

made in  
amco





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# Letter from the **Chairperson** and from the **CEO**

We are pleased to present our first Sustainability Report describing our strategy and our ESG objectives, the actions undertaken until today and the ones we will implement over the next three years, in line with the Sustainable Development Goals of the 2030 Agenda. Our ESG path is part of the “made in AMCO” Strategic Plan 2025 underling our DNA and the integration of sustainability in AMCO’s **Value Charter**.

Solidity and performance have always been the drivers of AMCO’s model.

Our ambition is to create **new business opportunities** for all stakeholders, sharing projects and innovation with the common goal of transforming impaired loans into new starting points allowing for a **better future** of our customers, pursuing profitability objectives for the Company.

In particular, we would like to underline our commitment to Italian corporates and to the Italian economic system. As such, we have redesigned “E”, “S” and “G” pillars according to our strategic priorities.

Therefore, **sustainability “made in AMCO”** is renamed in a different and new acronym “GSSE”: **Sustainable Governance**, an important pre-requisite to operate with integrity and correctness within and outside of society with a strong commitment to

the social sphere on the basis of two of the four strategic pillars: **Sustainable Credit Management** and **Sustainable Development of Human Capital, and Environmental Protection**.

AMCO’s sustainability strategy is the result of more than one year of hard work. In September 2022, we defined our **Value Charter**, which encompasses the Code of Ethics and the **10 Principles of credit management**.

**As for as AMCO is concerned, sustainability means** accompanying corporates on a path to **debt recovery**, with a tailor made and respectful **approach**, always oriented towards finding collaborative and sustainable solutions.

We want to be an inclusive group that promotes and enhances the **development** and **well-being** of our people by taking care of the environment with concrete actions, safeguarding the use of resources, and promoting **sustainable behaviours**.

We are confident in the path we have mapped and aware of the great challenge ahead of us. Our commitment is to work in order to achieve our goals year by year, monitoring and communicating with transparency.





# amco – Asset Management Company

AMCO - Asset Management Company S.p.A. (also referred as “AMCO” or “AMCO S.p.A.” or the “Company”) is a financial intermediary pursuant to art. 106 of the Italian Banking Law (Testo Unico Bancario – TUB), specialised in the management of impaired loans. AMCO is seen as a leader in the Italian NPE market because it sets new operating standards as well as innovative solutions creating value to the Italian economy.

AMCO, controlled by the **Ministry of Economy and Finance (MEF)**, adopts a flexible business approach which is innovative and respectful versus debtors, creditors, banks, bondholders and employees.

AMCO which counts **€36.2<sup>1</sup> billion pro-forma<sup>2</sup> NPEs as of the end-September 2022**, of which **€13.2 billion are unlikely-to-pay (“UTP”), 75% of which are related to over 41 thousand Italian companies**, has a successful **track record over the last 20 years** (as SGA).

AMCO, through a balanced and sustainable approach, optimises the performance of credit portfolios transforming these into new opportunities for its counterparties. AMCO adopts a distinctive approach towards the management of its impaired loans activities which is centred around the sustainability of its corporate client. AMCO's portfolio management approach is sustainable aimed at avoiding financial and reputational distress and is designed to promote client's business continuity, providing new financing aimed at relaunching the corporate customer so as to re-introduce valuable resources into the domestic economy.

The Company offers a wide range of services such as credit servicing, debt purchasing, operating also as facilitator of multi-origination fund structure, securitisation structuring and lending. Thanks to a **diversified approach** to UTP and NPL management and thanks to being able to leverage on the skills and specialisations of 368 professionals<sup>3</sup> based in Milan, Naples and Vicenza, AMCO is able to fully address the process of managing all types impaired loans, including large size ones, with an effective and flexible operating structure.

Reliability and experience are confirmed by the major credit rating agencies. AMCO obtained an issuer rating Investment Grade by Standard & Poor's (BBB) and Fitch (BBB) and a special servicer ratings from Fitch (RSS2, CSS2, and ABSS2). AMCO is also an issuer of listed debt instruments on the regulated market<sup>4</sup>.

1 Data as of 30 September 2022.

2 Pro forma AuM for agreements to purchase the leasing and single names portfolios of Intesa Sanpaolo, and for the NPL portfolios of MPS and UnipolRec whose contracts were signed in 3Q22 effective 4Q22

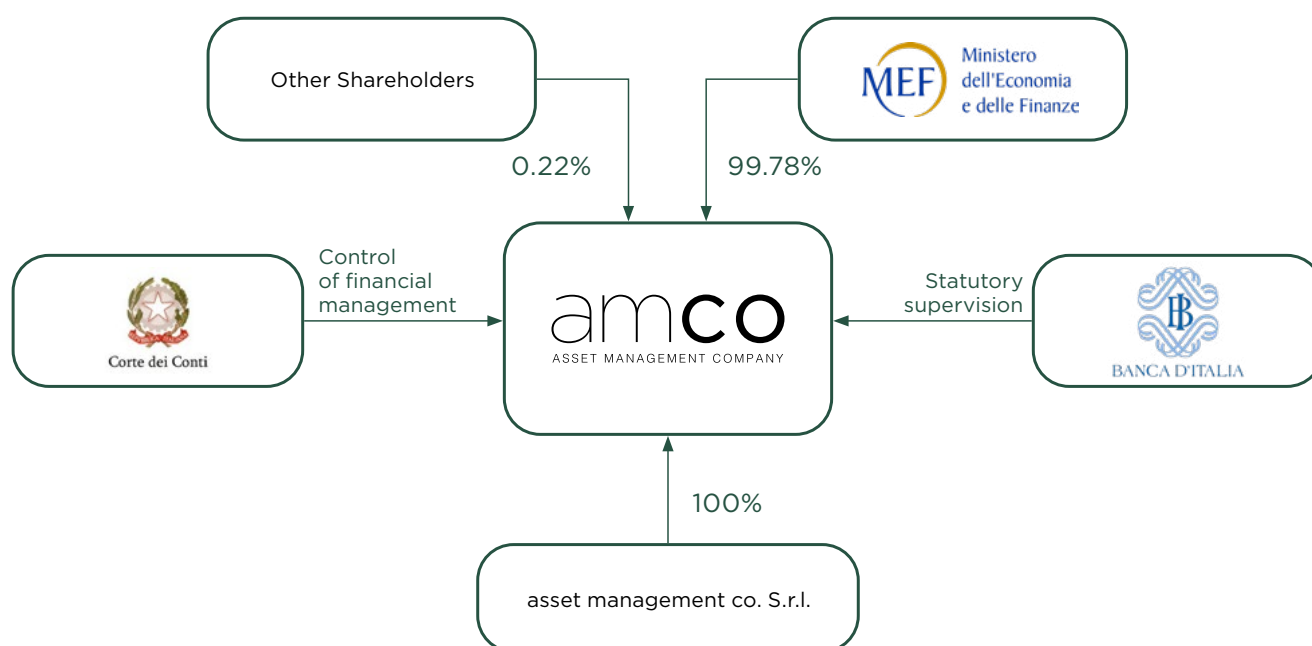
3 Data as of 30 September 2022.

4 Obligations are listed in the Luxembourg Stock Exchange's Regulated Market.

## Shareholder and **corporate structure**

AMCO is a limited liability company, the share capital of which is split into ordinary shares<sup>5</sup>, with no nominal value albeit with voting rights, held entirely by the Italian Ministry of Economy and Finance, and B shares<sup>6</sup> held by the Italian Ministry of the Economy and Finance and by other shareholders, including treasury shares, which do not benefit from any voting rights (nor ordinary neither extraordinary shareholder meetings).

The corporate structure of AMCO and its subsidiaries is represented in the following diagram:



AMCO's activity is regulated and supervised by the **Bank of Italy** and is subject to the control of the Italian **Court of Auditors**. The Directorate-General of Competition, also referred as (**DG Comp**)<sup>7</sup>, monitors AMCO's NPE transactions to ensure that these transactions are carried out on an arms' length basis and in line with market conditions. In such context, AMCO competes according to free competition rules with other market players, on a daily basis.

<sup>5</sup> Number of ordinary shares equal to 600,000,000.

<sup>6</sup> Number of B shares are 55,153,674. These fall within the percentage of shares held by 'other shareholders', which is 0.22% and includes B shares held by other shareholders and treasury shares.

<sup>7</sup> The Directorate-General for Competition (DG Competition) is a Directorate-General of the European Commission responsible for the definition and implementation of EU competition policy.

## The history of amCO

AMCO benefits from **30 years experience** in impaired loans credit management. The Company was founded in 1989 as SGA (“Società per la Gestione degli Attivi”) in the context of the Banco of Napoli rescue. In 2016, the Company was included in the register of financial intermediaries, in Italy.

In 2018, the Company expanded its business as a result of the purchase of the portfolio of the former Veneto-banks and in 2019 re-registered its name into AMCO - Asset Management Company – growing by acquiring a number of portfolios from Banca del Fucino, Istituto di Credito Sportivo and from Carige.

In 2020, AMCO purchased portfolios from Creval, Igea-Fucino, Carige, Banca Popolare di Bari and Banco BPM. Similarly, AMCO purchased one NPE portfolio from MPS, as part of MPS’s demerger. In the same year, the second phase of the Cuvée project was finalised: the first innovative multi-originator platform created at the end of 2019 for the management of Unlikely-to-pay (UTP) exposures related to the real estate sector. Cuvée’s growth continued in the following two years thanks to the management of add-on portfolios, reaching €2.2 billion of AuMs (as of 30 June 2022). This took place whilst the transfer of the high-risk portfolios related to the Veneto-banks from Intesa Sanpaolo continued. In 2021, AMCO reached additional agreements with Banca Carige, ICCREA Banca and Banca del Sud increasing its market position in the leasing sector. During 2022, additional portfolio acquisitions were carried out from Intesa SanPaolo, UnipolREC, MPS and BPER Banca Group.

### Cuvée project

“Project Cuvée” is the first innovative multi-originator platform to manage Unlikely-to-pay exposures related to the real estate portfolio of corporates in financial distress.

The objective is to support the companies’ turnaround thanks to proactive management of the exposures, of the underlying collateral including new financing.

The structure envisaged the sale of UTP exposures to a securitisation vehicle the debt securities of which are held by a closed-end real estate fund, the shares of which are owned by the originating banks.

AMCO, on top of being the promoter of the transaction and also one of the fund’s shareholders, holds the role of Master and Special Servicer of the securitisation transaction while Prelios Group is the real estate Partner as well as manager of the fund through Prelios SGR.

At the end of 2022, the platform reached €2.2 billion of assets under management, with the participation of Italian leading banks.

In recent years, the experience of AMCO's professionals has allowed for the growth of the business labelling AMCO the new *full service credit management company* as the reference company for all operators in the sector characterised by a strong sector specialisation.

Such role is witnessed by the GLAM project (Guaranteed Loans Active Management) structured by AMCO with the support of the Ministry of Economy and Finance whose objective is to value and manage the corporate loans issued to corporates during the Temporary Framework Covid-19 which were guaranteed by the Fondo Centrale di Garanzia ("FCG"), the central guarantee fund.

Due to the high volume of such loans and due to the increasing amount of debtors (as a result of the pandemic) the GLAM project has been proposed as a new solution that can prevent default situations, reduce excess peaks of defaults, reduce public guarantee enforcements, and ensure business continuity for distressed clients, wherever possible.

## GLAM platform

The Guaranteed Loans Active Management, also called GLAM platform, is a structured solution promoted by AMCO and it is dedicated to the valorisation of guaranteed loans, issued to corporates in the context of the Temporary Framework Covid-19. The project was approved by the European Commission on 26<sup>th</sup> of August 2022. Thus, under Article 42-quater of Law No. 142 dated 21 September 2022, the Italian government regulated the GLAM project, whose execution awaits the related decrees.

The context in which GLAM operates is on a portion of the loans guaranteed by the Fondo Centrale di Garanzia, issued by the Italian banks under Article 13 of the 'Liquidity Decree' and to the benefit of small/medium-sized enterprises as means of support to the economic challenges generated from Covid-19. The platform ensures the buy-back of loans the guarantee of which has not been enforced, based on the issuance of *notes* which may be withheld by the originating banks or sold to institutional investors.

As AMCO will not purchase the notes, there will be no impact on its capital ratios. As a result, no additional obligation will burden the Italian State, on top of the guarantee originally given to the secured loans.

AMCO's role is coordinating the platform and activating an extensive network of Special Servicers being able to leverage on the specialised skills and expertise of the Italian servicing sector partners. The Company's sustainable approach to the management of the guarantees through the GLAM platform aims at hindering credit deterioration, reducing peaks of defaults in the banking system, reducing the risks of mass-enforcement of public guarantees with potential benefits both for corporates and for all stakeholders.

## Role and business model of amCO

AMCO's **vision** is to play a **central role** in the **Italian NPE** market for all **stakeholders**, **managing credit portfolios sustainably and efficiently**, creating value and supporting the Italian economy.

AMCO's **mission** is to **set new standards in the Italian non-performing loans market, via a sustainable credit management model** aimed at supporting the going concern of deserving companies by creating new opportunities.

Solidity and performance are the drivers of AMCO's operations. The Company works together with its partners as well as its stakeholders and strives to build new business opportunities participating in projects, with perspective and innovation aimed at transforming impaired loans into a new beginning for its customers.

AMCO's business model is oriented to identifying sustainable solutions for all stakeholders.



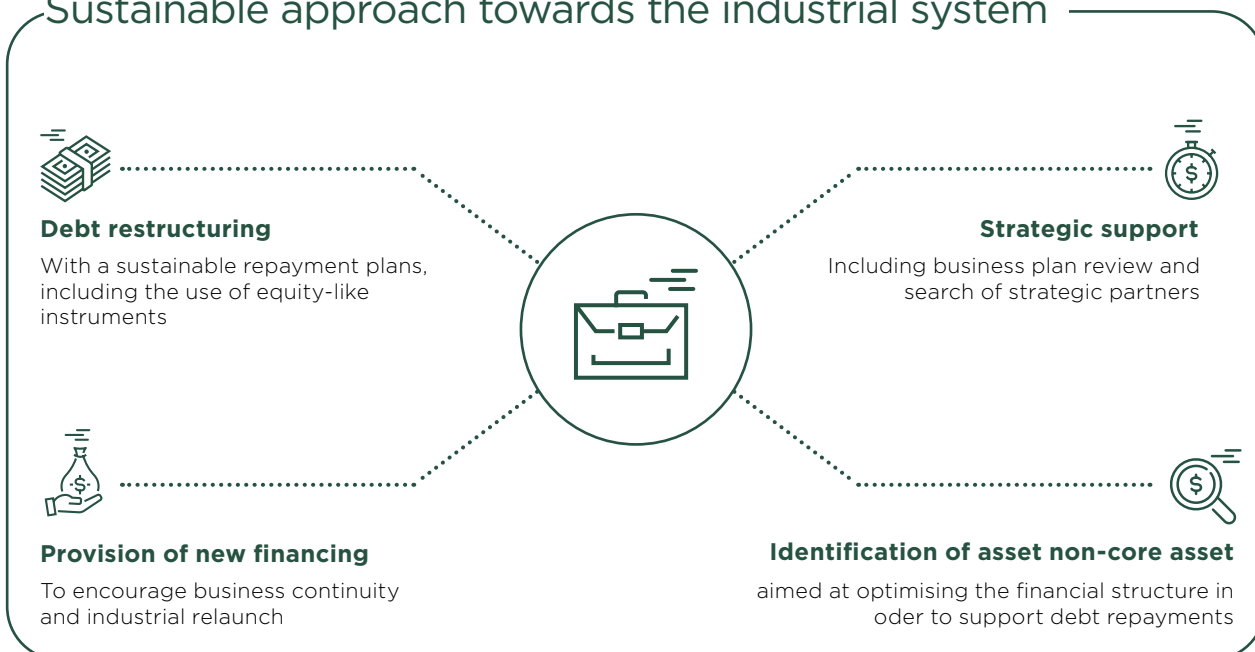


Aware of the changing environment in which it operates and the role it plays within the Italian economy, AMCO adopts a patient approach to credit management respectful of the socio-economic conditions of clients and supports deserving entrepreneurship.

Thanks to a proactive management focused on client, AMCO defines tailor-made debt recovery strategies, designed on the basis of the credit counterparty characteristics. Moreover, the Company also grants new financing opportunities to corporates which prove to have business continuity potential, aiming at strategies focusing on financial and business relaunch to such deserving companies.

This strategy enables AMCO to maintain a sustainable approach vis-à-vis the Italian manufacturing and business sectors.

## Sustainable approach towards the industrial system



AMCO's activities are run by four different business divisions:

- The **Workout division**, is responsible for the recovery of non-performing loans. The division implements a sustainable and patient management approach through *tailor-made* loan negotiations, customised on the basis of the different features of every loan, with the primary objective of reaching an adequate economic return (including seeking out-of-court settlements) taking into account the feasibility (and sustainability) of credit reimbursements by debtors
- The **UTP division** manages UTP positions related to both small-medium sized clients as well as large ones. The UTP division, implements solutions that also provide the supply of new financing thus enabling deserving companies to have further access to credit lines. During 2022, AMCO's particular focus on small and medium-sized enterprises was guaranteed by the creation of a dedicated team
- The **Special Partnerships & Servicers (SP&S) division**, operates since January 2022 and has ensured partnership models with 12 leading market players allowing for portfolio management flexibility.
- The **Real Estate division, advisor to other internal Divisions**, pursues strategies focusing on the valorisation of collateral of the underlying loans not only providing appraisals and opinions but also participating as an auction facilitator in the enforcement procedures, at times becoming an investor (REOCO - Real Estate Owned Company itself).

## In-house/outsourcing model



### in-house



### outsourcing

#### Workout

(€11,6 mld AuM)



Bankruptcy procedures and collateral value maximization



Out-of-court and judicial collections



High standardisation of processes

#### UTP

(€9,4 mld AuM)



Proactive management focused on business continuity



Financial/industrial restructuring skills



Ability to provide new financing

#### Special Partnership & Services

(€11,6 mld AuM)



Servicing (Back2Bonis) focused on real estate assets, with new financing, development and ReoCo\* transactions



Servicer management with specific skills



Preference for Out-of-court solutions



### Real Estate



Revaluation of real estate assets for Workout, UTP e SP&S Divisions



ReoCo\* activity (Valuation and management real estate collaterals)

Reported AuM as of 30.9.2022

\* Real Estate Owned Company

As such, loan files are managed partly in-house and partly in *outsourcing*, through a flexible model that supports the creation of economies of scale. In fact, the operating model is based on the in-house management of high value-added (both *secured* and *unsecured*) relevant positions and on the *outsourcing* of granular positions that require a standardised approach which can be leveraged by the economies of scale of specialised partners. In this way, the ongoing performance monitoring also increases the effectiveness of the operating processes.

As far as outsourcing is concerned, AMCO selects **special servicers** through a very rigorous process. These are constantly monitored as far as expected results are concerned through a performance measurement system, both in the context of recovery plans as well as other relevant factors in order to improve performance. In this way, AMCO ensures that all its counterparties further integrate ESG criteria into their business models.

# amco's path to Sustainability

## The regulatory framework

In September 2015, more than 150 international leaders met at the United Nations to contribute to global development, to promote human well-being and protect the environment. The United Nations endorsed the 2030 Agenda for sustainable development which consists of **17 Sustainable Development Goals (SDGs)** and **169 targets**. The 2030 Agenda is a plan for action for people, for the planet and for prosperity aiming to end poverty, fight inequality and achieve social and economic development. As such, it calls for a strong involvement of all the parts of society, business and the public sector.

At European level, in 2018 the European Commission approved the **Sustainable Finance Action Plan** aimed at re-directing capital inflows towards a more sustainable economy, integrating sustainability into risk management and promoting transparency.

In this context, there are other key regulations concerning ESG integration in the financial sector, such as the **Sustainable Finance Disclosure Regulation**<sup>8</sup> (EU Reg. 2088/2019), which aims at increasing transparency regarding sustainable investments and for which it requires financial market participants to disclose specific information about risks and material negative impacts related to sustainability. For this reason, the regulation guides investors in their investment decisions by encouraging the disclosure of sustainability-related information on financial products. **The EU Taxonomy**<sup>9</sup> (Reg. UE 852/2020) has the objective of directing capital flows towards economic activities that are considered environmentally sustainable which means those activities that contribute significantly to the achievement of specific environmental objectives and that do not cause significant harm ("do no significant harm") to any of the other environmental objectives envisaged in the Taxonomy. Noteworthy are the forecasts by the **European Banking Authority (EBA)**<sup>10</sup> and **Bank of Italy**<sup>11</sup> related to the integration of sustainability risks with particular reference to climate change, corporate governance and business strategies.

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8 Sustainable Finance Disclosure Regulation (EU Reg. 2019/2088 or SFDR Regulation), on sustainability disclosure in financial services. This regulation establishes harmonised transparency rules for financial market participants and financial advisors with regard to the integration of sustainability risks and the consideration of adverse sustainability effects in their processes and in the disclosure of sustainability-related information related to financial products.

9 EU Taxonomy (EU Reg. 852/2020 or Taxonomy Regulation), concerning the establishment of a framework for sustainable investments. This regulation establishes the criteria for determining whether an economic activity can be considered environmentally sustainable, in order to identify the degree of sustainability of an investment. To be considered environmentally sustainable, an economic activity must contribute positively and significantly to at least one of the following environmental objectives: (i) mitigation of climate change, (ii) adaptation to climate change, (iii) protection and responsible use of water and marine resources, (iv) transition to a circular economy, (v) prevention and control of pollution, and (vi) protection of ecosystems and biodiversity.

10 The European Banking Authority (EBA) published its Report on Environmental, Social and Governance (ESG) Risk Management and Supervision on 23rd June 2021, which provides guidance on how ESG factors and ESG risks should be included in the regulatory and supervisory framework for credit institutions and investment firms.

11 The Bank of Italy is in line with similar initiatives by the ECB and other national supervisory authorities and published on 8th April 2022 the document 'Supervisory Expectations on the Integration of Climate and Environmental Risks', which examines the integration of climate and environmental risks into the business strategies, governance, control and risk management systems, and market disclosures of supervised intermediaries.



At European level, as far as non-financial disclosure reporting is concerned, regulatory tightening is taking place. The new EU non-financial reporting disclosure known as the **CSRD (Corporate Sustainability Reporting Directive)** was approved by the European Parliament in November 2022 will substitute the NFRD (Non-Financial Reporting Directive) which was incorporated to Italian legislation with D. Lgs. 254/2016. The new regulations aim at expanding the perimeter of those entities obliged to prepare non-financial disclosure<sup>12</sup> including future reporting obligations also for AMCO which is currently not subject to such regulatory provisions as the company does not meet the thresholds set by current regulations.

In addition to enlarging the perimeter of companies which will be subject to sustainability reporting, the CSRD introduces additional factors such as common reporting standards, developed by the European Financial Reporting Advisory Group (EFRAG), a complex and articulated materiality analysis process designed to assess the ESG impacts of companies, and the inclusion of non-financial reporting disclosure within the Annual Report.

### AMCO's path

In a context that envisages companies to adopt management models which integrate environmental, social and governance or "ESG" aspects into business and strategy, AMCO began its sustainability path in 2021.

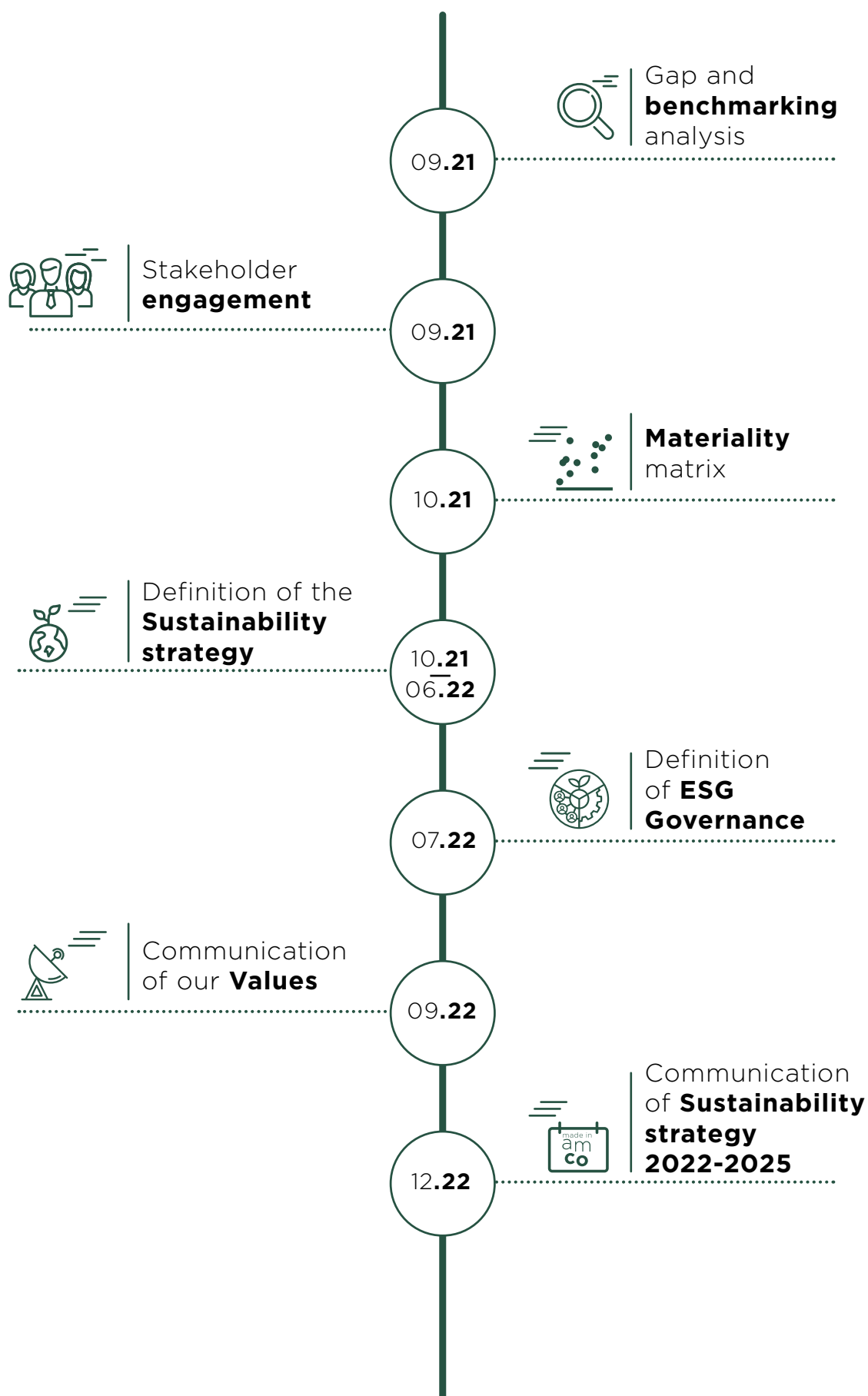
As a result of a **thorough analysis**, taking into account sector best practices, current regulation, both at national and international levels, guidelines and recommendations, AMCO has built a 'tailor-made' process based on the discussion and participation of all stakeholders that daily interact with AMCO and that are impacted or impact AMCO's operations.

In order for AMCO to identify the relevant ESG issues and to define the strategic sustainability guidelines, its **key stakeholders** as well as top management, a selected group of employees, service partners that collaborate with the Company during the credit recovery process, banks, institutions, regulators and most relevant suppliers were involved.

AMCO defined its **Sustainability strategy**, which is based on well-defined pillars of sustainability, and which are described in this document. AMCO set out its ESG Governance framework, a fundamental safeguard for the execution of such strategy. As a necessary step, AMCO has reviewed and disclosed its Value Charter.

<sup>12</sup> The CSRD provides for the scope of application to be extended to: (a) all large companies, both listed and unlisted, that at the balance sheet date jointly exceed two of the following three criteria: (i) balance sheet assets greater than € 20 million; (ii) turnover greater than € 40 million; (iii) average number of employees during the financial year greater than 250; (b) to all SMEs listed on European regulated markets with the exception of micro-companies, i.e. those with fewer than 10 employees and a turnover or balance sheet of less than € 2 million; (c) to Companies with non-EU parent companies that generate in the EU a turnover greater than € 150 million for 2 consecutive years. The CSRD provides specific application timeframes for each category of company subject to the reporting obligation (companies already subject to the Non-Financial Reporting Directive as of 1 January 2024 (reporting 2025); large companies as of 1 January 2025 (reporting 2026); listed SMEs, with the exception of so-called "micro-companies", as of 1 January 2026 (reporting 2027); companies with non-EU parent companies as of 1 January 2028).

## The roadmap

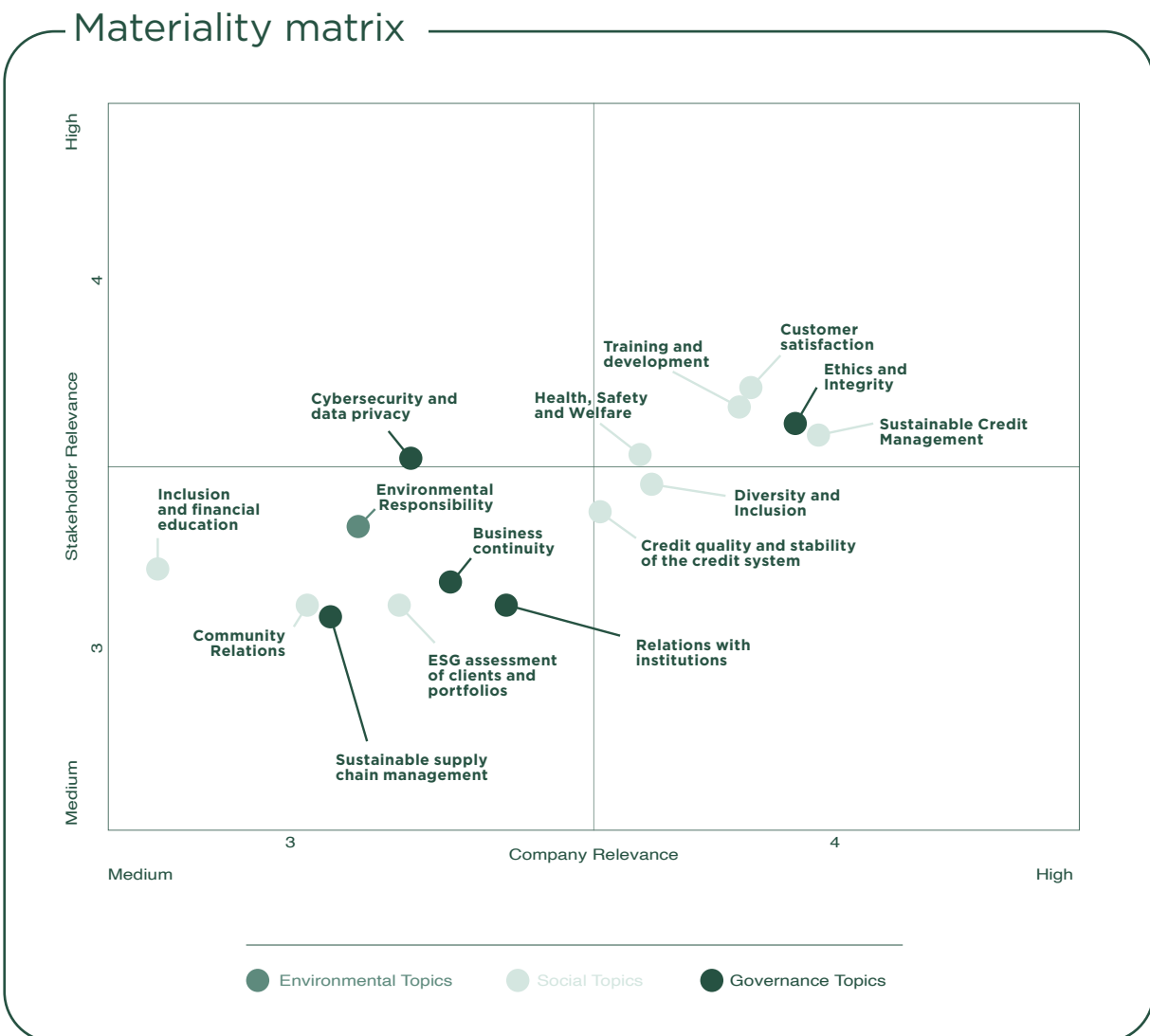


## Materiality analysis

The materiality analysis identifies the ESG factors required in the non-financial reporting to which an ad hoc strategic management approach needs to be applied. As required by the relevant standards, issues are considered 'material' if they: (i) have a significant impact on the Company; (ii) have a significant impact on stakeholders.

Therefore, materiality analysis considers not only the perspective of the organisation but also that of stakeholders. The positioning of material issues in the materiality matrix is the result of their relevance in relation to business aspects and to the impact on stakeholders.

The engagement process with AMCO's main stakeholders led to the identification of topics which are considered material, specific to a sector such as the one in which AMCO operates. These topics have been identified in the context of environmental, social and governance (ESG) factors, the relevance of which is outlined within the **materiality matrix**, as illustrated below:





## Material Topics

MATERIAL TOPICS	DEFINITION
ENVIRONMENTAL RESPONSIBILITY	<p>Management of the most significant <b>direct environmental impacts</b> resulting from the <b>organisation's operations</b>, such as <b>the consumption of materials and natural resources, waste generation, energy consumption and the use of the corporate car fleet</b>.</p> <p><b>It is important to reduce the emissions into the atmosphere in order to contribute to climate change.</b></p>
TRAINING AND DEVELOPMENT	<p>Value <b>corporate talents with appropriate training and development plans</b>. Career programmes are provided to enhance skills and abilities of employees aligning them with AMCO's business model.</p> <p>AMCO envisages <b>competence, motivation and satisfaction of its employees, as AMCO wants to attract and withhold talents</b>.</p>
HEALTH, SAFETY AND WELFARE	<p>Create a <b>safe and high-quality working environment</b> that protects <b>health, safety and psychophysical integrity of its employees</b>. AMCO aims to spread its corporate culture based on safety and well-being of human capital.</p> <p>Providing a reasonable <b>welfare system</b> with <b>modern and flexible working tools</b> to ensure work-life balance.</p>
DIVERSITY & INCLUSION	<p>Protect <b>diversity &amp; inclusion in the company</b> in order to create an inclusive working environment that values all types of diversity (age, gender, skills, geographical origin) and fights any form of discrimination.</p>
COMMUNITY RELATIONS	<p>Promote initiatives with a <b>positive impact on the communities</b> in which the Company operates, by taking an active role with local communities and stakeholders.</p> <p>Develop social impact activities in collaboration with organisations and institutions.</p>
CUSTOMER SATISFACTION	<p>Manage customer relations with a collaborative and <b>prompt response approach</b>.</p> <p>Constantly monitor the progress of loan files, in order to prevent any <b>reputational damage on the organisation</b> and to avoid deterioration of the client.</p> <p><b>Handle complaints</b> and reports efficiently to ensure a continuous improvement of services offered by the organisation and by external networks (i.e. special servicer, legal team).</p>
INCLUSION AND FINANCIAL EDUCATION	<p>Promote projects and initiatives in cooperation with specialised entities to enhance <b>information on financial services</b> and promote <b>access to credit</b> for companies in financial difficulties, increasing customers' awareness on the proper use of financial leverage.</p>
ESG ASSESSMENT OF CLIENTS AND PORTFOLIOS	<p><b>Integrate ESG criteria</b> into credit management and risk management process both in the due diligence phase and in the post-acquisition monitoring.</p>
SUSTAINABLE CREDIT MANAGEMENT	<p>Adopt a <b>non-speculative approach</b> to debt recovery activities that does not create financial or reputational distress to customers and that is oriented towards <b>safeguarding jobs</b> and the going concern of companies with financial need.</p> <p>Manage loan exposures according to ethical <b>principles</b> and <b>ethical values</b> with a long-term perspective that supports companies to reach a back-to-bonus status.</p>
CREDIT QUALITY AND STABILITY OF THE CREDIT SYSTEM	<p>Adopt practices and measures aimed at <b>limiting the risk of failure in the recovery of impaired loans</b> as a result of legal client's inability to meet its obligations, avoiding situations of stress to the entire credit system and the economy.</p>
CYBERSECURITY AND DATA PRIVACY	<p>Implement an <b>IT infrastructure</b> that safeguards customers <b>privacy</b> and <b>company data security</b> ensuring high standards of IT security avoiding data breaches.</p>



MATERIAL TOPICS	DEFINITION
ETHICS AND INTEGRITY	Set up adequate internal control systems to <b>avoid corruption and money laundering</b> in order to spread throughout the organisation a culture based on integrity, professional ethics and honesty. Build relationships based on trust with our <b>stakeholders (i.e. external networks of special servicers and legal teams)</b> in order to prevent negative consequences in terms of reputation.
SUSTAINABLE SUPPLY CHAIN MANAGEMENT	Implement <b>purchasing</b> procedures, mainly related to activities linked to office operations, on <b>legal arm's length, transparency and anti-corruption</b> . Ensuring as far as possible the <b>traceability of the supply chain</b> , adopting selection, evaluation and monitoring criteria for suppliers based also on <b>ESG</b> performance indicators.
RELATIONS WITH INSTITUTIONS	Value relations with <b>institutions</b> and the <b>public administration</b> in order to create successful collaborations aimed at creating positive outcomes on the system.
BUSINESS CONTINUITY	Set up risk <b>management system to mitigate systemic risks</b> arising from unprecedented large-scale external events with social, political and economic implications (e.g. COVID-19). Adopt strategic plans that identify, prevent and minimise the effects of low probability events but with a high impact aimed at ensuring <b>business continuity</b> .

# made in amco Sustainability

AMCO has built its first **Sustainability Report** as part of its ESG strategy which consists of **four pillars that rename and remodel the acronym ESG according to AMCO's "own" strategic priorities.**

The pillars were defined in line with the strategic priorities identified through the materiality matrix exercise. This analysis allowed the identification of relevant issues in environmental (E), social (S) and governance (G). Building upon this analysis AMCO's approach to sustainability has been reinterpreted and reorganised.

**For this reason, the Sustainability "made in AMCO" is renamed with a new acronym: GSSE which outlines a strong connotation to Social.**

Two of the four pillars are centred around Social:

- **sustainable credit management:** which is embodied in AMCO's collaborative approach in transforming impaired loans into new opportunities, albeit safeguarding the client;
- the **development, enhancement and well-being of our people.**

The other two pillars refer to **sustainable governance** that is a fundamental prerequisite to operate with integrity and fairness inside and outside society and to **environmental protection** in order to manage operational processes effectively and sustainably protecting the environment from adverse impacts.

All four pillars are supported and inspired by the UN SDGs aimed at supporting and encouraging the contributions to international sustainability objectives.

## SUSTAINABLE GOVERNANCE



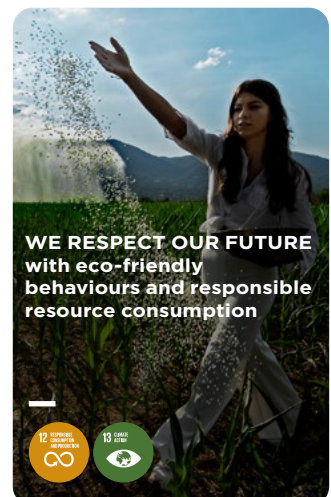
## SUSTAINABLE CREDIT MANAGEMENT



## SUSTAINABLE DEVELOPMENT OF HUMAN CAPITAL



## ENVIRONMENTAL PROTECTION

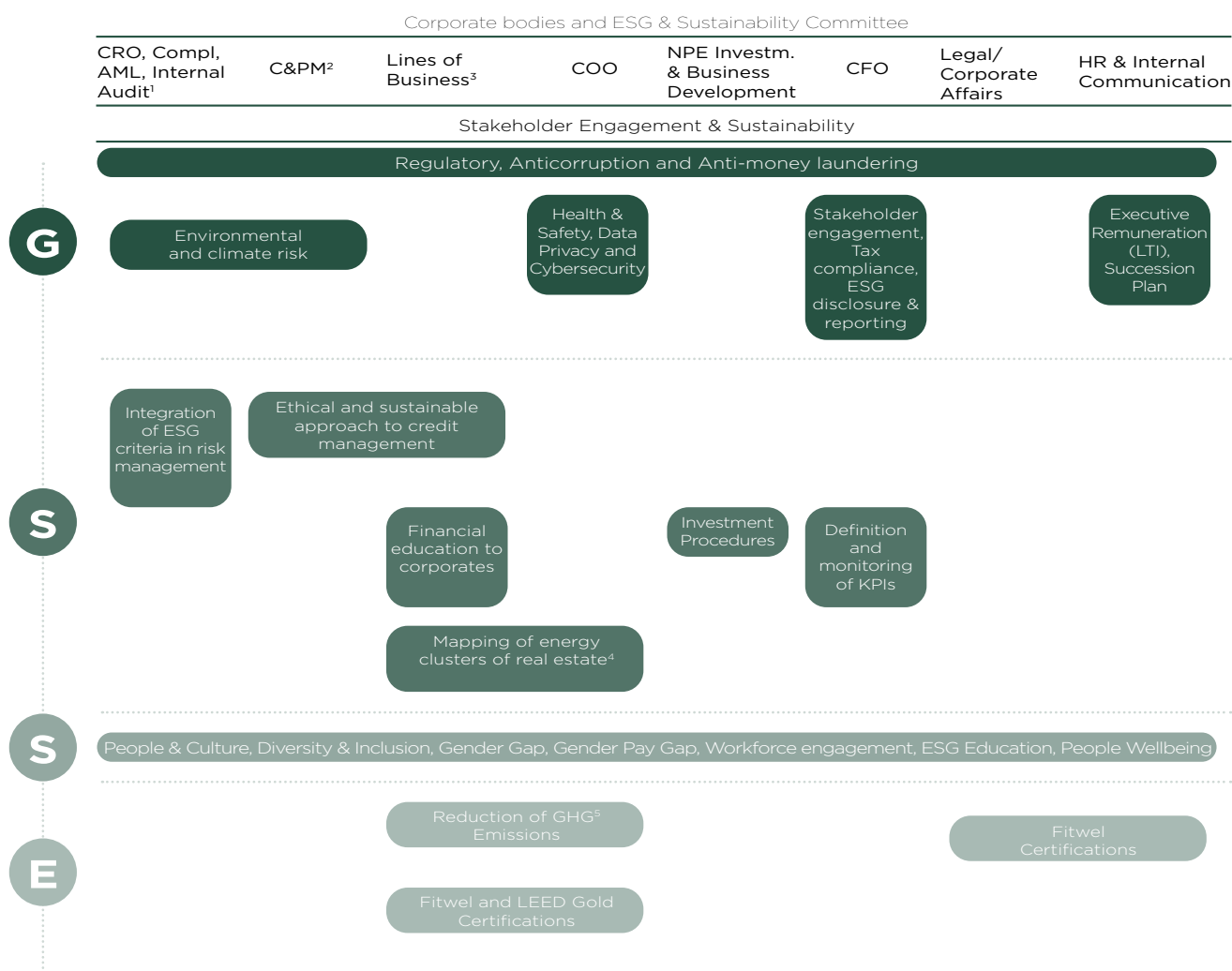




In particular, this report defines the macro-objectives that represent AMCO's strategic priorities which are embodied in quantitative targets. AMCO has already implemented some initiatives for each objective underlying its commitment to sustainability and the integration of sustainability within its business processes.

The Company is already committed to fully integrating the ESG pillars into its value chain with the involvement of all operations as means of strengthening its sustainable governance.

## Integrate ESG factors on a 360 degree basis within our value chain



**Note<sup>1</sup>:** CRO, Compliance, AML, Internal Audit - Chief Risk Officer, Compliance, Antiriciclaggio, Internal Audit

**Note<sup>2</sup>:** CP&M - Credit & Portfolio Management

**Note<sup>3</sup>:** UTP/PD, Workout, SP&S, Real Estate

**Note<sup>4</sup>:** Only for Real Estate

**Note<sup>5</sup>:** GHG: Greenhouse Gases

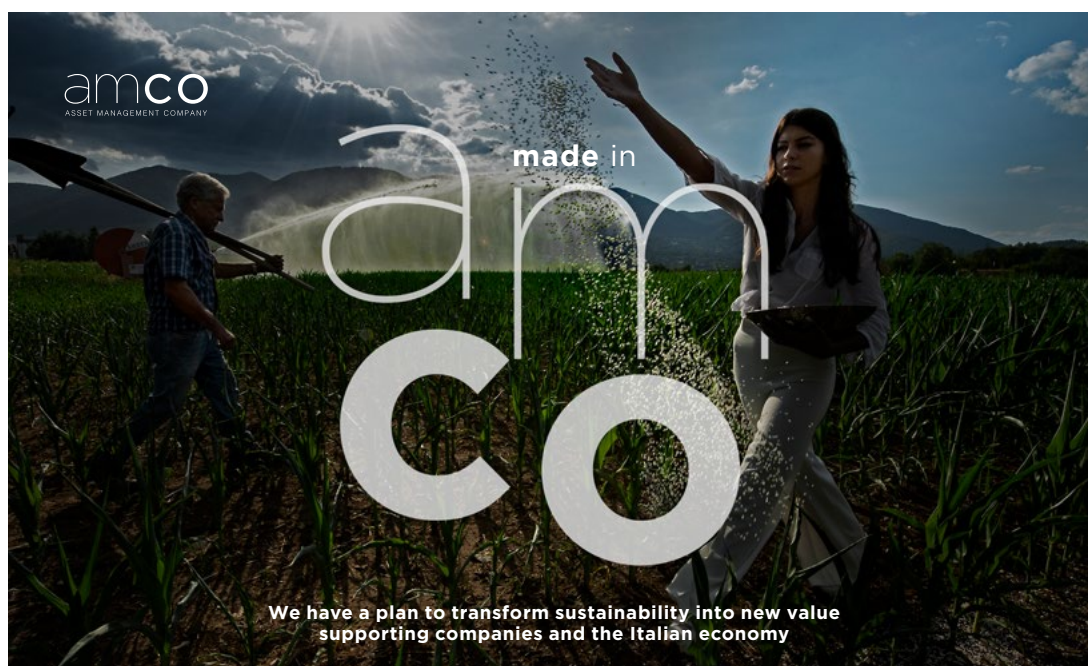
## Communicating sustainability to stakeholders

With the presentation of the Sustainability Report, AMCO aims to enhance and strengthen its Mission and Vision, which encompass the essence and purpose of the Company's actions and Value Charter.

In particular, the message that the Company intends to deliver to all its stakeholders refers to AMCO's commitment towards Italian corporates and to the Italian economy.

Furthermore, AMCO supports deserving companies and their sustainability paths, encouraging business continuity and industrial relaunch, especially for SMEs, and reintroducing valuable resources into the domestic economy. In this way, thanks to the execution of the actions defined by the four pillars, AMCO makes a concrete contribution to support the Italian economy.

In the communication campaign, the "made in Italy" is renamed into "made in AMCO" with a strong slogan: "We have a plan to transform sustainability into new value supporting Italian enterprises and the Italian economy".



## Sustainability prerequisites

AMCO considered as a priority the definition and implementation of some valuable factors as part of its Sustainability plan. These factors have been considered as **“prerequisites” to the sustainability path** that AMCO decided to undertake. This means **adequate governance** and **an integrated value charter** that guide AMCO’s sustainability approach.

This is the starting point for the creation and planning of a solid **sustainability strategy** which is outlined in this **Report**.

## amCO’s Value Charter

The integrated value charter contains the principles in which AMCO identifies itself. The charter is composed of: Values, Vision and Mission, Code of Ethics and the Principles of credit management. These values are the guidelines by which AMCO’s employees, and its partners, act on a daily basis carrying out credit management activities in a responsible way. As such, concepts are transformed into actions and principles into concrete examples.

### Values

Corporate values are the foundation and the distinctive feature of AMCO that represent an essential milestone for the evolution of the Company. Corporate values represent what AMCO believes in and constitute the founding element that allows all employees to identify themselves with the Company, uniting people and shaping corporate culture. Furthermore, corporate values guide daily business conduct and indicate ways of carrying out internal and external interactions in order to achieve our Company goals in an ethical and sustainable manner, consistently with AMCO’s business strategy.

Defined within each letter of the Company’s acronym - **Ascolto, Modernità, Competenza e Ottimismo** – these corporate values confer a new personal and scalable meaning to the word AMCO which goes beyond its corporate name and is aimed at echoing name, mission and vision.

The corporate values were defined via a bottom-up approach, involving a representative group of employees. This approach enabled active engagement, involvement and participation as well as the personal identification of the people with the Company’s corporate values.



# Our **values**



## ascolto

**We create long-term relationships built on communication**

We respect our clients and our people; proactive communication lies at the heart of everything we do.



## modernità

**We forge new business opportunities and new scenarios**

We offer industry players perspective and innovation, and collaborate to kindle new connections.



## competenza

**Our competences are continuously expanding**

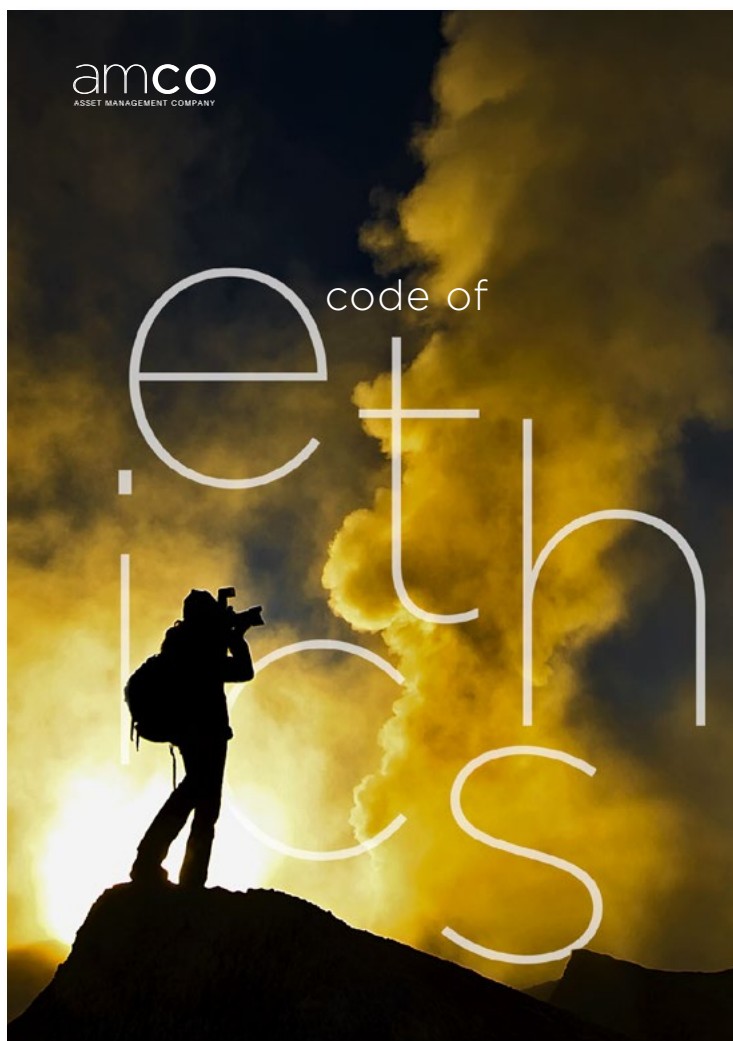
We draw on proven professional expertise to bring the most complex deals to completion.  
We grow talents to achieve new goals because people are our most valuable asset.



## ottimismo

**We give back a better future**

We look to the future by changing the present.  
We transform complexity into a sustainable future.  
We create new value by turning NPLs into new beginnings.



## Code of Ethics

AMCO's Code of Ethics is part of AMCO's organisational, management and control model (pursuant to Legislative Decree 231/2001) and is directed to the Company's employees, business partners, suppliers and all stakeholders.

The Code of Ethics was revised and renewed in September 2022 as part of the process of defining AMCO's sustainability path in both its purpose and content, through specific additions related to the ESG principles outlined in AMCO's Sustainability Report. The document derives from the principles of the Universal Declaration of Human Rights<sup>13</sup> and from the ten principles of the United Nations Global Compact<sup>14</sup>.

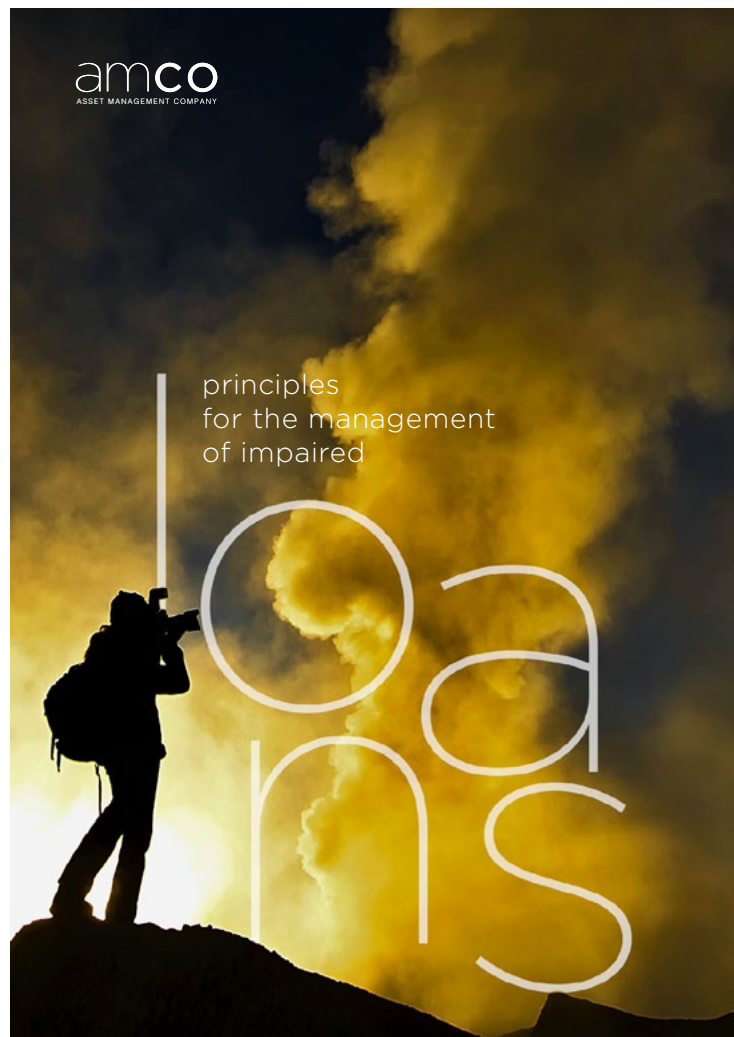
The Code of Ethics inspires and regulates the behaviour and culture of AMCO: a community of people who follow principles of respect, integrity, transparency and fairness, valuing listening skills and competencies, driven by optimism towards a better future and modernity -defined as perspective and innovation.

The Company's proper management and reputation are driven by compliance with the Code of Ethics. For this reason, all recipients are required to make themselves acquainted, respect and actively contribute to the sharing of the Code of Ethics, including reporting potential breaches through the whistleblowing channel.

The Code of Ethics is a binding document of the contractual relations with AMCO's counterparties, including special servicers and suppliers. All breaches of the Code of Ethics may translate into the termination of any contractual agreements.

<sup>13</sup> More information available at the following link: [https://www.ohchr.org/EN/UDHR/Documents/UDHR\\_Translations/itn.pdf](https://www.ohchr.org/EN/UDHR/Documents/UDHR_Translations/itn.pdf)

<sup>14</sup> More information available at the following link: <https://www.unglobalcompact.org/what-is-gc/mission/principles>.



### **Principles for the management of impaired loans**

The credit management principles are a new item that complements AMCO's integrated Value Charter.

They summarize AMCO's approach to credit management and act as a guide to this activity. AMCO is committed to supporting entrepreneurs, companies, but also private individuals in financial distress, who intend to concretely and properly find a solution for the closure of their debt positions.

The addressees of these principles are not only AMCO's employees but also the special servicers and external parties that collaborate with AMCO.

As such, these principles are the guidelines with which AMCO's employees, and business partners, execute Mission, Vision and Values.

# Guiding Principles

AMCO defines ten guiding principles, that outline its credit management activities, aimed at ensuring robust as well as ethical procedures and aimed at basing relationships on an ongoing dialogue and a long-term vision:

## **Credit** **1. management services**

are carried out in accordance to a strict compliance with applicable national and international regulations and with attention to environmental conditions;

## **Credit** **2. management activities**

activities are oriented towards integrity and confidentiality, in order to ensure that information provided by customers remains confidential and is treated with required care, professionalism and diligence;

## **The relationship** **3. with the customer**

is always based on the creation of a constructive dialogue based on a thorough and deep knowledge of the issues and resources of the customer;

## **The collaborative** **4. approach**

used in the credit management process is oriented as far as possible towards extrajudicial settlements, in order to hasten time-to-closure and positively contribute to the recovery of the debt position and, where possible, to a back-to-bonus status of the customer;

## **The management** **5. of client relations**

is accompanied by the promotion of financial education and awareness initiatives, so as to obtain longterm benefits (reducing the probability of situations of over indebtedness);

## **Client** **6. vulnerability factors**

are thoroughly considered in business management;

## **7. Customers**

whether individuals or businesses, are treated equally regardless the nature of the customer;

## **Economic** **8. conditions**

On account of the specific the context, economic conditions are applied to the client against prior information/sharing;

## **The special servicers** **9. and professionals**

that carry out credit management activities on behalf of AMCO are constantly updated on AMCO's respectful and patient approach. The special service providers are adequately trained and inform customers in a clear and transparent way;

## **Conflicts** **10. of interest**

between clients and professionals involved in credit management activities are managed on consistent criteria based on fairness, equity, transparency and ethics.

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## AMCO's organisational structure and ESG Governance

AMCO has adopted an organizational structure aimed at pursuing its Mission, ensuring operational effectiveness, managerial and accounting transparency, control of the decision-making process and full compliance with the applicable regulatory framework.

In particular, the organizational model is structured in the following hierarchical levels:

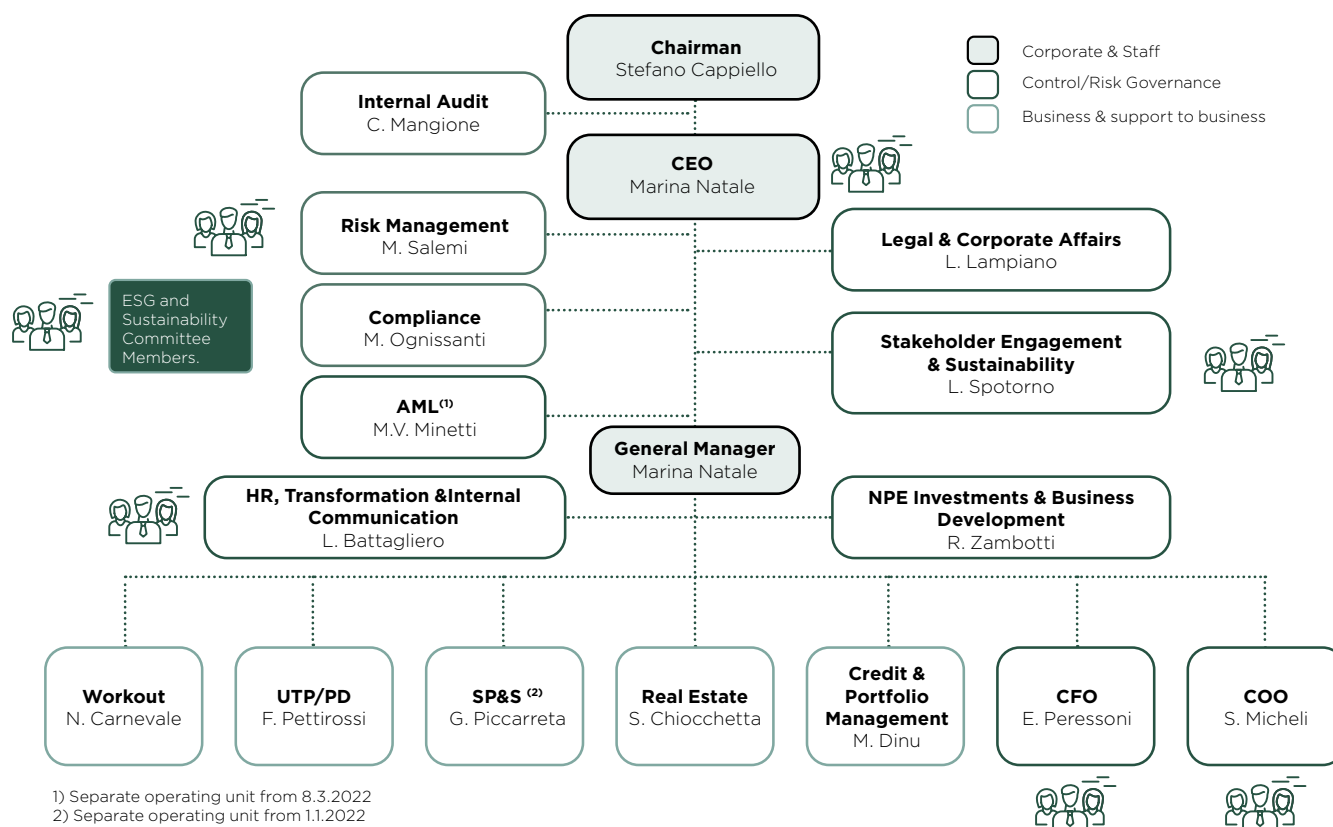
- Business Units
- Functions (for staff or operating line structures)
- Group (for Business Units)
- Team

Among other objectives, the organisational model also enables the supervision of the business, in accordance with the regulatory requirements for a regulated business. The corporate governance and the support functions are dedicated to oversee the corporate strategy supporting the business. There are three functions focused on business supervision: Internal Audit, Chief Risk Officer, Compliance and Anti-Money Laundering.

The corporate bodies include a three-member board of directors and a three-member board of statutory auditors. In addition, a supervisory body is present pursuant to Italian Legislative Decree No. 231/2001. The Italian Court of Auditors participates to the meetings of the Board of Directors.

As provided by the Company's internal policies, the board of directors has also established managerial committees to support the CEO in evaluating and/or coordinating specific activities or management of specific topics, as foreseen by the Company's internal policies.

The **organisational structure** is shown below:



AMCO is administered by a **Board of Directors** (BoD) consisting of three or five members in compliance the legal and regulatory regulations. The Company's articles of association require that the composition of the Board of Directors respects gender balance, as such the least represented gender must obtain at least two-fifths of the elected directors. If the Board is made up by more than three members it will be rounded up to the higher unit, conversely if the Board is made up by three members it will be rounded up to the lower unit.

The BoDs currently consists of three members, one of whom is a woman, and exercises its function of guiding, coordinating, managing and governing the Company and is entrusted with all the administrative powers, with the exception of those powers reserved by law to the shareholders' meeting, in accordance with the current articles of association, laws and regulations. The Board of Directors is responsible for approving the Company's main internal regulations, with particular reference to the various environmental, social and governance (ESG) strategies, and at the same time it ensures that ESG aspects are integrated into AMCO's ESG risks and business model guaranteeing a sustainable growth to the Company.

### Board of Directors

**Chairman**

Stefano Cappiello

**Councilor**

Domenico Iannotta

**CEO and General Manager**

Marina Natale

**The Stakeholder Engagement and Sustainability Function (hereinafter also referred to as the 'SE&S Function')** oversees the institutional and financial communication and external relations process, according to the strategy and guidelines adopted by the Company in line with the approval of the Board of Directors and Top Management. The Head of the Stakeholder Engagement and Sustainability Function assumes the role of **Chief Sustainability Officer ('CSO')**.

The Head of the SE&S Function reports to the Chief Executive Officer and (i) identifies ESG topics of potential importance and identifies those stakeholders whose involvement is required, in a timely manner, to address the various topics; (ii) identifies strategic areas and proposals for ESG guidelines, objectives and targets; (iii) supports the CRO Department in identifying ESG risks associated with relevant topics as well as defines how the risks should be addressed; (iv) defines ESG reporting standards and KPIs to be included in the ESG reporting process.

The **Chief Financial Officer (CFO)** (i) analyses the economic and financial impacts related to the actions required to achieve the ESG objectives and targets; (ii) sets the ESG reporting system and supervises/coordinates the data collection process; (iii) monitors AMCO's performance with regard to the achievement of ESG objectives and targets.

The **Chief Risk Officer (CRO)** (i) analyses the presence, magnitude and probability of occurrence of ESG risks associated with potential issues and monitors them over time; (ii) identifies potential mitigation solutions with respect to the identified ESG risks.

**Internal Audit** fulfils the role of internal audit function as defined by current regulations and ensures a constant, independent and objective assessment of the overall Internal Control System, in order to ensure the effectiveness and efficiency of the organization. Pursuant to current legislation on anti-corruption (Law no. 190/2012), the Company has also assigned to the Head of the Internal Audit Department, who reports to the Chief Executive Officer, the role of Head of Prevention and Corruption (RPC). In this role, the RPC has the following main responsibilities, better defined in AMCO's Corruption Prevention Plan: (i) prepare the three-year plan for the Prevention of Corruption and verify its implementation; (ii) prepare the publication of an annual report containing the results of the activities carried out, within the terms established by current legislation; (iii) ensure, together with the HR Department, annual trainings tailored to the context in which AMCO operates and to its business features.

The **Compliance** department, within the Internal Control System (ICS), has the task of preventing and managing the risk of non-compliance with regulations, as well as ensuring that compliance risks deriving from climate and environmental risks are duly taken into account in all processes. In addition, the Head of the Compliance assumes the role of Data Protection Officer ("DPO") within the meaning of the General Data Protection Regulation 679/2016 ("GDPR"), published in the European Official Journal as Law 119 of 4 May 2016.

## Managerial Committees: responsibilities and functions

The **ESG and Sustainability Committee** carries out proposals and advisory functions vis-a-vis the Board of Directors in order to promote the continuous integration of national and international best practices into AMCO's corporate governance and the integration of environmental, social and governance factors in AMCO's strategy aimed at creating value for the stakeholders in the medium-long term, in agreement with the principles of sustainable development.

The Committee's main responsibilities include: (i) preparation of proposals and advisory opinions for the Board of Directors on ESG and sustainability ; (ii) opinions on proposal for the Board of Directors for the definition and monitoring of guidelines, objectives, ESG targets and action plans related to the relevant ESG topics; (iii) monitoring the alignment of corporate governance with legal regulations and national and international best practices, preparing proposals to the Board of Directors; (iv) monitoring guidelines, targets, and sustainability processes, as well as the yearly sustainability reporting to the Board of Directors.

Among the management committees are included: the Credit Committee, the Real Estate Committee (RE) and the Business Continuity Crisis Committee (BCM).

The **Credit Committee** advises the Chief Executive Officer (CEO), in accordance with the provisions of AMCO's internal regulations. The Credit Committee responsibilities are: (i) the preparation of advisory opinions to the CEO for approvals, related to the powers delegated by the Board of Directors, on credit files which exceed the thresholds established for a possible sub-delegation; (ii) the preparation of advisory opinions to the CEO in the preparation of resolution proposals for credit management decisions falling within the competence of the Board of Directors; (iii) the preparation of advisory opinions to the CEO on credit issues and/or transactions, even if they do not fall in the previous mentioned points; (iv) the preparation of advisory opinions to the CEO in relation to the resolutions concerning reimbursements and damage compensations.

The **Real Estate Committee** performs an advisory role in favour of the CEO, in accordance with the provisions of AMCO's internal regulations and with the support of Credit & Portfolio Management as Secretariat of the Committee. Such committee prepares: (a) advisory opinions in favour of the CEO for decisions taken by the CEO itself in the exercise of the powers assigned by the Board of Directors on real estate matters (acquisition, sale, lease, etc. of assets to guarantee credit exposure or subject to financial lease) of an amount exceeding the thresholds set for a possible sub-delegation; (b) prepares advisory opinions in favour of the CEO in the preparation of resolution proposals on real estate matters (acquisition, sale, lease, etc. of assets to guarantee credit exposures or leased financial leases) under the responsibility of the Board of Directors; (c) prepares advisory opinions at the request of the CEO on issues and/or transactions in real estate matters, even if they do not fall within the cases provided for in the previous points.

The **Business Continuity Crisis Committee (BCM)** is the corporate body responsible for the strategic management of situations of significant severity (crisis) in which company assets (buildings, infrastructures, information systems) and/or the availability of resources are significantly compromised. This body is responsible for managing extraordinary situations and supports the CEO in making strategic decisions. The committee is composed of employees who are able to assess the impacts of such situations and identify the appropriate actions to be taken. Such committee manages situations of anomaly that compromise business continuity due to lack of access to the Company's premises (buildings, infrastructure or information systems) or Company resources. It formulates advisory opinions in favour of the CEO in taking decisions of strategic importance in the event of a threat or compromise to business continuity.



# The 4 Pillars of the **Sustainability strategy**

The four pillars represent the backbone on which AMCO's Sustainability Report is built and represent the areas in which AMCO, can create sustainable value for its stakeholders.

Each pillar consists of:

- **Strategic goals** that are credible, structured, measurable and achievable;
- Specific quantitative **targets** defined on each of the strategic objectives to be reached within a predefined time-frame;
- **Data as of 2020 and 2021** that represent AMCO's starting points with respect to each objective.



# Sustainable Governance



# Sustainable Governance

We operate with integrity and fairness  
aligning our people and stakeholders to ESG objectives.

The Governance structure is the basis of our decision-making processes and supervision that are aimed at creating value both internally and externally, from a sustainable perspective. For this reason, Governance is the first pillar of AMCO's sustainability strategy. In terms of Governance, AMCO has outlined three strategic objectives:

- 1. Operating with integrity, ensuring an ethical approach in the business conduct**
- 2. Aligning management remuneration to ESG objectives**
- 3. Aligning stakeholders to ESG objectives**

AMCO is committed to the UN SDGs 16 and 17 through these objectives:



- **“Peace, justice and inclusive societies”**
- **“Partnership for the goals” for sustainable development**

## 1. Operating with integrity ensuring an ethical approach in the business conduct

AMCO is committed to ensuring the integrity of its employees' business conduct and corporate behaviour by setting adequate internal control systems to fight corruption and money laundering, in order to spread a corporate culture within the organisation based on integrity, professional ethics and honesty.

The Company believes that the principles sanctioned in the **Code of Ethics** and the set of rules of conduct enclosed in the **10 Principles of credit management** are at the heart of AMCO's business model. As such, the Company is committed to train its staff in order to secure a consistent, solid and aligned approach building relationships based on trust and transparency.

AMCO also considers the safeguard of its customers' privacy and the protection of corporate data to be key factors for its business. For this reason, AMCO trains its employees on the topic of Privacy, to ensure that they are prepared and possess appropriate skills to counter phenomena that could have repercussions on the Company's operations, such as situations of data breach or loss.

TARGET 2022-2025	2020	2021
100% of employees trained annually on anticorruption from 2022	97%	99%
100% of employees trained annually on anti-money laundering from 2022	99%	100%
100% of employees trained annually on privacy from 2022	89%	98%

## Key accomplishments

With reference to the topic of corruption and money laundering, adequate internal control measures are in place to prevent such situations. In fact, AMCO has adopted a Code of Ethics, 10 Principles of credit management, an Organizational Model, a Three-Year Anti-Corruption Plan (which is reviewed and updated annually), and an Anti-Money Laundering Policy that defines the guidelines to support the operating structure and Whistleblowing Guidelines. In addition to the Three-Year Anti-Corruption Plan, AMCO carries out a specific risk assessment on anti-corruption issues every year.

With regard to employee training in anti-corruption matters, AMCO has implemented and articulated training sessions for workstreams by area of specialisation, also integrating specific workshops on practical cases. In terms of qualitative performance, between 2020 and 2021, there was an increase of 2 percentage points in the number of employees trained.

As far as anti-money laundering training is concerned, in 2021, 100% of employees had been trained.



With regard to privacy and cybersecurity, AMCO has a Business Continuity Plan that defines the guidelines the Company applies to ensure business resilience. A risk assessment procedure is carried out annually on IT services, the results of which are illustrated to the Board of Directors and to the Risk Management Division.

With reference to quantitative performance, in the field of privacy training, in 2021 there was an increase in trained employees of 10 percentage points.



## 2. Aligning management remuneration to ESG objectives

AMCO believes that aligning remuneration schemes with ESG principles is both an optimal tool to achieve its goals and to ensure that people become more aware of the environment in which they operate. Consequently, AMCO is committed to integrate sustainability objectives within its remuneration schemes.

TARGET 2022-2025	2020	2021
10% di LTI based on the achievement of the objective "Definition and communication of the sustainability strategy" in 2022 	n.d.	n.d.
 Target achieved.		

## 3. Aligning stakeholders to ESG goals

AMCO believes that sustainability objectives should be conveyed through the qualitative selection of its counterparties.

AMCO is committed to include sustainability criteria within the evaluation of its suppliers. By doing so, the Company aligns external stakeholders to ethical principles and ESG objectives. This approach allows AMCO to increase the traceability of its supply chain by promoting transparency and integrating, in its decision process, ESG risks and opportunities.

In addition, AMCO, with the purposes of aligning its stakeholders to ESG objectives and ethical principles is committed to ensure that all the special servicers employees are trained in anti-money laundering and privacy.

TARGET 2022-2025	2020	2021
100% of suppliers assessed with ESG criteria from 2023	n.d.	n.d.
100% of AMCO's special servicer employees trained annually on anti-money laundering and privacy, from 2023	n.d.	n.d.

## Key accomplishments

In 2022, AMCO has provided new contractual standards for servicers operating on Italian credit portfolios. The servicers undertake to provide an annual certificate that guarantees the training of 100% of their employees in anti-money laundering and privacy. In the contractual standards, AMCO also includes a specific clause with which it requires special servicers to comply with the relevant regulations and to be aware of the Company's Three-Year Anti-Corruption Plan.

AMCO has identified as relevant providers key fee-based services (i.e. IT, BPO/Document Archive and Info Provider), special servicers and other advisors. In this context, AMCO has a **procurement procedure** that regulates the tender process; suppliers are admitted to tenders on the basis of qualitative and quantitative criteria.





# Sustainable credit management



# Sustainable credit management

## We create future value

managing credit with a sustainable approach, following ethical principles, respecting clients and supporting the Italian economy.

The adoption of a collaborative and patient approach to credit recovery and the integration of ESG criteria within the credit business are priorities at AMCO. For this reason, the following strategic objectives have been defined:

- 1. Adopt a collaborative approach to the management of impaired loans through sustainable repayment plans thus, by favouring extra-jurisdictional solutions**
- 2. Integrate ESG criteria into the credit management and risk management process, both in the due diligence and post-closing phase**
- 3. Improve the energy label of repossessed real estate**
- 4. Contribute to the financial education of corporates aimed at promoting an adequate level of financial leverage**

AMCO is committed to the UN SDGs 8 and 9 through these objectives:



- “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”



- “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”

## 1. Adopt a collaborative approach to the management of impaired loans through sustainable repayment plans thus, by favouring extra-judicial solutions

AMCO is committed to support entrepreneurs, companies, and private individuals in financial difficulties, that wish to concretely and correctly seek a solution to solve their financial indebtedness. With this objective in mind, AMCO adopts a **collaborative and patient approach to credit management**, embracing at the same time a **constructive dialogue** aimed at restoring critical financial positions and ensuring a better future for its customers.

AMCO ensures that the business conduct of its employees and partners is always inspired by criteria of correctness, collaboration, loyalty, transparency, mutual respect, integrity, objectivity, taking into account to the management of conflicts of interest, the fair competitive environment and the fight against organized crime, as well as provisions of laws and regulations.

AMCO has defined **10 Principles for credit management** and has decided to further commit itself by defining specific objectives related to the sustainable management for its business lines. AMCO actively collaborates with clients, trying to reach out-of-court settlements without prejudice to the existence and validity of the loan, trying, through constructive dialogues, to meet the difficulties of the entrepreneur.

For this reason, specific management targets have been identified which take into account the different features of recovery processes in the context of different categories of loans. Accordingly, these targets represent AMCO's ambition to achieve a collaborative approach across all business lines, using extrajudicial settlements.

The 2022-2025 targets were defined from a 2020-2021 baseline that was strongly characterised by the contingencies related to Covid-19. As such, these may appear misaligned from the baseline precisely due to Covid-19<sup>15</sup>.

TARGET 2022-2025	2020	2021
<b>Realise at least 25% of NPL (Workout)<sup>1</sup> cash collections</b> from a collaborative (extra judicial) approach from 2022 to 2025	31%	52%
<b>Realise at least 85% of UTP<sup>2</sup> cash collections</b> from a collaborative (extra judicial) approach from 2022 to 2025	88%	92%
<b>Realise at least 50% of cash collections from SMEs and private individuals<sup>3</sup></b> from a collaborative (extra-judicial) approach from 2022 to 2025	62%	71%

The cash collections from a collaborative approach (extra-judicial) include the disposals

1. Extra-judicial cash collections from the Workout Division and from NPLs managed by the SP&S Division / Total cash collections from the Workout Division and from NPLs managed by the SP&S Division.
2. Extra-judicial cash collections from the UTP Division and from UTPs managed by the SP&S Division / Total of cash collections from the UTP Division and from UTPs managed by the SP&S Division.
3. Extra-judicial cash collections related to SME and private individual loans managed by all Divisions / Total cash collections related to SME and private individual loans managed by all Divisions.

<sup>15</sup> In 2020, the closure of courts and tribunals led to a sharp reduction in credit management activities through court proceedings, thus significantly increasing the percentage of recoveries through collaborative management. A further element of attention when setting sustainable management targets is the consideration of the ageing of portfolios and the evolution of the business. Indeed, the vintage of portfolios can have a decisive influence on recovery strategies and must, therefore, be taken into account when setting multi-year targets.

## Our sustainable approach: key achievements

AMCO's sustainable approach to credit management is based on ethical principles and values defined in the Code of Ethics and the 10 Principles for credit management. This approach is guided by the desire to safeguard business continuity and thus ensure employment.

Below is a selection of business cases successfully managed in recent years:

CLIENT	SECTOR	CLOSING	DEBT RESTRUCTURING	INTERVENTION
Fondo Umbria Comparto Monteluca	Real Estate	oct-22	€28.8 million	Fondo Umbria Comparto Monteluca is a closed-end real estate investment fund with public contributions created on the initiative of the Umbria region for the requalification of the Monteluca district (in Perugia). AMCO as special servicer of the Cuvée Project, facilitated the negotiations of the agreement with the debtors and signed a rehabilitation contract to complete the real estate project.
Gas (Gruppo Grotto)	Manufacturing	jun-22	€14.8 million also through the intervention of equity instruments	AMCO played a proactive role in supporting the restructuring of Grotto (GAS brand). The arrangement procedure was managed with the objective of privileging the business continuity solution. A credible entrepreneurial project was promoted, capable of enhancing the company's presence in the area and protecting employment.
Asso Werke	Automotive	jun-22	€22.4 million	Asso Werke is an Italian automotive excellence and operates as a supplier of components for high-performance engines in the premium and sports segments (Ferrari, McLaren, BMW). AMCO, as sole financial creditor, has supported the company's industrial turnaround with the provision of new financing to support planned investments to implement and modernise the production line.
Torre Aquileia	Real Estate	jun-22	€19.9 million	Torre Aquileia in Jesolo (VE) is a newly constructed residential building. In 2020, AMCO acquired 28 flats, 5 shops and 30 car garages in an auction and thanks to the proactive marketing activities almost all the properties have been successfully sold. After more than 10 years, the Torre Aquileia project is now able to offer to Jesolo a new shopping mall.
Edilmarina	Hospitality	mar-21	€20.5 million	AMCO has designed a new plan providing an adequate debt repayment profile, consistent with the cash flows of the hotel and real estate business, while securing the sustainability of its financial structure.
Fondo Litheia	Real Estate	dec-21	€31 million	An agreement was defined to extinguish the mortgage exposure through <i>datio insolutum</i> with AMCO's "Reoco" intervention on a property (hotel in Milan) with a better appreciation of the asset minimising management costs.



CLIENT	SECTOR	CLOSING	DEBT RESTRUCTURING	INTERVENTION
Bialetti	Manufacturing	dec-21	€10.9 million	AMCO supported the financial strength and the debt rescheduling plan of the company within the new restructuring agreement.
TreviGroup	Building/ Construction	apr-20	€61.5 million	AMCO maintained active credit lines supporting €16m in business activities: It consists of the restructuring of the articulated financial debt (26 banks). Import and export advances were critical for the execution of the projects playing a fundamental part in supporting the continuity of the restructuring agreement.
Snaidero	Manufacturing	mar-21	€ 6.7 million	AMCO supported the re-strengthening and rebalancing of the company's financials related to the impact of the Covid-19 emergency.
D'Alesio Group	Oil infrastructure	feb-21	€42.6 million	During the transfer of credit from MPS to AMCO, AMCO managed to sign the agreement without delay, allowing to reschedule the repayment of the entire debt exposure.
Gruppo Adige Bitumi	Building/ Construction	oct-20	€ 23 million	AMCO supported the exit from the debt restructuring agreement and the relaunch of the company with new financing due to cash needs and the refinancing of long-term credit lines.

## 2. Integrate ESG criteria into the credit management and risk management processes, both in the due diligence and post-closing phase

AMCO's integration of ESG evaluation criteria within the business processes is crucial in order to ensure a correct assessment and management of ESG risks.

AMCO is committed to integrating ESG criteria into the assessment and management of risks in the loan portfolios – including environmental, social, regulatory, sector, geographical and real estate risks – and in risk reporting. AMCO plans to introduce “ESG Risk” within the Risk Framework starting in 2024.

TARGET 2022-2025	2020	2021
Embed the ESG assessment criteria in the Investment Policy (with particular reference to climate and environmental risks) by 2022	✓	n.d.
Map high ESG risk geo-sector clusters by 2024	n.d.	n.d.
Insert relevant ESG criteria in the credit risk portfolio evaluation process by 2024	n.d.	n.d.
Embed ESG risks in the Risk Framework by 2024	n.d.	n.d.

✓ Target achieved.

## Key achievements

The Strategic Transactions Procedure has been integrated by inserting within the Due Diligence phase the analysis of potential ESG risks within the preliminary analysis of the transactions according to the particular category of the transaction.

In addition to the evaluation of the portfolio, some management and operational profiles were examined in depth to better calibrate the evaluation model and guide the legal and operational execution phase of the transaction.

In this context, the verification of the origin of counterparties to countries surveyed within the OFAC lists, the geo-sectoral analysis of the portfolio (ATECO / Region of residence) aimed at verifying the exposure to sectors / geographical areas exposed to ESG risks, the recognition of any risks or environmental criticalities relating to real estate or instrumental assets related to leasing portfolios, is envisaged.

### 3. Improve the energy labels of *repossessed* real estate

AMCO is committed to improving the energy class/label of *repossessed* properties (excluding properties connected to leasing contracts) evaluating the possibility of investments aimed at ensuring greater energy efficiency.

TARGET 2022-2025	2020	2021
<i>Map the energy label of AMCO's repossessed properties*</i> aimed at evaluating potential investments to improve their energy label		
50% mapped by 2023	0%	0%
75% mapped by 2024	0%	0%
90% mapped by 2025	0%	0%
*Real estate related to leasing contracts are excluded		

### 4. Contribute to the financial education of corporates aimed at promoting an adequate level of financial leverage

AMCO believes that contributing to the financial education of companies is crucial to prevent the wrong use of financial leverage, and to avoid situations of unsustainable indebtedness. As such, AMCO is committed to promoting projects and initiatives aimed at spreading a financial culture that promotes awareness of the adequate level of debt as a fundamental financing instrument for companies, especially SMEs, which often have access to limited forms of financing.

TARGET 2022-2025	2020	2021
Implement at least two financial training initiatives annually starting from 2023	n.d.	n.d.



Sustainable  
development  
of human  
capital

# Sustainable development of human capital

## We grow together

Promoting the enhancement, development and well-being of our people.

AMCO is committed to value its people promoting the growth of the expertise, people satisfaction and well-being not only in the working environment. The Company also commits itself to attract and retain talents supporting them with career paths and professional growth in line with business requirements. With this Sustainability Report, AMCO also reaffirms its commitment to promoting equality and inclusion, in all forms.

The following strategic objectives have been identified:

- 1. Develop well-being, skills and satisfaction of our people also from an ESG perspective; attracting and enhancing talent**
- 2. Be a group of inclusive and balanced professionals, oriented to valuing equality and inclusion in all its forms**

Through these goals, AMCO commits to pursuing UN SDGs 3 and 5:



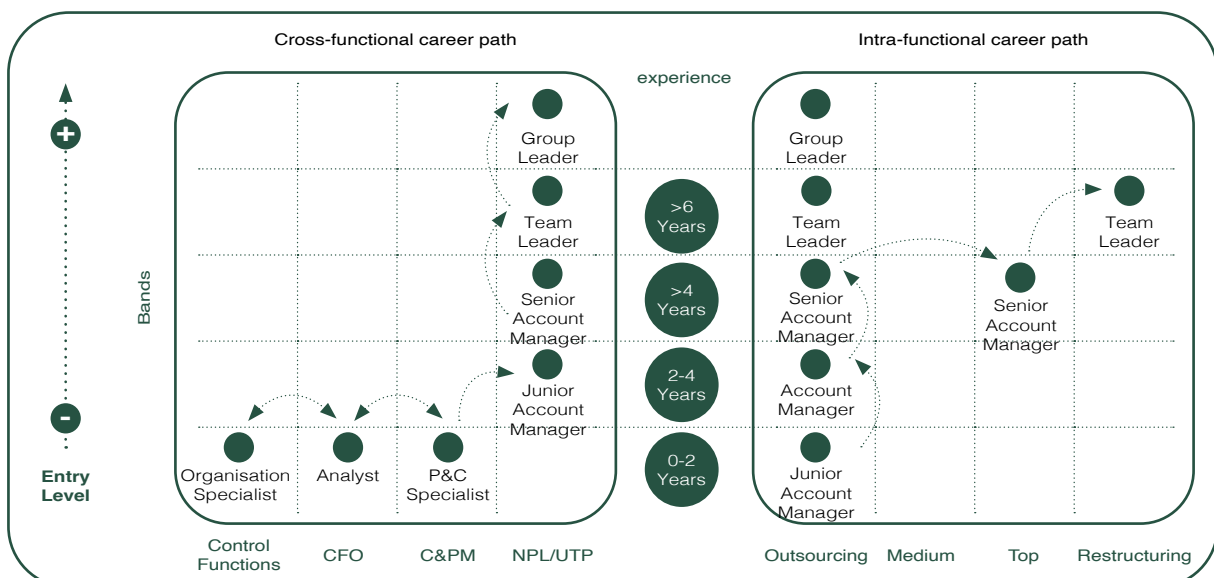
- “Ensure healthy lives and promote well-being for all, at all ages”



- “Achieve gender equality and empower women”

### 1. Develop well-being, skills and satisfaction of our people also from an ESG perspective; attracting and enhancing talent


For AMCO, talent enhancement is carried out through the implementation of targeted training and skills development plans and through planning career and growth paths (as shown below) in line with the needs of the company’s business and the ambitions of individuals.






Building and preserving people's satisfaction and motivation over time are fundamental values for AMCO, following the criteria below:

- Enhance performance with an incentive system linked to qualitative and quantitative targets, related to the business context, individuals and functions/business units;
- Invest in engagement initiatives to involve people and stimulate virtuous actions;
- Believe in well-being both by facilitating of work-private life balance and personal development also through a series of projects and activities with different objectives, including the reduction of internal and external environmental impacts of the Company, activating eco-sustainable and responsible behaviours.

TARGET 2022-2025	2020	2021
Deliver <b>ESG training</b> annually for all employees from 2022	n.d.	n.d.
Implement senior executives and <b>employee</b> engagement initiatives annually from 2022	n.d.	n.d.
Ensure on an annual basis acceptance of at least <b>90% of total part-time</b> request from 2022	100%	100%
Ensure flexible work options ( <b>smart working</b> ) aimed at a suitable work/life balance from 2022	100%	100%
Enhance the <b>Welfare services</b> for employees in 2022 	n.d.	n.d.
Prepare <b>succession plans</b> for all senior positions reporting to the CEO/GM by 2023	n.d.	n.d.

 Target achieved.

## Key achievements

AMCO has developed “ad hoc” **training and development plans** for its employees, aimed at improving human capital skills and planning career and growth paths in line with the Company's business requirements. The MBO incentive plan is already offered to all the professional.

Planning of training is carried out through a top-down approach, taking into account technical and managerial skills, as well as a bottom-up approach which involves feedback mechanisms for employees, the proposal and understanding of individual and team requirements in the context of the developments of AMCO and of its business. In particular, compulsory training is a necessary but not sufficient condition to benefit from compensation increases.

AMCO envisages the following corporate **benefits**:

- smart working up to 10 days per month, to be managed in a flexible way;
- meal vouchers with a higher value than market practice, even on smart-working days;
- health insurance policies to cover medical and accident protection;
- a welfare program run on a platform with additional services for all employees;
- possibility of joining the supplementary Pension Fund and of benefiting from the Company's supplementary pension contribution, also on the portion of variable compensation;
- scholarships for employees' children;
- bonus welfare for “new” parents in 2022;
- Additional permits for blood donation, paternity leave and family assistance.







In 2022, AMCO launched an engagement and wellness project for all employees, in cooperation with the partner Healthy Virtuoso partner. Healthy Virtuoso is an app that allows for the measurement of physical activity of all connected people, through their mobile phone and other synchronised devices. In addition, **for every AMCO employee who joins AMCO, Healthy Virtuoso is committed to plant a tree.**

Paying increasing attention to **wellbeing**, in order to maintain a healthy lifestyle even in the office, AMCO has adopted the most advanced solutions for the distribution, storage and heating of food for lunch breaks, including providing webinars to spread food culture.

In the “break areas” there are innovative Foorban brand smart fridges, convenient and flexible, to allow all employees to eat healthy and in complete safety with a selection of dishes, yoghurt, desserts and other light snacks that can be purchased and picked up directly via QR code.

The packaging is 100% recyclable, favouring the use of glass and bio-degradable materials, a bio-degradable bioplastic which is easily disposable. Food labels show ingredients, allergens, nutritional values and kcal.

Surplus food is recovered in collaboration with Too Good To Go and Banco Alimentare.

## Main actions carried out during the Covid-19 emergency

During the Covid-19 emergency, AMCO promptly implemented a series of actions and measures to protect the health and safety conditions of its employees.

On 24<sup>th</sup> February 2020, the Company created a task force to monitor the COVID-19 emergency, identifying and implementing the most appropriate measures to preserve the health of all the colleagues. AMCO established a Covid-19 Protocol Committee for the application and periodic verification of the Protocol for the regulation of measures to hinder and contain the spread of the Covid-19 virus in the workplace.

Among other actions, AMCO has established a COVID-19 HUB: the HUB consists of an entire ad hoc company intranet section including all information on safety measures, videos that were useful for the prevention and proper behaviour as well as an open channel with the main sources of information (WHO, Ministry of Health) to be constantly updated.

From an organizational stand point, until June 2022, AMCO adopted an ‘emergency’-flexible working mode with an average physical presence in all offices limited to 50% and regulated in advance, with proper planning of a rotation system for physical attendance.

From 1<sup>st</sup> of July 2022, planning related to smart working has continued, in the context of union agreements, for a maximum of 10 working days per month, subject to individual acceptance to the Smart Working agreement.

The Company has social-distancing measures with a 50% limit in working spaces in all offices in order to guarantee the best health protection conditions to all employees. All the employees can book their in-office presence digitally thanks to the “AMCO Desk Booking” app (CdS No. 10/2022) easily installable on the smartphone.

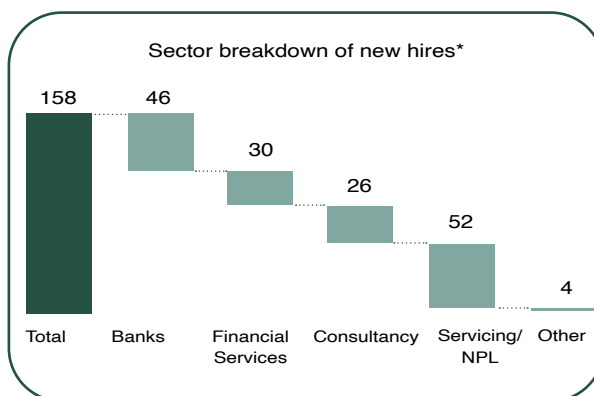
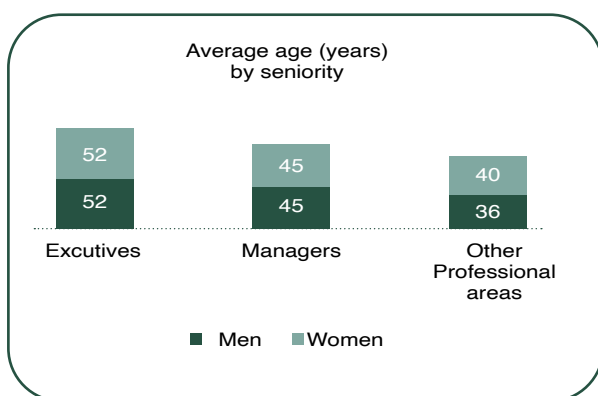
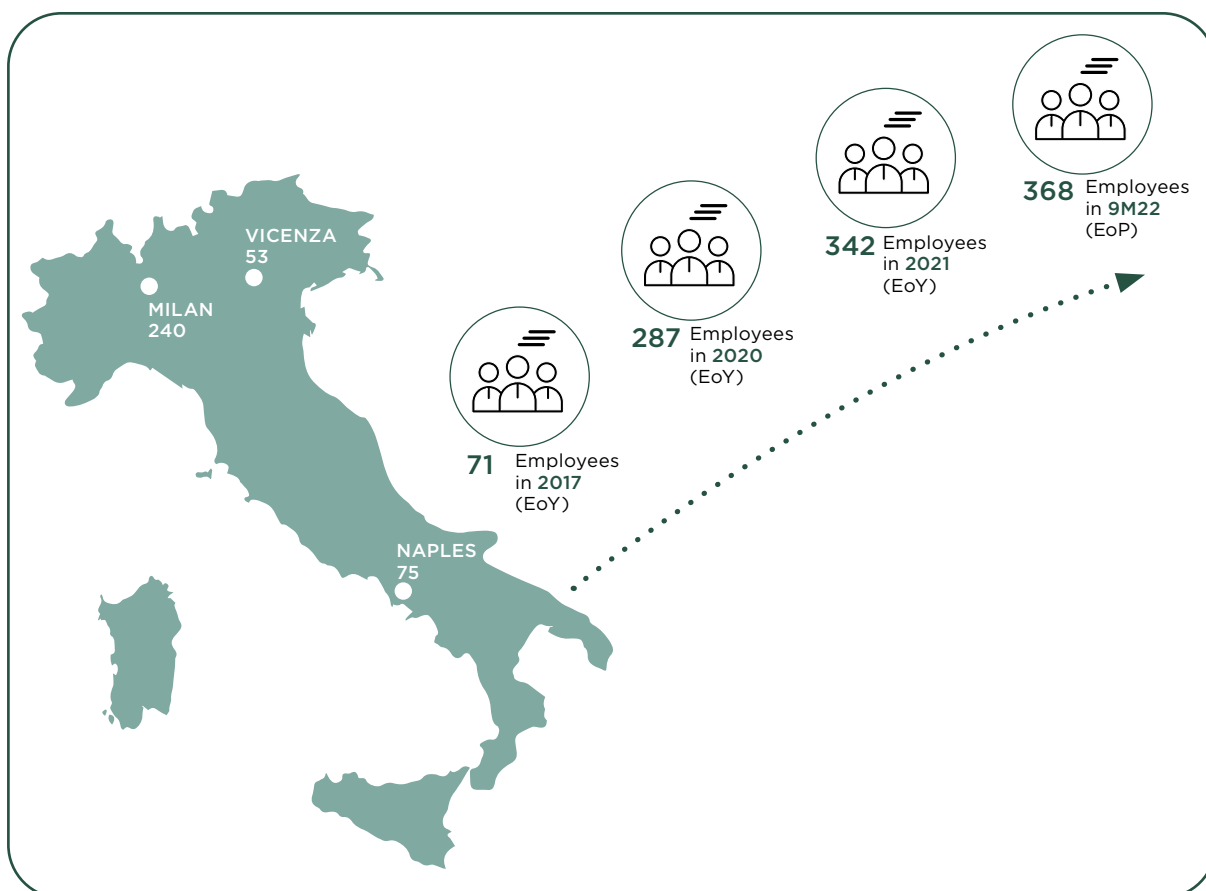
To date, all offices are sanitized daily and the temperature detectors are installed in the buildings. The use of face masks is required in common areas (corridors, lifts, break areas, meeting rooms) and in any close-range situation.

## 2. Being a group of inclusive and balanced people, oriented to value equality and inclusion in all its forms

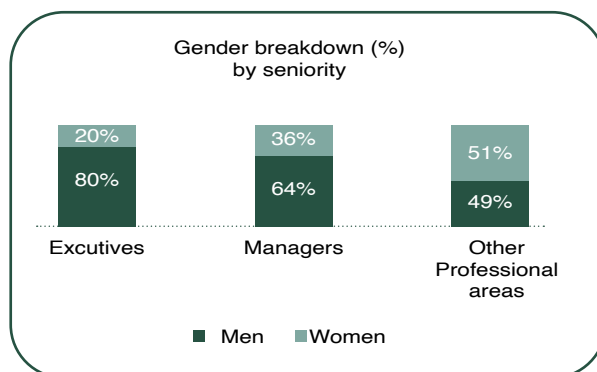
The topics of diversity, equity and inclusion are at the heart of sustainable development. For this reason, AMCO's approach is based on promoting diversity of gender, age, competencies and geographical inclusion.

AMCO can rely on the experience and professionalism of 368 specialised professional employees<sup>16</sup> motivated to achieving high levels of performance in different areas, enabling AMCO to confirm itself as a leader in its sector.

Out of 368 employees, 61% is represented by men while 39% by women. The average age of the workforce is 43 years and the employees come from diversified professional backgrounds, experiences and set of skills.



<sup>16</sup> Data as of 30 September 2022.



## Key achievements

AMCO guarantees gender-neutral internal career and growth paths, ensuring objective criteria for both promotions (through assessments) and remuneration.

Gender equality is also ensured in the selection and recruitment procedures, in compliance with the principles of impartiality, transparency and equal opportunities, and is also enforced in the selection process of candidates by head-hunters.

Aimed at allowing an optimal home/work balance and supporting the wellbeing of its employees, AMCO has signed a smart-working agreement with the union representatives for 10 days a month, allowing them to use it in a flexible way.

AMCO allows all its employees supplementary leave for birth and vaccination of children, supplementary leave for family care and a better work/life.

TARGET 2022-2025	2020	2021
Launch an <b>awareness campaign on D&amp;I issues</b> from 2023, at least once a year	n.d.	n.d.
Ensure <b>balanced</b> selection processes with <b>headhunters</b> : 50% of candidates belonging to the least represented gender annually from 2023	n.d.	49%





# Environmental protection



# Environmental protection

We respect our future

with a sustainable and responsible behaviour.

AMCO is ever more sensitive to environmental protection also thanks to managing the most significant impacts and the containment of greenhouse gases (GHG) emissions. The following strategic objectives have been defined:

- 1. Contribute to climate change mitigation**
- 2. Promote an efficient and responsible use of natural resources and energy sources**

AMCO is committed to the UN SDGs 12 and 13 through these objectives:



- “Ensure sustainable consumption and production patterns”



- “Take urgent action to combat climate change and its impacts”

## 1. Contributing to climate change mitigation

AMCO is committed to monitoring and reducing its carbon footprint; for this reason, it has undertaken a detailed analysis aimed at defining a decarbonization strategy that involves the most relevant categories of GHG emissions that can be reduced through specific initiatives.



The most significant categories are:

- direct emissions (Scope 1) related to energy consumption for heating purposes and for the corporate fleet and;
- indirect emissions (Scope 2) related to electricity consumption.

Indirect GHG emissions (Scope 3) related to business travel were monitored but were not included in the scope of the decarbonisation strategy.

AMCO's other indirect GHG emissions (e.g. financed emissions, emissions related to the outsourcing of IT services), were considered important within the scope of AMCO's environmental impact; however, these were not included in the decarbonisation strategy, as AMCO is unable to exercise direct control over these emissions and hence the reduction, in the short term. AMCO will consider such emissions in the medium term.



TARGET 2022-2025	2020	2021
Calculate GHG emissions by 2022 	-	-
-50% of GHG emissions deriving from operational activities (Scope 1 e 2) by 2023	-	271 tCO <sub>2</sub> e
-55% of GHG emissions deriving from operational activities (Scope 1 e 2) by 2025	-	271 tCO <sub>2</sub> e
 Target achieved.		

### The emission reduction objectives

AMCO has set the goal to reduce **direct and indirect emission deriving from its business operations**.

The reduction can be reached via:

- the use of heating systems powered by electric heat pumps to replace boilers powered by methane gas at the Naples and Milan offices by the end of 2022, and possibly the Vicenza office by 2025;
- By the end of 2022, the transfer of all electricity supply contracts of the Company's offices to energy deriving from certified renewable sources, guaranteed by certificates of origin;
- By the end of 2023, the corporate car fleet will be replaced with low environmental impact cars (hybrid cars).

These targets will enable AMCO to take an important step towards the reduction of its carbon footprint.

## 2. Promoting an efficient and responsible use of natural and energy resources

AMCO promotes the efficient and responsible use of resources and energy sources, the reduction of waste production and energy consumption. In all the location, AMCO has identified adequate controls aimed at guaranteeing a conscious and sustainable use of natural resources.

In this context, AMCO is also committed to favour and invest in sustainable supply chain solutions together with its employees, with training courses and with concrete actions, driving change via engagement with its employees, with information and concrete actions.

TARGET 2022-2025	2020	2021
100% of electricity from renewable sources (Scope 2) from 2023	0%	0%
100% of car fleet with low environmental impact (Scope 1) by 2023	19%	48%
Install drinkable water dispensers to all premises by 2022 	1 office out of 3	1 office out of 3
100% of FSC-certified sustainable paper supply by 2022 	100%	100%
Launch of at least one campaign a year to raise awareness and educate employees on environmental responsibility issues from 2022	n.d.	n.d.
 Target achieved.		

## Key achievements

AMCO's approach is expressed in a series of projects and activities aiming to reduce the environmental impact.

The new Milan offices, inaugurated at the end of 2021, have been designed in the name of well-being and of sustainability. The location of the building in one of the best-served areas of Milan encourages the use of sustainable forms of transport thanks to its proximity to public transport and bicycle ways.

The building which is currently undergoing Leed and Fitwel certifications has been redeveloped. In addition, a photovoltaic panel system provides energy to the common parts of the building. The lighting system is regulated by motion detection sensors that reduce the excess energy resource consumption.

In all offices, separate waste collection is envisaged. In order to minimize plastic consumption resulting from the use of water bottles, in the Milan office new purifiers have been installed in all the catering areas with kitchens for the production of filtered water; by the end of 2022, this initiative is expected to be extended to all offices, in order to increase AMCO's commitment to a plastic-free approach. With reference to paper and stationery, AMCO undertakes to use FSC certified paper stationery and recycled plastic.

The push towards digitalisation through initiatives aimed at dematerializing all company documentation aims to reduce the consumption of paper in AMCO. AMCO's commitment is further underlined by the use of NFC technology and barcodes on digital business cards for all employees.

In order to **reduce GHG emissions and reduce energy costs, office closures** have also been foreseen, starting from winter 2022, during days with peak transport congestion, during bank holiday and winter holidays, and during the week with the lowest expected temperatures.

In the context of **mobility management and smart mobility**, the first survey on sustainable mobility commuting was launched in November 2022 in all offices (Milan, Naples and Vicenza). By 2022, AMCO's car fleet is made up of 90% mild hybrid or plug-in cars and is supported by the presence of 9 charging stations for electric cars at the Milan headquarters.

Among the various **employee engagement initiatives**, which aim to strengthen the ESG culture and promote sustainable behaviour, AMCO has activated several activities.



In order to increase people's environmental awareness and involve them in an education and awareness process aimed at reducing their impact on climate, MUGO was chosen as partner in a one-year project, which provides a first entry questionnaire for measuring personal impact. Each employee was then able to discover their climate profile, receiving a report with useful tips and areas for improvement.

The project also includes 12 "information pills" and 12 multimedia climate coaching modules, available on the MUGO platform twice a month. MUGO is committed to offsetting the platform's climate impact.

Furthermore, starting from 2022, in collaboration with Rete Clima, AMCO has created a first event of reforestation, participated by employees in the Milan area.





During the Company's Forest Day, 30 colleagues were involved in planting a total of 150 trees, with the aim of re-foresting an area of the Milan hinterland and making their contribution to fight GHG emissions.

During 2022, AMCO also launched a project to fight food waste in collaboration with **ThinkAbout NO Waste.**

Through the e-Commerce platform NO. W! No Waste, ThinkAbout recovers surplus food from producers: products with a close expiry date or which do not comply with the aesthetic requirements of large-scale distribution, but yet of excellent quality.



These products are displayed online on the platform and can be purchased by employees with discounts from 30 to 50%, thus providing excellent quality food at discounted prices. The purchased products are then delivered directly at home.

# Actions identified for **2023**

	Commitment	Description	Target year
	<b>FITWEL</b>	Achievement of Fitwel certification for the Milan headquarter	2023
	<b>LEED</b>	Achievement of LEED Gold certification for the Milan headquarter	2023
	<b>D&amp;I</b>	Survey on D&I Topic	2023
	<b>Rating ESG</b>	Engagement with ESG rating agencies	2023
	<b>Bond-Framework</b>	Publication of a Sustainability Bond Framework	2023

## Methodological note

The purpose of this document is to facilitate the understanding and the communication of AMCO's commitment - Asset Management Company S.p.A. - to sustainability, activities, and business characteristics, objectives and the actions taken over the time period running between the 1<sup>st</sup> of January 2021 to the 31<sup>st</sup> December 2021 and the first 11 months of 2022.

The data and the information included in this Sustainability Report with regard to "E", "S" and "G" refers to AMCO - Asset Management Company S.p.A.

As this is the first Sustainability Report published by AMCO, there are no changes to report compared to the previous year.



# Definitions

**Direct GHG emissions (Scope 1):** emissions from sources owned or controlled by an organisation.

**Indirect GHG emissions from energy consumption (Scope 2):** emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed by an organisation.

**Other indirect GHG emissions (Scope 3):** Indirect emissions not included in indirect GHG emissions from energy consumption (Scope 2) that occur outside the organisation, including upstream and downstream emissions.

**ESG:** acronym used to indicate the areas of environmental, social and governance sustainability.

**Sustainability Report:** three-year Plan representing AMCO's vision of sustainability, consisting the four pillars that redefine the word ESG according to AMCO's strategic priorities.

**Sustainability Pillar:** AMCO's priority sustainability area which the company has defined qualitative objectives and quantitative targets.

**Sustainable Development Goals (SDGs):** Sustainable Development Goals promoted by the United Nations as part of the 2030 Agenda for Sustainable Development, an action plan for people, planet and prosperity signed in September 2015 by the governments of the 193 UN member states.

**NPE:** non-performing exposures (i.e. impaired and non-performing loans).





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