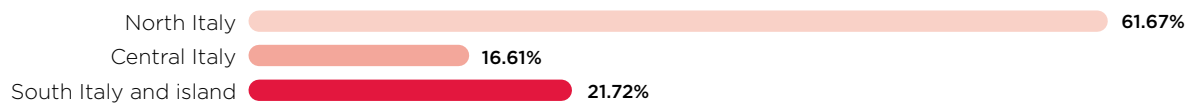
The company's products include:

- **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.

The company ended the year strongly with a pre-tax profit of €7,300,899, reflecting the resurging domestic economy despite the complications caused by the ongoing public health emergency and its repercussions on the Italian and international economies.

The following charts provide a breakdown of the company's product<sup>1</sup>.

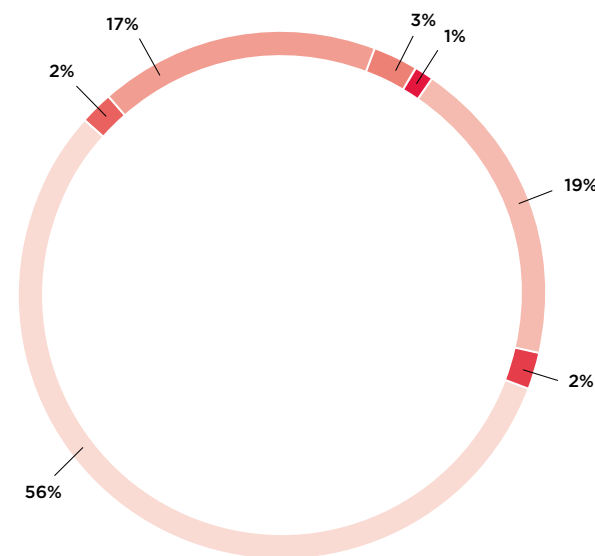
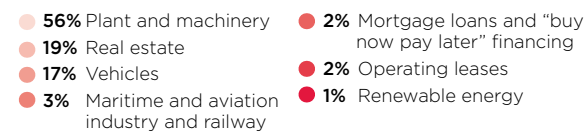
### Geographical breakdown



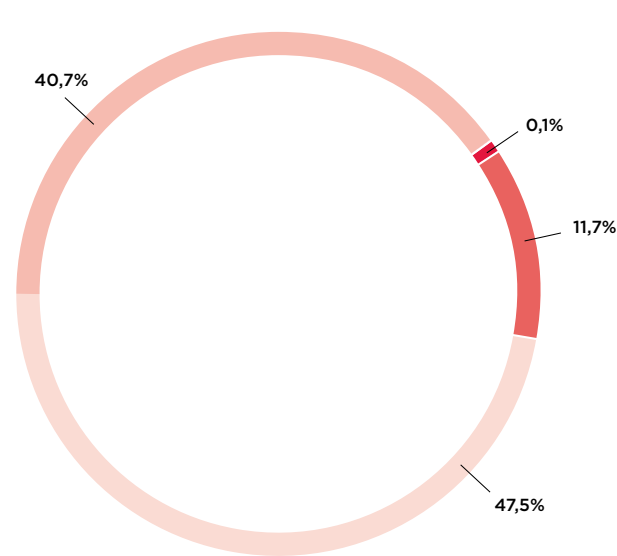
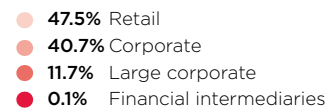
1. L1. The percentages refer to the total value (net of operating leases) of the portfolio, i.e., the total value of the contracts agreed in 2021.



### Breakdown by business sector (%)



### Breakdown by customer segment (%)



## Effects of Covid-19 on Alba Leasing

Covid-19 has heavily affected the domestic economy since its outbreak in February 2020. The government-imposed shuttering of many industrial and services sectors as well as the restrictions on the movement of people and goods all impacted the macro economy and forced companies, along with all public and private sector entities, to rethink their business approach.

Despite this, the public health emergency did not significantly affect Alba Leasing's results as it was able to continue to operate on many fronts: its employees worked remotely coming in to the workplace when possible in conditions of utmost safety in line with government measures and guidelines, while customers availed of the digitalisation solutions made available by the company and the government relief measures. Alba Leasing set up a task force to manage loan moratorium processes and respond appropriately to the emergency. It concurrently stepped up its AML controls (in line with the national financial intelligence unit's instructions) to combat Covid-19 linked financial crimes, the risk of which has taken on new connotations due to the huge volume of data transmitted electronically.

In line with the pandemic's evolution, Alba Leasing will continue to safeguard and promote its employees' health and to foster engagement with its customers.

## 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:

- **Affiliated suppliers:** there are currently 12 suppliers covering the mechanical (5), renewable energy (5), graphics (1) and mobility (1) sectors. The suppliers sign a commercial agreement with Alba Leasing under which they directly report transactions performed with their customers at set conditions. There are also affiliated suppliers for operating leases.
- **White-list suppliers:** there are 52 suppliers that work in six separate industrial sectors (mechanical, electro-medical, packaging, wood and plastic). 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.

During the year, the company took steps to make procurement management more efficient. It introduced a new platform, ORACLE ERP, to streamline the order creation and approval processes, making internal processing times faster and achieving greater transparency with the suppliers.

In order to make its operating lease business more efficient, the company offered its customers and affiliated suppliers the option to agree online contracts using the HeyLis@ platform, rationalising the intermediation processes (see section 6 for more information about this).

## Our approach to sustainability

The lease sector is essential to the economic recovery, as leases are a flexible and efficient tool that can facilitate a business rebound. This rebound primarily encompasses the transition to a sustainable, circular and digital economy, promoted by international and national policies, and leases can enable this as they are the most suitable tool to acquire cutting-edge systems and technologies without requiring immediate cash outlays to boost productivity.

Italy's National Recovery and Resilience Plan, to be used to channel investments over the next few years in line with EU guidelines, prioritises issues such as digitalisation, agriculture and the green transition as well as mobility infrastructure, education, social and gender equality and health, which can all drive the country's relaunch. Alba Leasing plans to act as the link between the National Recovery and Resilience Plan, the related investments and the SMEs, strengthening

its role as a partner of choice to assist companies implement their recovery, growth and development projects with its innovative and sustainable financial and commercial products.

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 business activities.

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

In the current context, in which sustainability is increasingly the paradigm of the new economic model, Alba Leasing intends to play a leading role, facilitating and promoting change and contributing to progress towards some of the United Nations' Sustainable Development Goals (SDGs) as part of its 2030 Agenda.

**SDG 3 Health and wellbeing.** This has always been an important issue for Alba Leasing and even more so after the pandemic. The company has stepped up all measures necessary to safeguard the health and wellbeing of its employees in terms of their physical and physiological wellbeing while concurrently ensuring professional and business continuity.

**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 in progressively more detail 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.

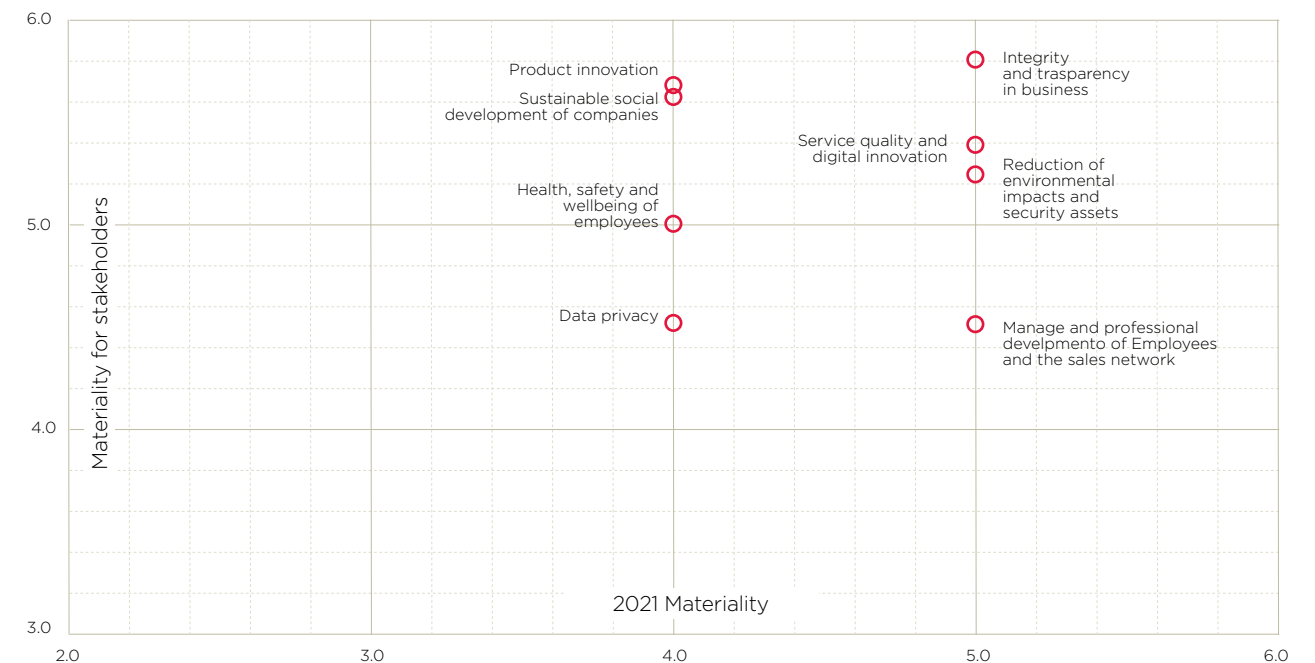
### Updating the materiality analysis

The identification and critical analysis of the main sustainability topics (i.e., the materiality analysis) is one of areas that the company prioritises to update its strategic sustainable development guidelines and to provide a sustainability report that satisfies all its stakeholders' expectations.

Alba Leasing updates its materiality analysis once a year to include any internal or external changes. In 2021, it focused on external changes and especially the far-reaching modifications introduced by the EU with the Green Deal and sustainable finance measures. The next table shows the material topics identified as a result of the update, linked to each area of Legislative decree no. 254/2016 and showing the GRI Standards selected to present the operating results. Diversity, equal opportunities and credit quality are relevant but not material topics.

| Leg. decree no. 254/16 aspects | Material topics  | Section   |
|--------------------------------|--|---|
| Fight against corruption       | Integrity and transparency in business   | Business ethics   |
| Human rights                   | Data privacy<br>(* other material topics associated with the Human rights topic) | Human rights  |
| Social                         | Service quality and digital innovation   | Social aspects: accountability to customers and communities |
|                                | Product innovation   |   |
|                                | Sustainable social and economic development of companies                         |   |
| Human resources                | Management and professional development of employees and the sales network       | Human resources: employee growth and protection             |
|                                | Employee health, safety and wellbeing  |   |
| Environment                    | Reduction of environmental impacts and asset security                            | Environment: responsibilities and innovation                |

### 2021 materiality analysis



## 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

Alba Leasing believes that 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. Specifically, during the year, the company upgraded its tools used to communicate with customers and its digital channel footprint to provide support during this prolonged pandemic period. 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 has also decided to perform a customer satisfaction audit by interviewing its end customers with the involvement of the main players of the distribution network as part of its regular customer satisfaction measurement and monitoring activities. This audit is particularly meaningful as it assesses service levels and will facilitate the introduction of improvement plans together with the company's intermediaries (see the "Social aspects: accountability to customers and communities" section for more information).

In order to assist companies with their liquidity requirements during the current economic recovery, Alba Leasing has extended its dedicated Covid-19 call centre service and regularly updates the section on its website on loan moratoria, as well as the FAQ section, to help customers choose between the options made available by Alba Leasing and the government measures.

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 2021, the company held 15 virtual meetings hosted by senior management to present its Alba 12 securitisation, present updates on new initiatives, its results, the market, its vision and strategies.

The company also actively participates in projects organised by Assilea, the sector association for finance and operating lease operators in Italy. In 2021, Alba Leasing took part in various round tables including the sustainability round table, sharing its experience about green leases and sustainable finance. It also presented its experience with the EIB's solutions as part of a discussion on the EU taxonomy and ESG risks.

Alba Leasing continued to sponsor the #allYOUneedisLease channel, promoted by the sector association on the basis that a lease can provide real assistance to a company for its smart, green and digital recovery. The channel is used to disseminate news and best practices for these issues.

### Alba Leasing's contribution to the 2021 Lease Trade Fair: #60secdiLEASE

point of view on why long-term leases and rentals are ideal tools to support SMEs with their economic recovery in line with the National Recovery and Resilience Plan.

"60sec di LEASE" is a series of video interviews, promoted by Assilea and the sponsors of #allYOUneedisLease. Like its peers, Alba Leasing published its published its statement presenting its



## 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 pivotal for the effective performance of their duties assigned to it by law, the supervisory requirements and the by-laws. The number of directors shall be adequate given the size and complexity of the company's organisational structure so that it can efficiently monitor all operations. Given these criteria, the aim to efficiently manage all the risks and above assessment of the overall operating complexity, the optimal number of directors was deemed to be seven in line with the by-laws. Four directors represent the partner banks and three directors are independent.

### Qualitative composition of the board of directors

In qualitative terms and without prejudice to the mandatory requirements of the sector's supervisory regulations, the directors shall:

- > 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 disparity 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

The board of directors as a whole (executive, non-executive and independent directors) shall have appropriate professional and management skills, including of an international nature, considering the company's activities.

Specifically, and based on the guidelines and instructions defined at national and international level (Bank of Italy's instructions, EBA's guidelines and best practices), each director shall have sufficient familiarity with the following areas:

- > the economic-financial system (domestic and international markets, predictive models);
- > sector regulations (banking, financial and tax);
- > internal control systems and risk management and control methods;
- > corporate governance and company management processes (financial reporting,

legal affairs, group management and coordination, management accounts, conflicts of interest, stakeholder engagement, key resources management, remuneration and social responsibility);

- > organisational structure and information systems (organisation, ICT, outsourcing policies and business continuity);
- > the company's structure, corporate governance and organisation.

In addition, the board of directors shall include members with:

- > extensive and diversified expertise in management and technical skills in legal, accounting, tax, financial, risk management and control, corporate governance, IT processes, company organisation and HR areas;
- > significant, well-honed experience in management, administration and controls of intermediaries and/or companies.

### 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, but without compromising the principle of the active participation of all members in the discussion and decisions of the board. To this end, each member must be able to analyse and assess all the issues addressed and decisions taken by the board.

At least a third of the directors shall be of the less represented gender and, as already mentioned earlier, ideally, the company's board of directors shall include at least one (1) member of the less represented gender.

### Independence

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



## 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.

## Limits to the number of positions

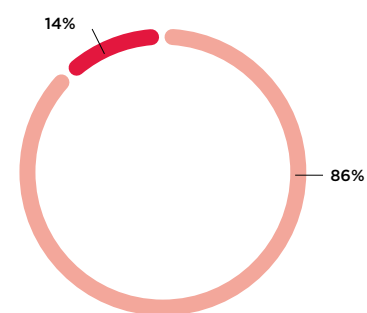
Each director shall be fully aware of their strategic role and related powers and obligations. To ensure they carry out their duties correctly and are effective in their roles, the directors must be able to dedicate sufficient time and resources to their positions. Their availability shall be greater 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.

The company's directors are bound by the limitation of the accumulation of positions imposed by law or regulations in force from time to time, and especially interlocking directorate prohibitions.

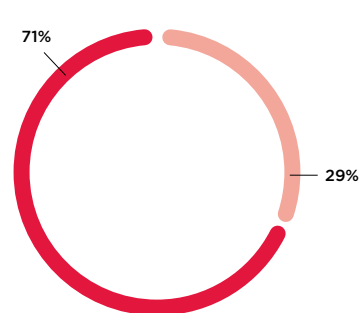
### Breakdown of the board of directors by gender (%)

- Men
- Women



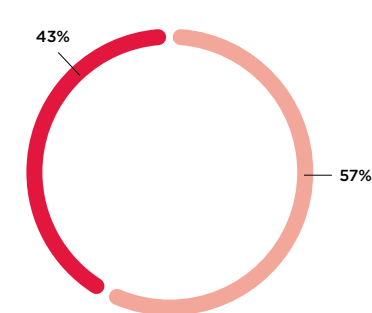
### Breakdown of the board of directors by age bracket (%)

- between 30 and 50
- > 50



### Independent directors (%)

- Partner banks
- independent members



| Breakdown of the board of directors by gender | 2019     | 2020     | 2021     |
|---|----------|----------|----------|
| <b>Directors</b>                              | <b>7</b> | <b>7</b> | <b>7</b> |
| Men   | 7        | 6        | 6        |
| Women   | 0        | 1        | 1        |

| Breakdown of the board of directors by age bracket (no.) | 2019 | 2020 | 2021 |
|--|------|------|------|
| <30  | 0    | 0    | 0    |
| between 30 and 50  | 2    | 2    | 2    |
| >50  | 5    | 5    | 5    |

| Directors' expertise | banking and financial business | legal, economic and commercial | governance and risks | strategies and institutional relationship | IT and new technologies |
|----------------------|--------------------------------|--------------------------------|----------------------|---|-------------------------|
|                      | 7/7                            | 7/7                            | 2/7                  | 3/7                                       | 1/7                     |

## 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 2021, the company's directors hold an average of four other positions in other companies or bodies while the statutory auditors hold an average of five 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:

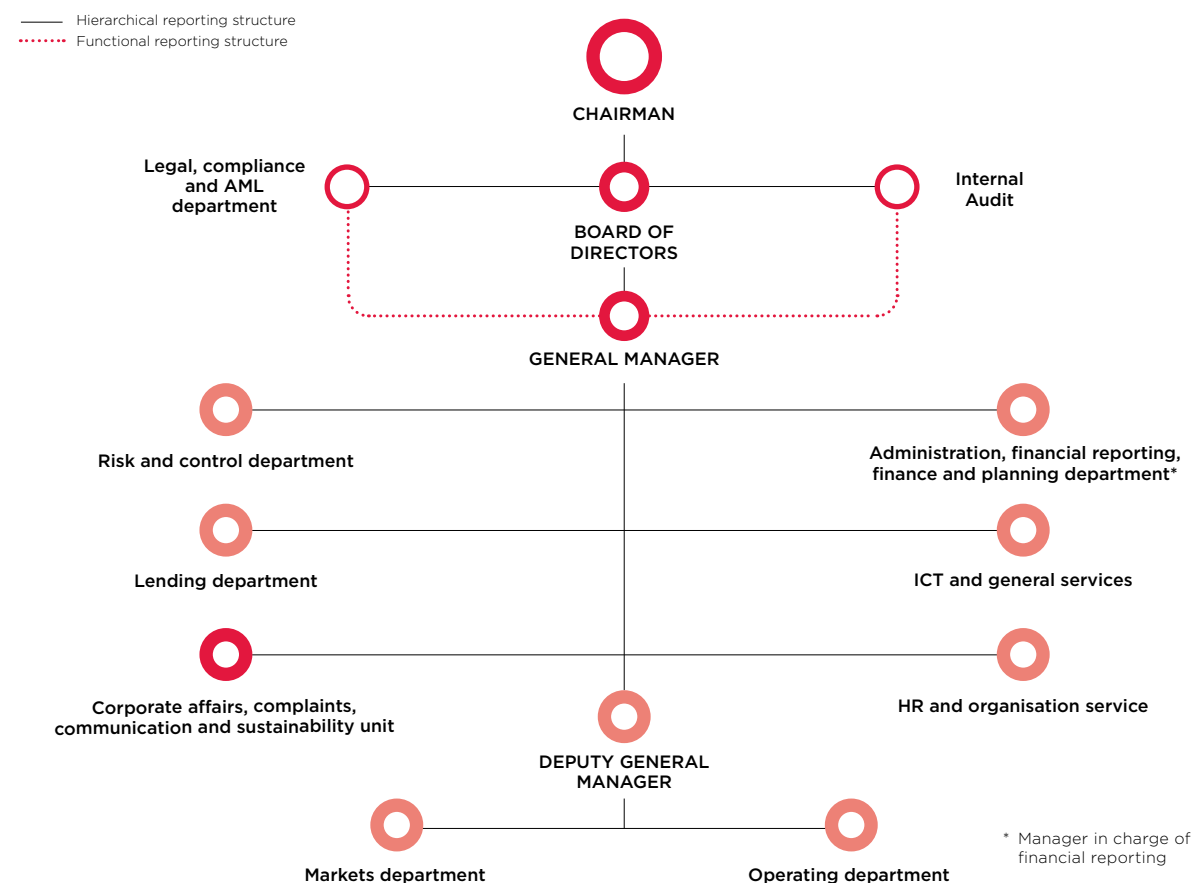
- the steering committee, which makes proposals to the board of directors and coordinates and steers internal transformation initiatives;
- the internal audit committee, which monitors the company's risk profile and measures to ensure the completeness, adequacy, the functioning and reliability of the internal control system;
- the 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;
- the sustainability committee, which makes proposals and is consulted about assessments and decisions relating to ESG issues.

## Organisational structure

The board of directors appoints a general manager who represents the company, designs and takes steps to achieve strategic objectives and has responsibility for the overall running of the company. This person is supported by a deputy general manager, also appointed by the board of directors, who oversees management of the centralised back office processes and market activities. The company's control bodies, i.e. the legal, compliance and AML department and the internal audit unit report directly to the board of directors. Their roles and activities are defined by internal procedures and regulations.

In order to create greater synergies with its stakeholders, the company set up a new customer and digital assistance unit as part of its operating department in 2021. This new unit's mission is to (i) support customers, coordinating the outsourced call centre and directly responding to simple customer requests while directing more complex requests to the relevant specialised units; (ii) assist the customer and supplier networks with issues relating to the use of digital technologies in their respective areas.

## 2021 organisational chart



## Sustainability

The board of directors defines the strategic sustainability guidelines and has appointed a sustainability officer to oversee the process and match the guidelines to the company's structure.

In 2021, the company set up a sustainability committee chaired by the general manager. Its standing members include senior management as well as the sustainability officer, whose duties include assisting the board of directors with assessments and decisions related to ESG issues to pursue sustainable success and the company's sustainability plan. The sustainability committee works with the other committees and, inter alia, 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 company has established the roles and responsibilities of the committee in its regulation. It has also introduced a procedure for the preparation and publication of a non-financial statement.

## Internal control and risk management system

The company is committed to fostering an internal culture hinged on its 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 European Central Bank's 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 and their materiality;
- 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 and approved once a year by the board of directors, which is responsible for overseeing the entire process. 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 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 environmental 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. 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.



The company plans to develop a new model for real estate ratings (propensity to maintain its value over time) that includes ESG risk and specifically geographical risk (earthquakes), goods risk (energy class) and sector risk in 2022.

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 actions  |
|--|--|--|
| Sustainable social and financial growth of companies<br><br>Innovative products                      | <b>Strategic risk</b><br>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.   | <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>   |
| Service quality and digital innovation<br><br>Sustainable social and financial growth of companies   | <b>Credit risk</b><br>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.  | <ul style="list-style-type: none"> <li>Comprehensive check of the customer's credit worthiness and any related guarantees by opening an electronic credit check (PEF - pratica elettronica di fido).</li> <li>Definition of a new lending process with an automated credit screening and assessment procedure</li> <li>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.</li> <li>Existence of a dedicated unit which manages problem exposures.</li> </ul> |
| Management and professional development of employees and the sales network<br><br>Product innovation | <b>Operational risk</b><br>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.                             | <ul style="list-style-type: none"> <li>Checks of the legality rating (from CERVED, the credit collection company, the company website and subsequently with the introduction of the electronic credit check).</li> <li>Specialised courses for employees on legislation and to hone their technical and company-specific skills.</li> </ul>  |
| Management and professional development of employees and the sales network                           | <b>Outsourcing risk</b><br>The 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. | <ul style="list-style-type: none"> <li>Existence of an outsourcing monitoring office which manages and monitors risks associated with outsourcing contracts.</li> <li>Existence of an outsourcing policy.</li> <li>Definition of service level agreements (SLAs).</li> <li>Existence of an operating procedure to monitor outsourced activities, which defines the outsourcer selection and supervision criteria.</li> <li>Procedure for the management of professional services outsourced to third parties which defines how such services are agreed and managed.</li> </ul>    |

|   |   |  |
|---|---|--|
| Integrity and transparency in business<br><br>Employee health, safety and well-being                | <b>Non-compliance risk</b><br>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. | <ul style="list-style-type: none"> <li>Existence of a 231 model and a code of ethics.</li> <li>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.</li> <li>Whistleblowing procedure to collect reports and any ethical violations.</li> <li>Supervision by the AML unit, in charge of managing the risk of non-compliance with AML regulations.</li> <li>Existence of an AML procedure.</li> <li>IT procedure for the profiling and management of customer AML risk.</li> <li>Specialised courses on anti-corruption and anti-money laundering.</li> <li>Supervision of compliance with anti-trust regulations.</li> <li>Existence of an internal occupational health and safety procedure.</li> <li>Existence of a specialist internal health and safety unit to ensure the company's compliance with the related regulations.</li> <li>Supervision by a prevention and protection officer of compliance with health and safety regulations.</li> <li>Existence of a technical analysis procedure (moveable property) and a technical analysis procedure (real estate) to check the environmental status of the asset before its acquisition or before its lease/sale.</li> </ul> |
| Reduction of environmental impacts and asset security<br><br>Service quality and digital innovation | <b>Reputation risk</b><br>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.   | <ul style="list-style-type: none"> <li>Existence of a complaints procedure and a monitoring and control system.</li> <li>Monitoring of the management of leases for injuries in accordance with the ruling regulations performed by the operating department and the problem loans department and controls over occupational health and safety risks.</li> <li>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.</li> <li>Planned curtailment of automated loan authorisation procedures for certain transactions that could expose the company to fraud, money laundering or environmental risks.</li> <li>Due diligences of suppliers and financed assets.</li> </ul>  |
| Data privacy  | <b>Cyber risk</b><br>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.  | <ul style="list-style-type: none"> <li>Upgrading of technological infrastructures to the latest security levels.</li> <li>Existence of a privacy officer who is responsible for this issue at company level.</li> <li>Existence of a data protection officer who provides advice and performs checks.</li> <li>Existence of a specialist data privacy unit which checks the compliance of operations with the regulations, especially as regards data processing.</li> <li>Specialised data processing courses.</li> </ul>   |

The public health emergency has highlighted the need to rethink the company's predictive ability when assuming credit risk. The unpredictability of the economic, commercial and

financial impacts of an unexpected event has compelled Alba Leasing to use the forward-looking scoring and the financial transaction sustainability scoring (developed with Crif) to strengthen its risk assessment and monitoring process. These machine learning techniques strengthen the company's traditional assessment tools.

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).

During the year, the company rolled out the new Borges data monitoring software, which can supplement the data in its data warehouse with those of Cerved. The software facilitates the timely and secure monitoring of customers to build an extensive data set that can be used to monitor their behaviour. The software has been built to accommodate data from other external sources, thus amplifying the information about customers and, in the future, suppliers.

### **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.







## 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, did not receive any in 2021.

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. Following new communications made by the Italian Financial Intelligence Unit (UIF) on the prevention of financial crimes linked to the Covid-19 emergency, the company has reinforced its AML controls. Specifically,



### 2021 HIGHLIGHTS

- Alba 12 is STS (simple, transparent, standardised transactions) certified
- No notifications received from the supervisory body
- Directors and statutory auditors are trained about cyber security
- AML controls have been strengthened
- 99% of the workforce has received training on AML and the 231 organisational model
- Zero sanctions and/or non-monetary measures for non-compliance with social-economic laws or regulations



the paragraph of its AML procedure (Prc 30) on the reporting of suspicious transactions was revisited with:

- introduction of a new suspicious transaction form;
- changes to the reporting procedure to reflect the newly set up offices;
- creation of a dedicated email address to receive the suspicious transactions report.

The company also reorganised the management of the AML profiling notes so that the entire workforce has a clear and comprehensive understanding of customers with a high risk profile.

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.

In 2021, 99% of the company's workforce was provided with AML and 231 organisational model training courses. In addition, a training course on cyber security (compliance aspects) was offered to all directors and statutory auditors, and 29% of the former and 100% of the latter attended it.

All 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.

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. In 2021, the company ran an on-line refresher course on the competition law for all its employees.

| Employees provided with compliance training by position (%) | 2019 | 2020 | 2021 |
|---|------|------|------|
| Managers  | 64%  | 100% | 100% |
| Junior managers   | 97%  | 94%  | 100% |
| White collars   | 96%  | 91%  | 97%  |

### Alba 12 has obtained STS status

Alba Leasing has successfully completed the Alba 12 securitisation, raising approximately €900 million of new funding to be allocated to SMEs. Like its predecessor Alba 11, Alba 12 has obtained STS status, as confirmation of the company's transparency and ethical standards under the new European securitisation regulation in force since January 2019, which qualifies transactions as "simple, transparent and standardised".

Alba Leasing has not incurred monetary or non-monetary sanctions for non-compliance with social and economic laws and regulations (including anti-trust, AML and anti-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.

The company has declined the option offered by the Italian government in 2020 to postpone its periodic tax payments, including in compliance with the guidance provided by Consob in warning notice no. 1/21 of 16 February 2021. It holds that paying taxes is a fundamental civic duty that goes beyond the legal requirements and, in this way, further contributes to the country which had to deal with the impact of the Covid-19 pandemic on public spending.



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  | 2019    | 2020    | 2021    |
|--|---------|---------|---------|
| 10. Interest and similar income  | 112,003 | 108,024 | 105,512 |
| 20. Interest and similar expense   | -21,117 | -22,164 | -15,320 |
| 40. Fee and commission income  | 23,188  | 21,798  | 28,149  |
| 50. Fee and commission expense (net of costs for external networks)                                    | -19,177 | -18,819 | -21,439 |
| 70. Dividends and similar income   | 0       | 0       | 0       |
| 80. Net trading income (expense)   | 0       | 0       | 0       |
| 90. Net hedging income (expense)   | 0       | 0       | 0       |
| 100. Profits (losses) on the sale or repurchase of:  | 0       | 0       | 0       |
| a) financial assets at amortised cost  | 0       | 0       | 0       |
| b) financial assets at fair value through other comprehensive income                                   | 0       | 0       | 0       |
| c) financial liabilities   | 0       | 0       | 0       |
| 110. Net gains (losses) on other financial assets and liabilities at fair value through profit or loss | 0       | 0       | 0       |
| a) financial assets and liabilities designated at fair value   | 0       | 0       | 0       |
| b) financial assets and liabilities mandatorily measured at fair value                                 | 0       | 0       | 0       |

| Calculation and distribution of added value  | 2019          | 2020          | 2021          |
|--|---------------|---------------|---------------|
| 115. Net gains (losses) on financial assets and liabilities of insurance companies as per IAS 39   | 0             | 0             | 0             |
| 130. Net impairment losses for credit risk associated with:  | -30,968       | -55,598       | -29,131       |
| a) financial assets at amortised cost  | -30,968       | -55,598       | -29,131       |
| b) financial assets at fair value through other comprehensive income   | 0             | 0             | 0             |
| 135. Net impairment losses/impairment gains of insurance companies as per IAS 39   | 0             | 0             | 0             |
| 140. Net modification gains (losses)   | -58           | -336          | 130           |
| 160. Net premiums  | 0             | 0             | 0             |
| 170. Other insurance operating income/expenses   | 0             | 0             | 0             |
| 230. Other operating income/expense  | -5,691        | 62,601        | -4,447        |
| 250. Gains (losses) on sales of equity investments   | 0             | 0             | 0             |
| 280. Gains (losses) on sales of investments  | -17           | -1            | -834          |
| 320. Post-tax profit (loss) from discontinued operations   | 349           | -31,449       | -692          |
| <b>A. Total economic value generated</b>   | <b>58,512</b> | <b>64,056</b> | <b>61,928</b> |
| 190. b Other administrative expenses (net of VAT and donations and the cost of the Interbank Deposit Protection Fund and the Depositors' Guarantee Fund) (*) | 17,248        | 17,570        | 14,932        |
| <b>Economic value distributed to suppliers (*)</b>   | <b>17,248</b> | <b>17,570</b> | <b>14,932</b> |
| 190. a) Personnel expense (including the cost of external networks, such as agents, financial consultants) (-)   | 27,814        | 27,500        | 27,963        |
| <b>Economic value distributed to employees and consultants</b>   | <b>27,814</b> | <b>27,500</b> | <b>27,963</b> |
| 340. Profit (loss) attributable to non-controlling interests   | 0             | 0             | 0             |
| <b>Economic value distributed to third parties</b>   | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| Profit allocated to shareholders   | 0             | 0             | 0             |
| <b>Economic value distributed to shareholders</b>  | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| 190. b Other administrative expenses: indirect taxes and duties (-)  | 918           | 703           | 890           |
| 190. b Other administrative expenses: cost of the Interbank Deposit Protection Fund and the Depositors' Guarantee Fund (-)                                   | 0             | 0             | 0             |
| 300. Income taxes (current taxes, change in current taxes of previous years (+ / -) and the reduction in current taxes for the year)                         | 2,812         | 11,899        | 323           |
| <b>Economic value distributed to the central and peripheral public administration</b>  | <b>3,730</b>  | <b>12,602</b> | <b>1,213</b>  |
| 190. b Other administrative expenses: donations  | 335           | 0             | 787           |
| 190. b Other administrative expenses: environmental projects   | 0             | 0             | 0             |
| Profit allocated to charities  | 0             | 0             | 0             |
| <b>Economic value distributed to the community and the environment (*)</b>   | <b>335</b>    | <b>0</b>      | <b>787</b>    |
| <b>B. Total economic value distributed</b>   | <b>49,127</b> | <b>57,672</b> | <b>44,895</b> |
| 200. Net accruals to provisions for risks and charges  | 327           | 497           | 618           |
| a) Loan commitments and financial guarantees given   | 174           | -329          | 227           |
| b) other net accruals  | 153           | 826           | 391           |
| 210. Depreciation and net impairment losses on property, equipment and investment property   | 2,069         | 2,206         | 2,470         |
| 220. Amortisation and net impairment losses on intangible assets   | 1,817         | 1,864         | 3,438         |
| 250. Unrealised gains (losses) on equity investments (impairment losses/impairment gains "impairment losses/impairment gains", "other gains and losses")     | 0             | 0             | 0             |
| 260. Net fair value gains (losses) on property, equipment and investment property and intangible assets  | 0             | 0             | 0             |
| 270. Impairment losses on goodwill   | 0             | 0             | 0             |
| 300. Income taxes (for the part relative to changes in deferred tax assets and deferred tax liabilities)   | 347           | 1,252         | 3,206         |
| Profit allocated to reserves   | 4,825         | 565           | 7,301         |
| <b>C. Total economic value retained</b>  | <b>9,385</b>  | <b>6,384</b>  | <b>17,033</b> |

(\*) The 2019 figure was restated due to a change in the calculation method.



## Social aspects: accountability to customers and communities

Alba Leasing contributes to the development of society and the economy and the growth of SMEs and induced economic impact in its local communities. It supports its customers and their development over their relationship.

In line with its sustainability policy, 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 regularly expand its portfolio;
- proactive contribution to companies' social and economic development through its products and the related activities.

### Service quality and digital innovation

Alba Leasing's commercial policies are designed to ensure credit quality by carefully analysing all the counterparty's variables to minimise the risk of illegal practices (such as fraud, money laundering or environmental crimes) and credit deterioration..

It assesses the counterparty's business sector as it prefers to work with companies interested in product and process innovation and that invest in research and development<sup>2</sup>. 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 Anti-trust 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.

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

# 3



### 2021 HIGHLIGHTS

- €900 million of new funding thanks to the Alba 12 securitisation
- €50 million for Italian companies that invest in sustainable development and the environment
- 7 subsidised leases for ethical and sustainable projects
- Operating efficiency project to optimise resources
- Extension of the loan moratoria beyond the requirements of the decree to assist companies



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 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.

### Alba Leasing's digital transformation is a best practice

The company's digital transformation from Alba 2.0 to Alba4Future transitioning through Alba Next is an example to the financial market. While it has maintained its risk-based approach, which allows it to create risk-based solutions, the company has also introduced new solutions to speed up the credit process, diversify channels and promote its products and services on the web. The principal innovations include the fraud detection software, designed for the automated recognition of identity documents, which manages the scoring and credit approval process, enables the automation of checks of representation powers and beneficial owners and qualified digital signatures based on three-year certificates.

Alba Leasing presented its digital journey at a webinar at Bank of Italy, illustrating its innovation and digitalisation achievements from 2015 to date which have involved both its organisation and human resources as well as its ICT infrastructure.



Customer centricity underpins the company's policies, designed to strengthen its innovative channels aimed mainly at the future generations with digital marketing and digital leasing alongside the traditional banking distribution channels. Credit digitalisation enables greater financial inclusion and the creation of a more sustainable financial system. Accordingly, in 2021, the company has accelerated its business digital transition with an operating efficiency project that draws on the experience gained during the pandemic in 2020 with the steady dematerialisation of relationships. It intends to introduce digital-based service models to increase distribution capacity and ensure the efficiency necessary

to create a strong relationship with its customers. A wholly-digital approach, including a digital signature service, fosters and encourages the customers to be proactive in uploading information. The expected improvements are data quality (limiting errors or incomplete information in uploaded documents), less involvement of resources (internal and external) to upload the document, more widespread use of digital signatures and the consequent additional saving of resources.

The company also introduced a new customer only area (ARC) with upgraded functionalities to pave the way for the roll-out of a digital leasing project, allowing customers to agree leases entirely online. The intention is to make processes more efficient and engage with customers.

### 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, Alba Leasing carried out a customer satisfaction audit of its end customers with the involvement of the key players of its distribution network.

The audit performed with CERVED had the dual objective of measuring customer satisfaction with the company's products and services as well as the service levels of the operators. It took the form of phone interviews of 650 customers (out of a total of a contactable customer base created specifically for this audit of roughly 2,000 customers) asked to respond to a structured questionnaire in November and December 2021.

The audit focused on three main areas: service quality, customer service quality and customer relationship quality. The feedback was very positive as the overall satisfaction level, i.e., the customers' experience with Alba Leasing and their perception of its reputation, was 98%. The customer satisfaction index, which measures the individual satisfaction drivers against the company's performance, was also very positive at 97.6%, demonstrating the excellence of its distribution channels and the high quality of its service, customer service and relationships. As a result, CERVED recognised the company based on its customer satisfaction audit (CSA), certifying the company as an ethical company that listens to its customers. Given the satisfaction level achieved, the company intends to consolidate and continue to ensure customer satisfaction with all its services currently on offer.



### Complaints management

Complaints management is an important indicator of service quality and can be used to identify improvement areas. In 2021, the company's board of directors approved a complaints management policy, updated the relevant regulations and assigned responsibility for managing conflicts of interest to the complaints managers. The company received 187 complaints in 2021.

More information about this issue is available in the annual report on complaints management on the company's website.

## Production innovation and social-economic development of companies

Alba Leasing supports companies' investments with its products, which are a means of providing a tangible contribution to social and economic development in an increasingly unpredictable and dynamic market. Its ability to innovate its products and the tools to use them gives the company a real competitive edge.

The company has developed its product portfolio with several specialized products at subsidised rates, also thanks to subsidised funds made available by various institutions, including the EIB and the Italian Ministry of Economic Development. These products promote leases as an ideal tool to drive industrial investments and companies interested in innovation and sustainability, especially in the current difficult situation caused by Covid-19 and its repercussions on the market.

The company raised new funds of roughly €900 million with the Alba 12 securitisation. These considerable resources can be used for new lease contracts with SMEs, focusing in particular on ESG and sustainability issues, in line with the National Recovery and Resilience Plan.

### Alba Leasing's subsidised products

| "Giallo" leases   | Renewable energy leases   | Electrical mobility  | Public sector leases  | Leases of tyres and "buy now pay later" financing  | Nuova Sabatini (Ter)  | InnovFin guarantee   |
|---|---|--|---|--|---|--|
| For companies active in the agricultural and forestry sectors | For alternative energy generation plants and investments in energy efficiency | Leases for vehicles and services in the electrical mobility sector | To acquire plant and machinery, vehicles 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 loans scheme of MISE (Ministry of Economic Development) to upgrade plant, equipment and digital technologies for SMEs | Designed for research, development and innovation plans development and innovation plans |

### A win-win agreement for the lease of plant and machinery for a distribution network

Alba Leasing and Esprinet, a market leader in the distribution of information technology, consumer electronics and advanced solutions in Southern Europe, signed an important commercial partnership agreement for the provision of technological upgrading support to Italian companies. The agreement allows Esprinet to offer its business customers the latest innovations available on the IT and consumer market in the form of operating leases provided by Alba Leasing, extending the range of products and services available to its distribution network. Alba Leasing has provided Esprinet with access to the Extranet Portale Heylis@ service for the completely independent online management of operating lease quotes and contracts in a fast, secure and digitalised manner.

The company participated in Ecomondo again in 2021, the leading European event for the green circular economy. It presented its products and services to more than 1,000 companies engaged in technological innovation to support the ecological transition.

During the event, the company presented a programme of €50 million for Italian companies that invest in sustainable development and the environment. Its intention is to offer financing at special conditions for the finance or operating lease of plant and machinery and vehicles to companies that plan to invest in technological innovation to generate energy from renewable sources (hydroelectric, wind and photovoltaic, biogas cogeneration and trigeneration plants), energy efficiency (building automation systems, lighting technology) and electrical mobility. Alba Leasing's objective is to strengthen its position as a reference point for SMEs, which are the cornerstone of the Italian economy, providing them with innovative products, specialised assistance and straight-forward and digitalised processes for sustainability and innovation.

In addition, the company's general manager participated in the Hospitality Forum organised by Castello Sgr and Scenari Immobiliare, taking part in the round table on the role of finance to kickstart the tourism sector's recovery and promoting leases as a tool to exit the sector crisis caused by the pandemic, to accelerate recovery and protection of the environment. In 2020 alone, the company provided financing of nearly €50 million to the HORECO sector companies and it supports operators in distress by extending the moratoria.

It has also continued its relationship with Punto Confindustria to promote the port and tourist activities in Veneto.

### Assisting customers to relaunch their businesses: moratoria covered by the decree and additional moratoria

Article 16 (extension of loan moratoria for SMEs as per article 56 of Decree law no. 18/2020) of the Sostegni-bis decree conceived to support businesses affected by the pandemic and approved by the Italian council of ministers on 20 May 2021 established the possibility for companies already holidaying their loans to apply for an extension of this moratorium option until 31 December 2021. Alba Leasing decided to accept applications from companies that already had impaired exposures not covered by the decree after a suitable preliminary analysis of their situations in order to help businesses. Accordingly, the company elected to assist as much as possible companies facing difficulties caused by the pandemic and accepted most of the applications, including those not covered by the decree.

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. For example, the company has granted temporary moratoria for lease and mortgage loan repayments (moratoria, extensions of moratoria) to customers in financial difficulties during extraordinary periods such as the Covid-19 pandemic or as a result of natural disasters such as earthquakes and flooding.

## 2021 STORIES

### BIOFER *Digital leases for pharmaceutical innovation*

Biofer S.p.A., a Modena-based company specialised in the production of active ingredients for the pharmaceutical industry, was able to acquire new industrial equipment and become more energy efficient by using leases. This was possible during the pandemic thanks to Alba Leasing's digitalisation of processes and digital signature.

### BRAZZALE S.p.A. *Technology and innovation alongside the food and wine tradition*

Brazzale S.p.A. is a long-standing dairy company that produces in an eco-sustainable way, protecting animal welfare starting from the supply chain. Thanks to the co-financing from Alba Leasing, the company has opened a new fully-automated facility in Italy for the ageing of the Gran Moravia cheese wheels.

This facility will be energy efficient and self-sufficient thanks to its photovoltaic panels.

### EVM RAIL *Leased locomotives to create value*

The Etea Group, a leader in the production and trading of grains, extended its fleet of vehicles and its logistics hub with EVM Rail, the group's new rail transport company. Alba Leasing financed two modern high performance locomotives for EVM Rail, enabling it to strengthen its position on the European transport market where it transports 600 thousand tonnes of goods a year solely by rail.

### F.LLI FRANCHINI *Clean energy at facilities and work sites*

Alba Leasing promotes the growth of F.Lli Franchini, a best-in-class Rimini-based company that develops green high-energy-efficiency technological systems using EIB Group-guaranteed loans. F.Lli Franchini builds systems for public and private sector companies that reduce their CO<sub>2</sub> emissions and environmental footprint, increasing the national electricity grid's energy independence and reducing operating costs.

### PLANET FARMS *Cutting-edge sustainable agriculture*

Through the lease guaranteed by the EIF, Alba Leasing financed the plant and machinery and energy systems of Planet Farms, a Milan-based start-up with the largest and most innovative vertical farm in Europe. Planet Farms produces high quality vegetables in an environmentally-friendly and economically-sustainable way deploying artificial intelligence and blockchain technologies.

### WIIT S.p.A. *Cloud technologies at the service of business*

Covid-19 has had a dramatic effect on Italian companies, forcing many of them to rapidly rethink their work structures and flows. Thanks to its partnership with Alba Leasing, WIIT S.p.A., a cloud computing services provider, has built up its business of supplying IT equipment and services for cloud computing, mainly to Italian SMEs.

### VALLETANARO S.r.l. *Circular economy in the production of biogas*

Società Metanodotti Valletanaro, active in the natural gas distribution sector and already Alba Leasing's customer since 2016, obtained a new round of financing for its project to upgrade several biomethane production plants by developing, designing and building a fertiliser production plant (through composting). The new plant will be powered by digestate from anaerobic and green waste digestion process, in line with the principles of the circular economy.

### GUSTIBUS ALIMENTARI *Made-in-Italy safe and sustainable agrifood*

Gustibus Alimentari, a successful Sicilian agri-food company, continues to expand its foothold into EU and non-EU markets. Alba Leasing supports the company in its ongoing investments in technologies and systems to enhance the produce, use modern agronomic practices and save energy and resources. Alba Leasing has also directed the company in the selection of the best qualified suppliers to upgrade its production plant with next generation machinery.

### Alba Leasing supports female-led companies

The company promotes businesswomen: roughly 22% of the owners of companies that have signed a lease with the company in the period from 2010 to 2021 are women, while 21% of the total leases signed are with companies whose beneficial owners 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.



# 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 two-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 the awareness of this issue by all the participants in its value chain.

## The workforce

At 31 December 2021, the company has 286 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 open-ended full-time contract although the company also provides other options, offering part-time jobs to reconcile the work-life balance to those employees who request this. All employees are covered by the national labour agreement and 45% of them belong to trade unions, in line with the previous three years. There are 14 employees who belong to protected classes.



### 2021 HIGHLIGHTS

- Around 300 remote workstations
- 5,400 hours of training
- 19 hours on average of training provided to each employee
- 5 digital training courses
- 14 ESG training sessions
- 1 public transport pass for each Milan office employee paid for by Alba Leasing
- Special corporate welfare bonus for all employees

| Information on employees and other workers (no.)                     | 2019       | 2020       | 2021       |
|--|------------|------------|------------|
| <b>No. of employees at 01/01</b>                                     | <b>292</b> | <b>290</b> | <b>289</b> |
| Total new hires  | 4          | 3          | 6          |
| Total departures   | 5          | 2          | 9          |
| <b>Totale numero di dipendenti al 31/12</b>                          | <b>291</b> | <b>291</b> | <b>286</b> |
| <b>Breakdown of employees by gender</b>                              |            |            |            |
| Men  | 169        | 170        | 163        |
| Women  | 122        | 121        | 123        |
| <b>Breakdown of employees by contract term and gender (no.) 2019</b> |            |            |            |
| <b>Open-ended contract</b>   | <b>290</b> | <b>289</b> | <b>284</b> |
| <i>of which men</i>  | <i>168</i> | <i>168</i> | <i>162</i> |
| <i>of which women</i>  | <i>122</i> | <i>121</i> | <i>122</i> |
| <b>Term contract</b>   | <b>1</b>   | <b>2</b>   | <b>2</b>   |
| <i>of which men</i>  | <i>1</i>   | <i>2</i>   | <i>1</i>   |
| <i>of which women</i>  | <i>0</i>   | <i>0</i>   | <i>1</i>   |
| <b>Other types of contract (internships, etc.)</b>                   | <b>4</b>   | <b>5</b>   | <b>4</b>   |
| <i>of which men</i>  | <i>3</i>   | <i>4</i>   | <i>3</i>   |
| <i>of which women</i>  | <i>1</i>   | <i>1</i>   | <i>1</i>   |
| <b>Breakdown of employees by region (no.)</b>                        |            |            |            |
| North Italy  | 262        | 264        | 258        |
| Central Italy  | 17         | 15         | 15         |
| South Italy and Islands  | 12         | 12         | 13         |
| <b>Contratto indeterminato</b>                                       | <b>290</b> | <b>289</b> | <b>284</b> |
| <i>North Italy</i>   | <i>261</i> | <i>262</i> | <i>256</i> |
| <i>Central Italy</i>   | <i>17</i>  | <i>15</i>  | <i>15</i>  |
| <i>South Italy and Islands</i>                                       | <i>12</i>  | <i>12</i>  | <i>13</i>  |
| <b>Term contract</b>   | <b>1</b>   | <b>2</b>   | <b>2</b>   |
| <i>North Italy</i>   | <i>1</i>   | <i>2</i>   | <i>2</i>   |
| <i>Central Italy</i>   | <i>0</i>   | <i>0</i>   | <i>0</i>   |
| <i>South Italy and Islands</i>                                       | <i>0</i>   | <i>0</i>   | <i>0</i>   |
| <b>Breakdown of employees by type of employment and gender (no.)</b> |            |            |            |
| <b>Full-time</b>   | <b>252</b> | <b>253</b> | <b>250</b> |
| <i>of which men</i>  | <i>167</i> | <i>168</i> | <i>161</i> |
| <i>of which women</i>  | <i>85</i>  | <i>85</i>  | <i>89</i>  |
| <b>Part-time</b>   | <b>39</b>  | <b>38</b>  | <b>36</b>  |
| <i>of which men</i>  | <i>2</i>   | <i>2</i>   | <i>2</i>   |
| <i>of which women</i>  | <i>37</i>  | <i>36</i>  | <i>34</i>  |
| <b>Breakdown of employees by category and gender (no.)</b>           |            |            |            |
| <b>Managers</b>  | <b>11</b>  | <b>11</b>  | <b>11</b>  |
| <i>of which men</i>  | <i>11</i>  | <i>11</i>  | <i>11</i>  |
| <i>of which women</i>  | <i>0</i>   | <i>0</i>   | <i>0</i>   |
| <b>Junior managers</b>   | <b>149</b> | <b>151</b> | <b>147</b> |
| <i>of which men</i>  | <i>108</i> | <i>109</i> | <i>103</i> |
| <i>of which women</i>  | <i>41</i>  | <i>42</i>  | <i>44</i>  |
| <b>White collars</b>   | <b>131</b> | <b>129</b> | <b>128</b> |
| <i>of which men</i>  | <i>50</i>  | <i>50</i>  | <i>49</i>  |
| <i>of which women</i>  | <i>81</i>  | <i>79</i>  | <i>79</i>  |

An analysis of the gender pay gap shows that it is below the national average for the banking and financial services sector<sup>3</sup>.

| Gender pay gap   | 2019   | 2020   | 2021   |
|--|--------|--------|--------|
| <b>Pay gap gross annual remuneration<sup>4</sup> (%)</b> |        |        |        |
| Managers   | n.a.   | n.a.   | n.a.   |
| Junior managers  | 85.48  | 85.40  | 85.05  |
| White collars  | 104.51 | 105.29 | 105.35 |
| <b>Total pay gap<sup>5</sup> (%)</b>                     |        |        |        |
| Managers   | n.a.   | n.a.   | n.a.   |
| Junior managers  | n.a.   | 86.28  | 85.68  |
| White collars  | n.a.   | 105.15 | 105.35 |

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.) | 2019       | 2020       | 2021       |
|---|------------|------------|------------|
| <30   | 8          | 11         | 11         |
| <i>between 30 and 50</i>                    | <i>132</i> | <i>121</i> | <i>114</i> |
| >50   | 151        | 159        | 161        |

| Breakdown of employees by category and age bracket (no.) | 2019       | 2020       | 2021       |
|--|------------|------------|------------|
| <b>Managers</b>  | <b>11</b>  | <b>11</b>  | <b>11</b>  |
| <i>of which &lt;30</i>                                   | <i>0</i>   | <i>0</i>   | <i>0</i>   |
| <i>of which between 30 and 50</i>                        | <i>1</i>   | <i>0</i>   | <i>0</i>   |
| <i>of which &gt;50</i>                                   | <i>10</i>  | <i>11</i>  | <i>11</i>  |
| <b>Junior managers</b>                                   | <b>149</b> | <b>151</b> | <b>147</b> |
| <i>of which &lt;30</i>                                   | <i>0</i>   | <i>0</i>   | <i>0</i>   |
| <i>of which between 30 and 50</i>                        | <i>52</i>  | <i>49</i>  | <i>43</i>  |
| <i>of which &gt;50</i>                                   | <i>97</i>  | <i>102</i> | <i>104</i> |
| <b>White collars</b>                                     | <b>131</b> | <b>129</b> | <b>128</b> |
| <i>of which &lt;30</i>                                   | <i>8</i>   | <i>11</i>  | <i>11</i>  |
| <i>of which between 30 and 50</i>                        | <i>79</i>  | <i>72</i>  | <i>71</i>  |
| <i>of which &gt;50</i>                                   | <i>44</i>  | <i>46</i>  | <i>46</i>  |

- On average, women in the Italian financial sector earn 22.7% less than their male counterparts (source: Eurostat - Gender pay gap statistics, data updated to February 2021).
- The pay gap is calculated as: women's average remuneration/men's average remuneration. In order to calculate the 2019 gross annual remuneration gap, the company analysed the fixed component of the gross annual remuneration of all its full-time employees at 31 December 2019, equal to 86% of its workforce at that date. In order to calculate the 2020 and 2021 gross annual remuneration gaps, 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 both years.
- 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. Nearly all the new hires in 2021 were women, in line with the company's intention to increase their percentage in its workforce.

The company also selected university graduates for six-month internships, both to provide these students with its in-house skills and expertise and to discover talents coming from the universities and specialised training centres. As a result, it welcomed seven people, mentored by internal resources, between the end of 2021 and early 2022.

| <b>New hires</b>                             | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|--|-------------|-------------|-------------|
| <b>Total new hires</b>                       | <b>4</b>    | <b>3</b>    | <b>6</b>    |
| <b>New hires by gender</b>                   |             |             |             |
| Men  | 3           | 2           | 1           |
| Women  | 1           | 1           | 5           |
| <b>New hires by age bracket (no.)</b>        |             |             |             |
| <30  | 3           | 3           | 3           |
| Between 30 and 50                            | 1           | 0           | 2           |
| >50  | 0           | 0           | 1           |
| <b>New hires by geographical area (no.)</b>  |             |             |             |
| North Italy                                  | 4           | 3           | 5           |
| Central Italy                                | 0           | 0           | 1           |
| South Italy and Islands                      | 0           | 0           | 0           |
| <b>Departures</b>                            |             |             |             |
| <b>Total departures</b>                      | <b>5</b>    | <b>2</b>    | <b>9</b>    |
| <b>Departures by gender (no.)</b>            |             |             |             |
| Men  | 2           | 1           | 7           |
| Women  | 3           | 1           | 2           |
| <b>Departures by age bracket (no.)</b>       |             |             |             |
| <30  | 0           | 0           | 2           |
| Between 30 and 50                            | 5           | 0           | 0           |
| >50  | 0           | 2           | 7           |
| <b>Departures by geographical area (no.)</b> |             |             |             |
| North Italy                                  | 5           | 2           | 8           |
| Central Italy                                | 0           | 0           | 1           |
| South Italy and Islands                      | 0           | 0           | 0           |

| <b>New hires rate</b>         | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|-------------------------------|-------------|-------------|-------------|
| <b>New hires rate</b>         | <b>1.4%</b> | <b>1.0%</b> | <b>2.1%</b> |
| Men                           | 1.8%        | 1.2%        | 0.6%        |
| Women                         | 0.8%        | 0.8         | 4.1%        |
| <30                           | 37.5%       | 27.3%       | 27.3%       |
| Between 30 and 50             | 0.8%        | 0%          | 1.8%        |
| >50                           | 0%          | 0%          | 0.6%        |
| North Italy                   | 1.5%        | 1.1%        | 1.9%        |
| Central Italy                 | 0%          | 0%          | 6.7%        |
| South Italy and Islands       | 0%          | 0%          | 0%          |
| <b>Employee turnover rate</b> |             |             |             |
| <b>Employee turnover rate</b> | <b>1.7%</b> | <b>0.7%</b> | <b>3.1%</b> |
| Men                           | 1.2%        | 0.6%        | 3.3%        |
| Women                         | 2.5%        | 0.8%        | 1.6%        |
| <30                           | 0%          | 0%          | 18.2%       |
| Between 30 and 50             | 4%          | 0%          | 0%          |
| >50                           | 0%          | 1%          | 4.3%        |
| North Italy                   | 2%          | 1%          | 3.1%        |
| Central Italy                 | 0%          | 0%          | 6.7%        |
| South Italy and Islands       | 0%          | 0%          | 0%          |

## Parental leave

Alba Leasing provides parental leave to its employees in line with the current regulations. The return rate after this leave is 100% while the retention rate (continued employment 12 months after return from parental leave) is 83%. 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.

| <b>Parental leave</b>   | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|---|-------------|-------------|-------------|
| <b>Employees who had right to parental leave (no.)</b>  | <b>88</b>   | <b>90</b>   | <b>68</b>   |
| of which men  | 45          | 47          | 35          |
| of which women  | 43          | 43          | 33          |
| <b>Employees who took parental leave (no.)</b>  | <b>14</b>   | <b>6</b>    | <b>5</b>    |
| of which men  | 1           | 1           | 0           |
| of which women  | 13          | 5           | 5           |
| <b>Employees who returned to work during the reporting period after taking parental leave (no.)</b> | <b>14</b>   | <b>6</b>    | <b>5</b>    |
| of which men  | 1           | 1           | 0           |
| of which women  | 13          | 5           | 5           |



| Parental leave  | 2019       | 2020       | 2021        |
|---|------------|------------|-------------|
| <b>Employees who should have returned to work after taking parental leave (no.)</b>   | <b>14</b>  | <b>6</b>   | <b>5</b>    |
| of which men  | 1          | 1          | 0           |
| of which women  | 13         | 5          | 5           |
| <b>Employees who returned to work after taking parental leave and are still with the company 12 months after their return (no.)</b> | <b>12</b>  | <b>14</b>  | <b>5</b>    |
| of which men  | 2          | 1          | 0           |
| of which women  | 10         | 13         | 5           |
| <b>Return rate after parental leave (%)</b>   | <b>100</b> | <b>100</b> | <b>100</b>  |
| of which men  | 100        | 100        | n.a.        |
| of which women  | 100        | 100        | 100         |
| <b>Retention rate after parental leave (%)</b>  |            | <b>100</b> | <b>83.3</b> |
| of which men  |            | 100        | 0           |
| of which women  |            | 100        | 100         |

In 2020 and 2021, as provided for by the Covid-19 parental leave regulations introduced by INPS (the Italian social security institution), employees had the right to take time off work as parental leave to look after their children under 14 years of age who lived with them and had Covid-19, were in self-isolation as close contacts or were doing distance learning.

| Covid-19 parental leave  | 2020      | 2021      |
|--|-----------|-----------|
| <b>Employees who had the right to take Covid-19 parental leave</b> | <b>90</b> | <b>68</b> |
| of which men   | 47        | 35        |
| of which women   | 43        | 33        |
| <b>Employees who took Covid-19 parental leave</b>                  | <b>0</b>  | <b>0</b>  |
| of which men   | 0         | 0         |
| of which women   | 0         | 0         |

## Management and professional development of employees and the sales network

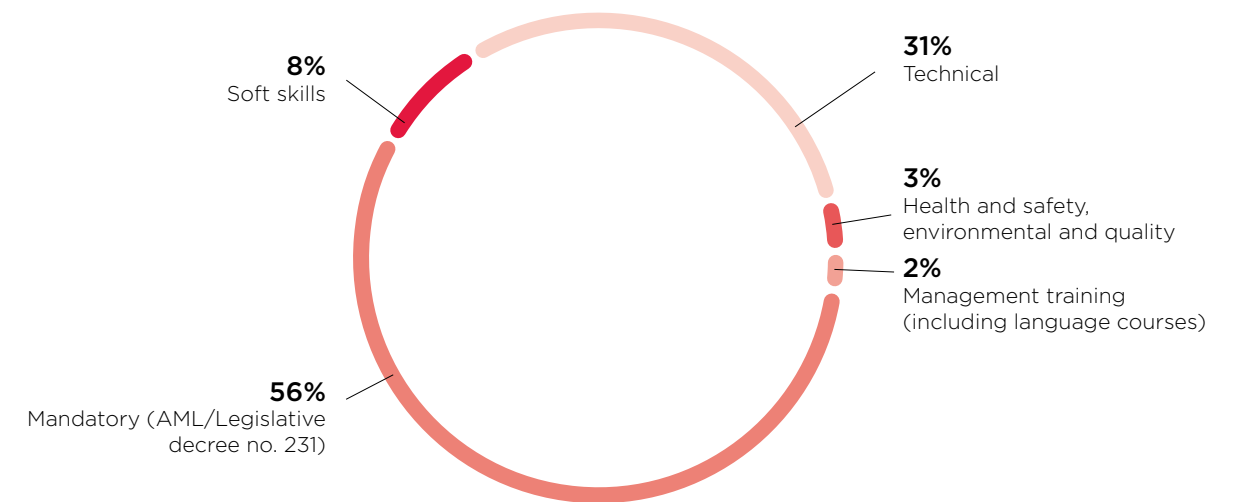
Human resources management is based on meritocracy and professional competence criteria. The company offers its employees career and training possibilities without any form of discrimination or favouritism, in line with its code of ethics. The enhancement of human capital and ongoing training underpin 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.

In 2021, 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;
- management training courses (including language courses);
- soft skills.

In 2021, the company provided a total of 5,400 hours of training for an average of 19 hours per employee per dipendente formato.

### Hours of training

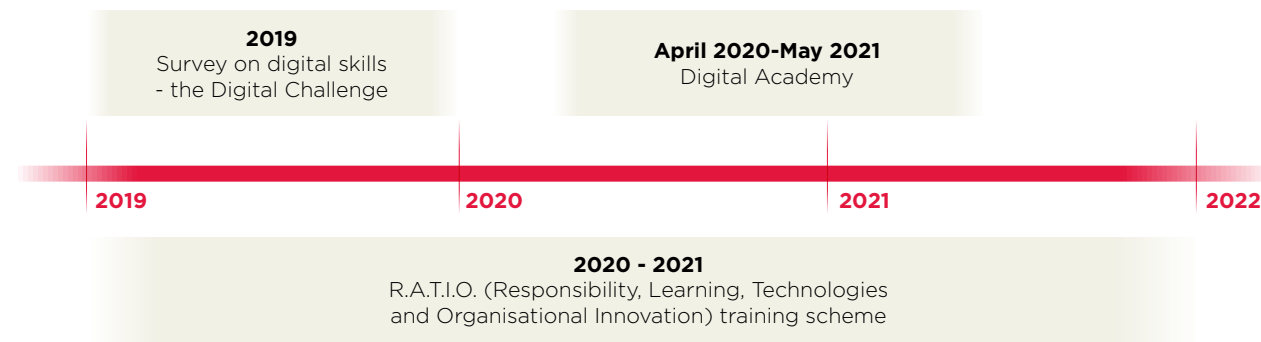


| Breakdown of average hours of training by gender (no.)   | 2019 | 2020 | 2021 |
|--|------|------|------|
| Men  | 26   | 23   | 23   |
| Women  | 26   | 29   | 15   |
| Breakdown of average hours of training by category (no.) |      |      |      |
| Managers   | 6.4  | 4.0  | 13.9 |
| Junior managers  | 27.4 | 25.0 | 19.8 |
| White collars  | 26.0 | 26.0 | 18.3 |

Pursuant to the company's digital strategy, it introduced projects in 2021 to narrow any potential digital divide among its employees. All staff who participated in the 2019 Digital Challenge (an assessment whereby each employee is given a personal score based on their propensity to change and digitalisation) were authorised to access the content of the Digital Academy, an internal platform designed specifically for the company's needs and interests. In 2021, five training courses were offered on:

- cyber security;
- digital customer experience;
- big data;
- virtual communication;
- digital lateral thinking.

The platform was updated once a month with learning pills, interviews and other material of interest.



The company concurrently continued its R.A.T.I.O. (Responsibility, Learning, Technologies and Organisational Innovation) training scheme, which it introduced in 2019, to provide a team of key resources with a set of digital skills. One of its main objectives is to adjust to the new modus operandi in line with the company's strategic digital transformation, to respond to the tangible need for upskilling and reskilling as well as to promote remote work as a tool to achieve work/life balance as part of the whole rethinking of work.

With respect to technical training, employees attended courses on ESG (Environment, Social, Governance) issues. The related modules were tailored to the different departments' needs in order to provide information useful to understand and take on the ongoing sustainability challenges and avail of the related opportunities.

#### 14 ESG training modules

271 participants

49 total hours of training provided

12 sustainable learning pills

The company intends to keep awareness of these issues high, including after the courses and provides information on the key topics linked to the main ongoing trends with guidance about the individual actions to be taken to reduce employees' impacts.

In order to prevent cyber crimes inside the company, especially given the increasing dematerialisation of business processes and remote work, the company held cyber security course for its senior and junior managers. The course covered the current scenario, the main attack and defence techniques and the importance of cyber security to Italy as a facilitator of business growth.

Given the importance of anti-trust issues and competition, in 2019, the company introduced an anti-trust compliance programme in line with the national and international best practices and the Italian Anti-trust Authority's guidelines, although it was not obliged to do so. In 2021, it provided online refresher courses firstly to management and subsequently to all personnel using the new learning materials on the competition law. The company also invited all its employees to take the e-learning course provided by Assilea on the AML system as per the fourth and fifth AML Directives.

### Employee assessments

The company has a performance management process (PMP) for employee assessment. This entails a direct comparison between employee assessments and self-assessments and a mechanism to receive feed-back from the assessed employees and their supervisors. As the aim of the PMP is to promote achievement of the company's objectives by establishing each employee's contribution, it has a "behaviour compass" covering their required skill sets and consequently gearing the assessments to include the following aspects:

- effectiveness and results orientation;
- leadership;
- team spirit;
- coaching and development of team members;
- innovation.

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 project and coaching in other departments.

In 2021, 80% of the workforce (46% women, 54% men; 55% white collars, 45% junior managers) was assessed and 93.4% completed the entire process. This is because the 2021 PMP was modified compared to the previous year's assessment process even though it was a continuation thereof, and the unit/office managers were assessed on the basis of their individual objectives assigned to them directly.

In order to encourage internal mobility, Alba Leasing rolled out a 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 2021, the company updated its risk assessment document, mainly to include the new assessment of work-related stress risks. Its score showed an improvement on the previous two years and the lack of potential risk factors, compared to the scale proposed by INPS and INAIL (the National Institute for Insurance against Accidents at Work).



During the year, the prevention and protection department carried out and organised important activities such as:

- daily sanitisation of offices;
- safe re-opening of the Rome and Bologna offices.

### Guarantee people's safety during the emergency

In February 2021, Alba Leasing issued a new Covid-19 containment protocol to counter the emergency. The protocol contains (i) instructions to manage access to its offices, (ii) rules of conduct for being in the company's offices, (iii) guidance about the individual and collective protective equipment.

The Milan offices are sanitised once a day and, if there is a Covid-19 case, timely and more invasive interventions are implemented using electric nebulizers. Access to the Milan and other offices has been organised on a rotation basis in order to limit the number of employees in the office to a maximum of 50%, with the other 50% working remotely. From 27 December 2021 to 1 April 2022, with the rotation system still in place, employees were also given the option to work remotely. The company offers flexible work hours to help employees avoid traffic and crowding on public transport. The commercial personnel were also given the option to work remotely in accordance with specific instructions to comply with the ruling regulations and limit the possibility of contagion as much as possible.



In 2021, 171 hours of mandatory HSE training were provided. There were no reported cases of injuries in the workplace or professional illnesses. For preventative reasons, the company provides safe driving courses for its commercial staff, deemed to be the most at risk in this respect.

The company has pursued a zero injury objective over the last two years.

| Injuries in the workplace  | 2019           | 2020           | 2021           |
|--|----------------|----------------|----------------|
| <b>Total injuries</b>  | <b>1</b>       | <b>0</b>       | <b>0</b>       |
| <i>of which men</i>  | 0              | 0              | 0              |
| <i>of which women</i>  | 1              | 0              | 0              |
| 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  | 1              | 0              | 0              |
| <i>of which men</i>  | 0              | 0              | 0              |
| <i>of which women</i>  | 1              | 0              | 0              |
| Total fatal injuries   | 0              | 0              | 0              |
| <i>of which men</i>  | 0              | 0              | 0              |
| <i>of which women</i>  | 0              | 0              | 0              |
| <b>Total serious injuries (for more than 180 days of sick leave)</b>   | <b>n.a.</b>    | <b>0</b>       | <b>0</b>       |
| <i>of which men</i>  | n.a.           | 0              | 0              |
| <i>of which women</i>  | n.a.           | 0              | 0              |
| <b>Total hours of sick leave for illnesses and injuries</b>            | <b>11,386</b>  | <b>6,334</b>   | <b>8,203</b>   |
| <b>Totale ore lavorate</b>   | <b>374,742</b> | <b>424,209</b> | <b>415,022</b> |
| Days lost due to injuries  | 11             | 0              | 0              |
| Recorded near-misses   | n.a.           | 0              | 0              |
| Serious injury frequency rate (per million hours worked) <sup>6</sup>  | n.a.           | 0              | 0              |
| Employee injury frequency rate (per million hours worked) <sup>7</sup> | 2.67           | 0              | 0              |
| Seriousness rate (per thousand hours worked) <sup>8</sup>              | 0.035          | 0              | 0              |
| Absenteeism rate (hours of absence/total workable hours)               | 3.0%           | 1.5%           | 2.0%           |
| <b>Work-related ill health of employees (no.)</b>                      |                |                |                |
| Total deaths caused by work-related ill health                         | n.a.           | 0              | 0              |
| Total recordable cases of work-related ill health                      | n.a.           | 0              | 0              |

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 seriousness rate is calculated as the days lost due to injuries divided by 1 thousand hours worked

### 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. The pandemic has shown how companies are increasingly providing social support to families, flanking the public sector.

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 dependants;
- pays contributions to PREVIP's complementary pension plan and has confirmed it will comply with the 3% increase starting from 1 January 2020 for all its employees, excluding those with term contracts;
- provides free tax assistance to all its employees, including those with term contracts. This service has been offered online, through a link to a dedicated platform, in the last two years due to the pandemic.

PREVIP, Alba Leasing's complementary pension plan partner, created a series of news clips for the company on the financial and tax benefits of certain specific issues of interest to its employees, as useful tools for an in-depth analysis of an increasingly important issue in the company-worker relationship.

In addition, the company extended the insurance policy, of which it bears the full cost, for healthcare assistance and hospitalisation for its employees that might be necessary if they contract Covid-19, given the complicated social and public health situation.

#### An extraordinary welfare bonus for all employees of Alba Leasing

Given the difficulties that arose in 2021, the company decided to give all its employees, including its part-time staff, a corporate welfare bonus. This was a tangible means to bolster their income as it allows the recipients to benefit from tax-free benefits (in accordance with articles 51 and 100 of the Consolidated Income Tax Act).

The employees could decide how to use the benefit on the dedicated portal choosing between:

- 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.

Alba Leasing again resorted to remote work in 2021 to curb the spread of Covid-19. Specifically, 276 employees availed of this option during the year for a total of 38,416 days. The company made roughly 300 workstations available for remote work, providing laptops, wifi routers with SIM data and earphones. It also provided its employees with information on general prevention measures to be adopted when working both in the office or from home through regular communications on rules and guidelines, including mandatory ones, to be complied with in the workplace.

#### Alba Leasing facilitates its employees' transition to sustainable mobility

As part of the home-work travel plan that companies with more than 100 employees are required to implement pursuant to Law no. 77/20, the Milan office employees were asked to complete a questionnaire on their travel habits. The company's intention was to identify how best to design its plan to reduce traffic in built-up areas. The questionnaires showed that the employees already made great use of public transport and, as a result, Alba Leasing decided to promote the transition to sustainable mobility and continue to focus on the quality of life of its employees by covering the entire cost of a standard public transport pass for each employee working in its Milan offices starting from 2022.





## 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

During the year, the company continued projects as part of its journey to steadily reduce its carbon footprint. Where possible, it is replacing hard copy publications with soft copies in order to save paper. Its correspondence is increasingly sent by email and certified email rather than by post. In order to discourage printing and reduce the use of paper and ink, the company also eliminated some of the printers at its offices.



#### 2021 HIGHLIGHTS

- €50 million assigned to companies for investments in the circular economy and energy efficiency
- Strengthening the dematerialisation and digitalisation processes
- -79% paper consumption
- Introduction of a home-work travel plan to activate improvement actions
- -51% business travel emissions
- Ongoing replacement of neon light bulbs with LED lighting at the Milan offices



Thanks to the steady digitalisation of many documentary and contractual processes, the efficient digital filing of documents in the Alba Green portal and the massive resort in the last two years to remote work, the company has significantly reduced its consumption of paper.

| Materials used by weight or volume <sup>9</sup> |                  | M.U.      | 2019           | 2020           | 2021         |
|---|------------------|-----------|----------------|----------------|--------------|
| Milan office                                    | boxes of 5 reams |           | 755            | 370            | 69           |
| <b>Total paper consumption</b>                  |                  | <b>kg</b> | <b>8,417.2</b> | <b>4,159.4</b> | <b>853.1</b> |

## Energy consumption and emissions

The company's energy consumption mostly relates to the 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 83 vehicles, most of which are diesel, as well as a hybrid car, an electric car and a petrol car. Its 2021 figures show a slight increase in the direct consumption of petrol and diesel due to the greater use of the cars rather than other means of transport as a result of the pandemic. The company also made temporary use of diesel courtesy cars which may have affected the increase in consumption.

Its commitment for the future is to promote the transition towards sustainable mobility. Accordingly, Alba Leasing plans to gradually replace its vehicles with hybrid and electric cars, which is part of the reason why it has decided to pay for a standard public transport pass for all its employees who request it as part of its home-work travel plan.

The company solely uses electricity certified as coming from renewable sources, agreeing green contracts for the Milan and Rome offices. The calculation of energy consumption and related emissions covers both offices.

| Energy consumption   | M.U.      | 2019            | 2020            | 2021            |
|--|-----------|-----------------|-----------------|-----------------|
| <b>Total energy consumption</b>                                      | <b>GJ</b> | <b>7,247.17</b> | <b>5,783.82</b> | <b>7,483.08</b> |
| <i>of which from renewable sources</i>                               | <i>GJ</i> | <i>1,282.83</i> | <i>1,085.31</i> | <i>1,124.89</i> |
| Breakdown of direct consumption of primary energy by source and type | M.U.      | 2019            | 2020            | 2021            |
| Direct consumption of primary energy from renewable sources          | GJ        | 0               | 0               | 0               |
| Direct consumption of primary energy from non-renewable sources      | GJ        | 5,904.03        | 4,698.51        | 6,358.19        |
| <i>of which diesel (fleet of vehicles)</i>                           | <i>GJ</i> | <i>5,841.43</i> | <i>3,595.24</i> | <i>4,828.05</i> |
| <i>of which petrol (fleet of vehicles)</i>                           | <i>GJ</i> | <i>62.60</i>    | <i>102.76</i>   | <i>191.04</i>   |
| <i>of which gas to heat offices GJ</i>                               | <i>GJ</i> | <i>n.a.</i>     | <i>1,000.50</i> | <i>1,339.10</i> |
| <b>Total direct energy consumption</b>                               | <b>GJ</b> | <b>5,904.03</b> | <b>4,698.51</b> | <b>6,358.19</b> |

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

| Electricity consumption                    | M.U.      | 2019            | 2020            | 2021            |
|--|-----------|-----------------|-----------------|-----------------|
| <b>Electricity purchases</b>               | <b>GJ</b> | <b>1,343.14</b> | <b>1,085.31</b> | <b>1,124.89</b> |
| Milan office                               | GJ        | 1,282.83        | 1,032.44        | 1,079.46        |
| Rome office                                | GJ        | 60.31           | 52.87           | 45.42           |
| <i>of which from renewable sources (D)</i> | <i>GJ</i> | <i>1,282.83</i> | <i>1,085.31</i> | <i>1,124.89</i> |
| <i>% renewable sources</i>                 | <i>%</i>  | <i>96%</i>      | <i>100%</i>     | <i>100%</i>     |

Scope 3 emissions (indirect emissions) are calculated considering paper supplies and business travel, which decreased significantly in both 2021 and 2022, due to the pandemic.

| Emissions <sup>10</sup>   | M.U.                   | 2019          | 2020          | 2021          |
|---|------------------------|---------------|---------------|---------------|
| <b>Direct CO<sub>2</sub> emissions - Scope 1</b>  | <b>tCO<sub>2</sub></b> | <b>434.85</b> | <b>329.89</b> | <b>420.99</b> |
| <i>of which diesel (fleet of vehicles)</i>  | <i>tCO<sub>2</sub></i> | <i>430.26</i> | <i>264.81</i> | <i>329.79</i> |
| <i>of which petrol (fleet of vehicles)</i>  | <i>tCO<sub>2</sub></i> | <i>4.59</i>   | <i>7.54</i>   | <i>14.02</i>  |
| <i>of which natural gas</i>   | <i>tCO<sub>2</sub></i> | <i>n.a.</i>   | <i>57.54</i>  | <i>77.17</i>  |
| <b>Indirect CO<sub>2</sub> emissions - Scope 2 - location based</b>                       | <b>tCO<sub>2</sub></b> | <b>111.26</b> | <b>85.77</b>  | <b>83.93</b>  |
| <b>Indirect CO<sub>2</sub> emissions - Scope 2 - market based</b>                         | <b>tCO<sub>2</sub></b> | <b>8.10</b>   | <b>0.00</b>   | <b>0.00</b>   |
| <i>Milan office</i>   | <i>tCO<sub>2</sub></i> | <i>0.00</i>   | <i>0.00</i>   | <i>0.00</i>   |
| <i>Rome office</i>  | <i>tCO<sub>2</sub></i> | <i>8.10</i>   | <i>0.00</i>   | <i>0.00</i>   |
| <b>Total CO<sub>2</sub> emissions (Scope 1 and Scope 2) - location based<sup>11</sup></b> | <b>tCO<sub>2</sub></b> | <b>546.10</b> | <b>415.66</b> | <b>504.91</b> |
| <b>Totale CO<sub>2</sub> emissions (Scope 1 and Scope 2) - market based<sup>12</sup></b>  | <b>tCO<sub>2</sub></b> | <b>442.94</b> | <b>329.89</b> | <b>420.99</b> |
| <b>Indirect CO<sub>2</sub> emissions - Scope 3</b>  | <b>tCO<sub>2</sub></b> | <b>141.47</b> | <b>21.02</b>  | <b>9.25</b>   |
| Emissions from paper usage <sup>13</sup>  | tCO <sub>2</sub>       | 75.75         | 3.82          | 0.78          |
| Emissions from business travel <sup>14</sup>  | tCO <sub>2</sub>       | 65.72         | 17.19         | 8.46          |

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.

| GHG emissions intensity and energy intensity   | 2019  | 2020  | 2021  |
|--|-------|-------|-------|
| Energy intensity (GJ consumption/employees at 31/12) <sup>15</sup>   | 24.90 | 19.88 | 26.16 |
| GHG emissions intensity (Total emissions of CO <sub>2</sub> Scope 1 - Scope 2 market-based / employees at 31/12) | 1.49  | 1.13  | 1.47  |

<sup>10</sup> The 2019 environmental data were calculated using the ABI's (Italian Banking Association) guidelines for the application of the GRI (Global Reporting Initiative) Standards relating to environmental topics by banks issued in December 2018

<sup>11</sup> Reference conversion factor: Efficiency and decarbonisation indicators for total energy consumption and power sector - ISPRA 346/2021

<sup>12</sup> Guidelines for the application of the GRI Standards relating to environmental topics by banks (December 2021)

<sup>13</sup> Reference conversion factor: DEFRA 2021 (UK Government GHG Conversion Factors for Company Reporting).

<sup>14</sup> Reference conversion factor: ABI - Guidelines for the application of the GRI Standards relating to environmental topics by banks (December 2021).

<sup>15</sup> The indicator includes the consumption of fuel by the company's vehicles, electricity and heating of its offices.



## Waste management

The company mostly generates waste in the form of paper, plastic, printer toner, obsolete equipment and fittings, mainly related to its ordinary business activities.

Certified suppliers dispose of the company's special waste, i.e., printer toner and batteries.

The considerable increase in the volume of non-hazardous waste is due to the disposal of flooring (carpets) at the Milan office, which was renovated during the year, in line with the ruling regulations.

| Waste                          | U.M.      | 2019        | 2020        | 2021         |
|--------------------------------|-----------|-------------|-------------|--------------|
| Hazardous waste                | t.        | 0.10        | 0.13        | 0            |
| of which recycled or recovered | %         | 100         | 100         | 0            |
| Non-hazardous waste            | t.        | 2.00        | 8.08        | 16.15        |
| of which recycled or recovered | %         | 100         | 100         | 100          |
| <b>Total waste</b>             | <b>t.</b> | <b>2.10</b> | <b>8.21</b> | <b>16.15</b> |

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.

## 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 remedies.

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 2021, given the rise in real estate risk, with returns higher than the number of sales and an average holding period of around 4.9 years, the company's risk management and lending policies unit decided to revisit 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 Law 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 2021. Remediation activities were recommended for 13 properties with asbestos or other environmental liabilities. After the sale of assets as part of Project Titan, the company had six properties which it manages directly and which require remediation, which was successfully completed in 2021.

Alba Leasing engaged 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.

After completion of the sale of the remaining assets of Project Titan, the company has 189 properties available for lease including 125 owned by Banco BPM and 65 which it owns, all listed on its online portal.

## Low environmental impact products

Alba Leasing is proactively engaged in the mitigation of the environmental impact of its products. It designs and promotes products for specific areas such as energy efficiency, green and smart mobility, GHG emission reduction technologies and renewable energy. As the first in Italy to finance investments in the production of biomethane and biogas, Alba Leasing has financed investments of more than €100 million over the years in the production of solar energy and a vast range of wind energy systems, including the state-of-the-art wind farm in Matera.

It has been able to do so thanks in part to the subsidised funds made available by institutions such as the European Investment Fund (EIF) and the European Investment Bank (EIB) for investments in business models that are more innovative and more environmentally friendly.

Specifically, finance and/or operating leases can be used to finance systems, accessories

and derivatives for the production of energy from alternative sources: hydroelectric, mini-hydroelectric, wind, mini-wind, photovoltaic, plants powered by biogas-biodigesters, cogeneration and trigeneration plants, harmonic control autotransformers, building automation control systems, boilers, lighting technology, electric motors, heat pumps, solar thermal and driverless vehicles.

### **Alba Leasing supporting sport: sustainable regattas and awareness raising**

Alba Leasing supports the Aniene Sailing Club and sponsored the Lunga Bolina & Coastal Race 2021 and Trofeo Banca Aletti regatta. This event was environmentally friendly and organised to be completely plastic free, sending a clear message to make the choice of going to sea sustainable, choosing reusable tableware, aluminium water bottles and separating waste on board. This sponsorship is part of the company's long-term projects and products to highlight the importance of environmental sustainability from energy leases to electric mobility.







## 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:

- 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.

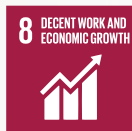
Alba Leasing's code of ethics sets out its principles, rights, obligations and responsibilities vis-à-vis its shareholders, representatives, employees, consultants, customers, suppliers and public authorities.

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 upsets 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.



3 GOOD HEALTH AND WELL-BEING



8 DECENT WORK AND ECONOMIC GROWTH

### 2021 HIGHLIGHTS

- 0 reports of discrimination
- 84% emails quarantined in advance because they were suspicious or spam
- 0 losses or thefts of data
- 3,473 attempts to access company servers blocked.

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 supports the social projects of the Moncalvo Aleramica Lions Club

Every year, the company sponsors local bodies and charities. In 2021, it decided to make a donation to the Lions guide dogs service, set up in Milan to contribute to raising awareness about guide dogs for the blind and to as finding solutions for this issue. The service provides 50 trained dogs every year and now covers the entire country having trained more than 2,000 guide dogs although there are roughly 150 people on the waiting list. Alba Leasing contributed to the training of one dog.



### 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 the personal data acquired, stored and processed as part of the company's business are 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.

In addition to the regular training courses (part of the mandatory programme) on data privacy, the company also provided its employees with a cyber security course through its digital academy to raise their awareness about the issue. The course dealt with cybercrime, phishing and the related crimes. Senior and junior managers attended a course held by an external expert on the main cyber attack and defence techniques.

Thanks to these measures, the company did not receive any complaints from customers concerning breaches of their privacy nor did it incur losses or thefts of data in 2021.





## Methodology for reporting non-financial information

This document is the consolidated non-financial statement (the "statement" or "NFS") of Alba Leasing for the year ended 31 December 2021.

The company prepares this statement in accordance with Legislative decree no. 254 of 30 December 2016 (the "decree"), as subsequently amended. While it is not legally obliged 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 2021 from an external viewpoint and 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 2021. 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 data and information are presented in accordance with the GRI Sustainability Reporting Standards defined by the Global Reporting Initiative (GRI) in 2016 (and possibly updated). The company chose the "in accordance-core" 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, starting from 2019, 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. The statement has been prepared in accordance with the GRI reporting principles: Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability.

While EU regulations have recently introduced new disclosure obligations, notably the taxonomy of sustainable economic activities (Regulation (EU) 2020/852), as this is not mandatory for companies like Alba Leasing which publish their NFS on a voluntary basis, it has decided not to comply with such new obligations for the moment.

This statement was approved by the company's board of directors on 24 March 2022. The company's independent auditors, KPMG S.p.A., performed a limited assurance review of the 2021 consolidated non-financial statement.

Its report is presented on page 69 and following pages of this statement.

| Material topic         | Aspect | GRI indicator | Disclosure title  | Page  | Omissions |
|------------------------|--------|---------------|---|---|-----------|
| Profile organisation   |        | 102-1         | Name of the organisation  | 7   |           |
|                        |        | 102-2         | Activities, brands, products and services                         | 7   |           |
|                        |        | 102-3         | Location of headquarters  | 7   |           |
|                        |        | 102-4         | Location of operations  | 7   |           |
|                        |        | 102-5         | Ownership and legal form  | 7   |           |
|                        |        | 102-6         | Markets served  | 7   |           |
|                        |        | 102-7         | Scale of the organisation   | 5, 39-40  |           |
|                        |        | 102-8         | Number of employees by type of contract, region and gender        | 40  |           |
|                        |        | 102-9         | Supply chain  | 8-9   |           |
|                        |        | 102-10        | Significant changes to the organisation and its supply chain      | There were no significant changes to the reporting scope or structure in 2021.  |           |
|                        |        | 102-11        | Precautionary Principle or approach                               | 53  |           |
|                        |        | 102-12        | External initiatives  | 10, 61  |           |
|                        |        | 102-13        | Membership of associations  | ABI; Assilea; AIAF; AIFIRM; AIIA; AIGI; APF, ASSBB; Autorità Garante della Concorrenza sul Mercato, Conciliatore Bancario; IVASS, PROMETEIA, NOMISMA, AISCA Associazione per lo sviluppo degli studi di Banca e Borsa |           |
| Strategy               |        | 102-14        | Statement from senior decision-maker                              | 4   |           |
| Ethics and integrity   |        | 102-16        | Values, principles, standards, norms of behaviour                 | 10, 25-27   |           |
|                        |        | 102-17        | Mechanisms for advice and concerns about ethics                   | 25  |           |
| Governance             |        | 102-18        | Governance structure  | 13-18   |           |
| Stakeholder engagement |        | 102-40        | List of stakeholder groups  | 12  |           |
|                        |        | 102-41        | Percentage of employees covered by national employment agreements | 39  |           |
|                        |        | 102-42        | Identifying and selecting stakeholders                            | 12  |           |
|                        |        | 102-43        | Approach to stakeholder engagement                                | 12-13   |           |
|                        |        | 102-44        | Key topics and concerns raised                                    | 11  |           |

| Material topic                            | Aspect                     | GRI indicator               | Disclosure title   | Page  | Omissions   |
|---|----------------------------|-----------------------------|--|---|---|
| Reporting practice                        |                            | 102-45                      | Entities included in the consolidated financial statements                                   | 65  |   |
|   |                            | 102-46                      | Defining report content and topic Boundaries   | 11, 19  |   |
|   |                            | 102-47                      | List of material topics  | 11  |   |
|   |                            | 102-48                      | Restatements of information  | Any restatements compared to the previous report are indicated in the text. |   |
|   |                            | 102-49                      | Changes in reporting period  | No significant changes in reporting to be mentioned.                        |   |
|   |                            | 102-50                      | Reporting cycle  | 65  |   |
|   |                            | 102-51                      | Date of most recent report   | 29 April 2021   |   |
|   |                            | 102-52                      | Reporting cycle  | Annual  |   |
|   |                            | 102-53                      | Contact point for questions regarding the report   | Back cover  |   |
|   |                            | 102-54                      | Claims of reporting in accordance with the GRI Standards GRI                                 | Methodology for reporting non-financial information                         |   |
|   |                            | 102-55                      | GRI content index  | 66-68   |   |
|   |                            | 102-56                      | External assurance   | 69-72   |   |
| Integrity and transparency in business    | Anti-corruption            | 103-1, 103-2, 103-3         | Management approach  | 25-27   |   |
|   |                            | 205-2                       | Communication and training about anti-corruption policies and procedures                     | 26  | The hours of anti-corruption training are not provided of the governance body. The company will provide this information in future reports. |
|   |                            | 205-3                       | Confirmed incidents of corruption and actions taken  | 27  |   |
|   | Tax                        | 103-1, 103-2, 103-3         | Management approach  | 27-28   |   |
|   |                            | 207-1                       | Taxes  | 27-29   |   |
|   |                            | 207-2                       | Tax governance, control and risk management  | 27-28   |   |
|   |                            | 207-3                       | Stakeholder engagement and management of concerns related to tax                             | 27-28   |   |
|   | Anti-competitive behaviour | 103-1, 103-2, 103-3         | Management approach  | 25-27   |   |
|   |                            | 206-1                       | Legal actions for anti-competitive behaviour, anti-trust and monopoly practices              | 27  |   |
|   | Socio-economic Compliance  | 103-1, 103-2, 103-3         | Management approach  | 25-27   |   |
|   |                            | 419-1                       | Non-compliance with laws and regulations in the social and economic area                     | 27  |   |
|   | Human rights               | 103-1, 103-2, 103-3         | Management approach  | 59  |   |
| 406-1                                     |                            | Incidents of discrimination | 62   |   |   |
| Data privacy                              | Consumer Privacy           | 103-1, 103-2, 103-3         | Management approach  | 63  |   |
|   |                            | 418-1                       | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 63  |   |
| Service quality and digital innovation    | -                          | 103-1, 103-2, 103-3         | Management approach  | 31-33   |   |
| Innovative products                       | -                          | 103-1, 103-2, 103-3         | Management approach  | 34-37   |   |
| Socio-economic development - of companies | -                          | 103-1; 103-2; 103-3         | Management approach  | 34-37   |   |
|   |                            | 201-1                       | Direct economic value generated and distributed  | 28-29   |   |





KPMG S.p.A.  
Revisione e organizzazione contabile  
Via Vittor Pisani, 25  
20124 MILANO MI  
Telefono +39 02 6763.1  
Email it-fmauditaly@kpmg.it  
PEC kpmgspa@pec.kpmg.it

**(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 2021 consolidated non-financial statement of Alba Leasing S.p.A. (the "parent") and its subsidiaries (together, the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 1 March 2022 (the "NFS").

Our procedures did not cover the information set out in the "Regulation (EU) 852 - EU Taxonomy Disclosure" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

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

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

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

| Material topic   | Aspect                                    | GRI indicator  | Disclosure title  | Page   | Omissions   |  |
|--|---|--|---|--|---|--|
| Management and professional development of employees and the sales network | Employment                                | 103-1; 103-2; 103-3  | Management approach   | 39-43  |   |  |
|  |   | 401-1  | New employee hires and turnover   | 42-43  |   |  |
|  | Diversity and equal opportunities         | 103-1; 103-2; 103-3  | Management approach   | 40   |   |  |
|  |   | 405-1  | Diversity of governance bodies and employees  | 16, 40   |   |  |
|  |   | 405-2  | Ratio of basic salary and remuneration of women to men  | 41   |   |  |
|  | Training and education                    | 103-1; 103-2; 103-3  | Management approach   | 44-47  |   |  |
|  |   | 404-1  | Average hours of training per year per employee   | 5, 45  |   |  |
|  |   | 404-3  | Percentage of employees receiving regular performance and career development reviews                          | 47   |   |  |
|  | Health, safety and wellbeing of employees | Occupational health and safety   | 103-1; 103-2; 103-3   | Management approach  | 47-48   |  |
|  |   |  | 403-1   | Occupational health and safety management system   | 47-48   |  |
| 403-2  |   |  | Hazard identification, risk assessment and incident investigation   | 47-48  |   |  |
| 403-3  |   |  | Occupational health services  | 47-48  |   |  |
| 403-4  |   |  | Worker participation, consultation and communication on occupational health and safety                        | 47-48  |   |  |
| 403-5  |   |  | Worker training on occupational health and safety   | 45, 49   |   |  |
| 403-6  |   |  | Promotion of worker health  | 47-48  |   |  |
| 403-7  |   |  | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 47-48  |   |  |
| 403-9  |   |  | Work-related injuries   | 49   | Nothing to report in point b as immaterial for the company. |  |
| 403-10   |   |  | Work-related ill health   | 49   | Nothing to report in point b as immaterial for the company. |  |
| Employee wellbeing   | 103-1; 103-2; 103-3                       | Management approach  | 43-44, 50-51  |  |   |  |
|  | 401-2                                     | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 50  |  |   |  |
|  | 401-3                                     | Parental leave   | 43-44   |  |   |  |
| Reduction of environmental impacts and assets of security                  | Materials                                 | 103-1; 103-2; 103-3  | Management approach   | 53-54  |   |  |
|  |   | 301-1  | Materials used by weight or volume  | 54   |   |  |
|  | Energy                                    | 103-1; 103-2; 103-3  | Management approach   | 54   |   |  |
|  |   | 302-1  | Energy consumption within the organisation  | 54-55  |   |  |
|  |   | 302-3  | Energy intensity  | 55   |   |  |
|  | Emissions                                 | 103-1; 103-2; 103-3  | Management approach   | 55   |   |  |
|  |   | 305-1  | Direct (scope 1) GHG emissions  | 55   |   |  |
|  |   | 305-2  | Energy indirect (scope 2) GHG emissions   | 55   |   |  |
|  |   | 305-3  | Other indirect (scope 3) GHG emissions  | 55   |   |  |
|  |   | 305-4  | GHG emissions intensity   | 55   |   |  |
| Waste  | 103-1; 103-2; 103-3                       | Management approach  | 56  |  |   |  |
|  | 306-1                                     | Waste generation and significant waste-related impacts   | 56  |  |   |  |
|  | 306-2                                     | Management of significant waste-related impacts  | 56  | No information is provided for points b and c even though the topic of waste is material, the company will provide this information in future reports. |   |  |
| 306-3  | Waste generated                           | 56   |   |  |   |  |



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

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

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

#### **Auditors' independence and quality control**

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. 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 parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.



Specifically, we carried out the following procedures:

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

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

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

Specifically, we held interviews and discussions with the parent'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 parent'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 2021 consolidated non-financial statement of Alba Leasing S.p.A. and its subsidiaries has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Our conclusion does not extend to the information set out in the "Regulation (EU) 852 - EU Taxonomy Disclosure" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Milan, 8 April 2022

KPMG S.p.A.

(signed on the original)

Roberto Spiller,  
Director of Audit

A handwritten signature in blue ink, appearing to read 'Roberto Spiller', written over a circular stamp or seal.







For comments or information about this NFS:  
[sostenibilita@albaleasing.eu](mailto:sostenibilita@albaleasing.eu)