

made in

amco

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Letter to **stakeholders**

Dear stakeholders,

we present our second Sustainability Report on a voluntary basis, referring to 2022, the year in which we embarked on a major journey of integrating ESG objectives within the entire AMCO value chain.

On 15 December 2022, we communicated for the first time our strategy according to the acronym GSSE, that characterises us by a strong focus on the Social sphere which has always been in AMCO's DNA, defining our priorities: Sustainable Governance, Sustainable Credit Management, Sustainable Development of Human Capital and Environmental Protection.

In few months we fulfilled our 2022 commitments and achieved important ESG targets. In particular, on the Sustainable Credit Management front, we achieved 42% of NPL collections, 95% of UTP collections and 73% of collections from SMEs and individuals from collaborative management. On the environmental side, we calculated Scope 1 and 2 GHG emissions and initiated the switch of all office electricity supply contracts to certified renewable energy, in order to reduce our carbon footprint in the coming years.

In January 2023, AMCO's headquarters in Milan was LEED Gold certified.

Regarding people's welfare, with the renewal of the trade union agreement, we expanded welfare provisions, both in terms of services and of amounts, and ensured respect for the work-life balance by confirming flexible working mechanisms. Finally, an ad hoc training course on ESG topics was provided to all AMCO colleagues.

These are some of the results achieved in a few months that confirm the importance of having defined and shared the GSSE strategy with all our stakeholders, starting with our employees.

These results make us look forward to 2023 with confidence. We therefore continue our journey with vigour.



2022 Highlights

€36.4 billion NPE
under management

(+12% y/y), of which €12 billion
UTP related for 74% to over 40
thousand Italian companies

373 employees

(+9% compared to 2021) based
in Milan, Naples and Vicenza,
40% of whom are female

G



- o **100% of employees** trained on **Anti-Corruption, Anti-Money Laundering and Privacy**
- o **10% LTI** based on the achievement of **ESG targets**

S



- o **42% of NPL collections, 95% of UTP collections and 73% of collections** from **SMEs and individuals from collaborative management**
- o **ESG criteria** integrated within the **Investment Procedure**

S



- o Provision of **ESG training to all employees**
- o Provision of **flexible work options** (smart working) aimed at a suitable work-life balance; expanded welfare services for all employees
- o 100% of part-time applications accepted

E



- o Office electricity supply contracts modified to ensure supply from renewable sources from the beginning of 2023
- o **91% of Company's car fleet** with **low environmental impact**
- o Achievement of **Leed Gold certification** for **AMCO's headquarters in Milan**

amco - Asset Management Company

AMCO - Asset Management Company S.p.A. (hereinafter also referred to as “AMCO” or “AMCO S.p.A.” or the “Company”) is a Financial Intermediary pursuant to art. 106 of the TUB, specialised in the management and recovery of impaired loans. AMCO defines new standards and innovative solutions, creating value to support the Italian economy. AMCO, controlled by the **Ministry of Economy and Finance (MEF)**, adopts a flexible business approach which is innovative and respectful towards clients, banks, bondholders and employees.

With €36.4 billion NPE at the end of December 2022, of which €12 billion UTP related for 74% to more than 40,000 Italian companies, and with a successful track record, AMCO optimises the portfolios under management in a balanced and sustainable way and transforms NPE credits into new opportunities for the counterparties. AMCO adopts a distinctive approach towards the management of its impaired loans which places business sustainability at the centre. AMCO's portfolio management approach is sustainable, aimed at avoiding financial and reputational distress, and it is designed to promote client's business continuity, providing also new financing to support the industrial relaunch of corporates so as to re-inject resources and energy for the benefit of the country's 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 structurer and lender. Thanks to a **diversified management** of both UTP and NPL and leveraging the skills and specialisations of 373 employees¹ based in Milan, Naples and Vicenza, AMCO is able to fully support the process of managing impaired loans and all types of portfolios, including large ones, with an effective and flexible operating structure.

AMCO's reliability and experience are confirmed by the major rating agencies, having obtained an Investment Grade issuer rating by **Standard & Poor's** (long-term rating “BBB” and short-term rating “A-2”)² and Fitch (long-term rating “BBB” and short-term rating “F2”)³, all with a stable outlook.

In addition, AMCO has in place the so-called special servicer rating, the rating that expresses a judgement on the business operations, assigned by **Fitch**. In this regard, the commercial, residential and asset-backed special servicer ratings were confirmed on 2 August 2022 at ‘CSS2’, ‘RSS2’, ‘ABSS2’, with stable outlooks.

AMCO is also an issuer of debt instruments listed on the regulated market⁴.

¹ 403 as of 31 March 2023.

² May 2023.

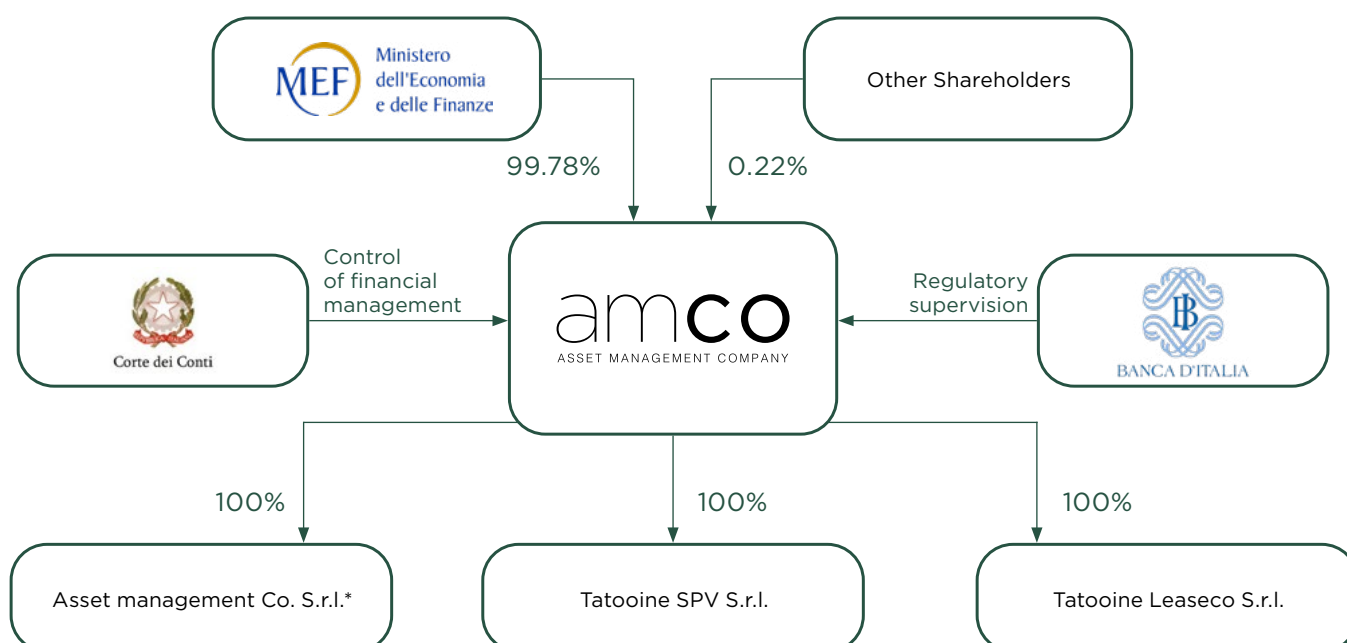
³ April 2023.

⁴ The securities are listed on the Luxembourg Stock Exchange's Regulated Market.

Shareholder and **corporate structure**

AMCO is a limited liability company, whose share capital is split into ordinary shares⁵, without nominal value and carrying voting rights, entirely held by the Italian Ministry of Economy and Finance, and category B shares⁶ held by the Italian Ministry of the Economy and Finance, by other shareholders and held also as treasury shares, which do not benefit from any voting rights in ordinary or extraordinary shareholder meetings.

The **corporate structure of AMCO** and its subsidiaries is represented as follows:



(*) Asset Management Co. S.r.l. is a company under Romanian law dedicated to the management of impaired loans to debtors resident in Romania, held by the Veneto Group's Segregated Account. The Company was put into liquidation on 16 June 2021 and is expected to be settled by the end of the financial year 2023.

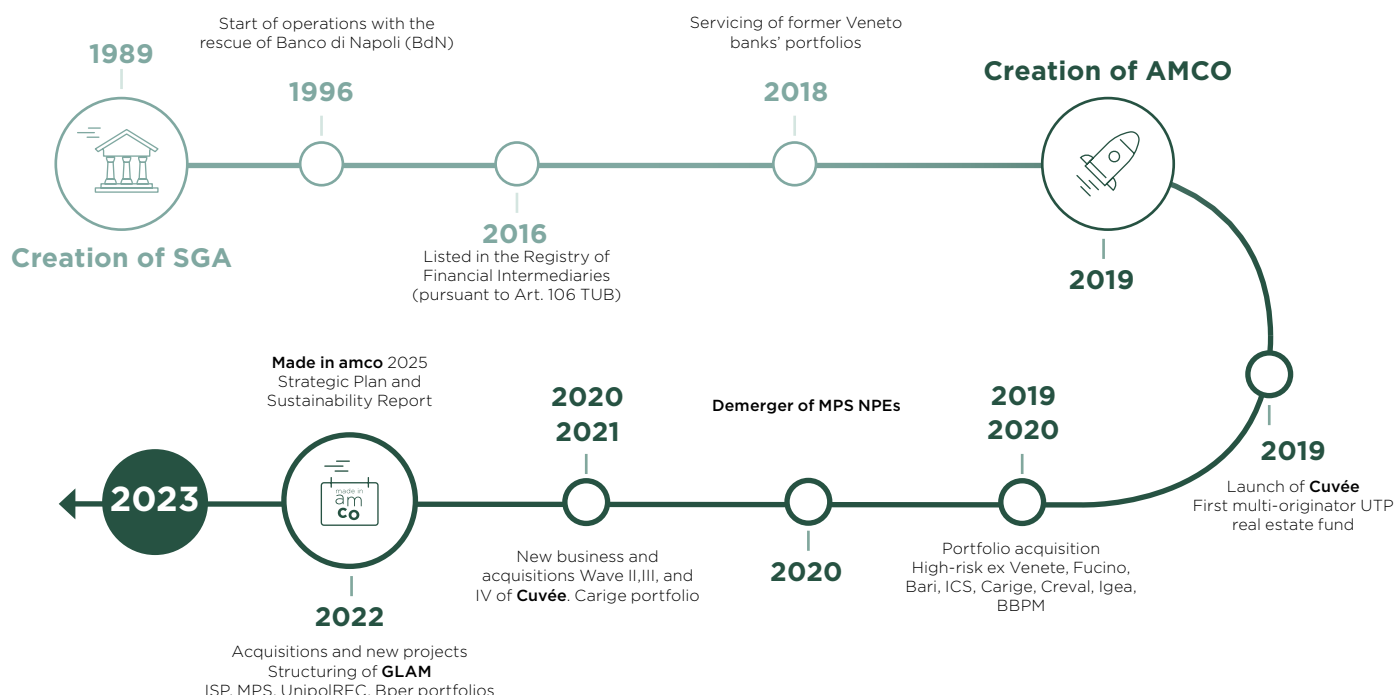
AMCO's activity is regulated and supervised by the **Bank of Italy** and is subject to the control of the **Italian Court of Auditors**. The Directorate-General for Competition (**DG Competition**)⁷ monitors AMCO's NPE transactions to ensure that they are carried out on an arms' length basis and in line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

⁵ 600,000,000 ordinary shares.

⁶ 55,153,674 B shares.

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

amco's history



AMCO benefits from a **30-year experience** in credit management. The Company was founded in 1989 as SGA ("Società per la Gestione degli Attivi" (Asset Management Company)) in the context of the Banco of Napoli rescue, and in 2016 the Company was included in the Single Register of Financial Intermediaries.

In 2018, the Company expanded its business as a result **of the purchase of the portfolios 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 Banca Carige.

In 2020, AMCO purchased portfolios from Creval, Igea-Fucino, Banca Carige, Banca Popolare di Bari and Banco BPM. Similarly, AMCO purchased a NPE portfolio from MPS, as part of MPS's partial demerger transaction. 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) loans related to the real estate sector. Meanwhile, the transfer of the high-risk portfolios related to the former Veneto-banks from Intesa Sanpaolo to AMCO continued. In 2021, the Company reached further agreements with Banca Carige, ICCREA Banca and Banca del Sud increasing its market position also in the leasing sector.

AMCO experienced a sound business growth, thanks to the acquisition of new portfolios through competitive processes and the implementation of new projects. During 2022, other portfolio acquisitions were carried out from Intesa SanPaolo, UnipolREC, MPS and BPER Banca Group.

In August 2022, the European Commission approved the **GLAM (Guaranteed Loans Active Management) platform**, a solution structured by AMCO and dedicated to the management and valorisation of guaranteed loans granted to companies under the Covid-19 Temporary Framework, to which a total contribution of €11.1⁸ billion is estimated, of which €2.9 billion under management at AMCO, plus €8.2 billion managed by Special Servicer by 2025.

In addition, in September 2022, the **Ministry of Tourism and AMCO** signed a memorandum of understanding to jointly promote initiatives for the strategic support and revitalisation of businesses in the Italian tourism sector.

⁸ Target of approximately €12bn of loan disposals by 2026 of which €11.1bn by 2025.

The objective of this new line of development is the start-up of a multi-originator fund dedicated to loans granted to companies in the tourism and hospitality sector.

The innovation process further continued, confirming AMCO's ability to manage and structure complex transactions together with its partners: the Cuvée Project reached €2.1 billion⁹ of asset under management, thus confirming the success of the platform.

"During 2022, credit management through our sustainable credit approach led to double-digit growth in collections: plus 12%. The acquisition of new portfolios, through competitive processes, drove the increase in operating results and normalised net profit rose by 31%. The solid capital structure is confirmed: AMCO is ready for new development projects" said

Marina Natale, AMCO's Chief Executive Officer.

Finally, in early 2023, AMCO set up an Action Plan in alignment with the Regulator's Climate and Environmental Risk Watch Expectations. Through the preparation of this Plan, AMCO has taken a further step towards the implementation of the sustainability path undertaken in the previous two-year period and detailed later in this Report.

In these years, the experience of the Company's professionals has facilitated the growth of the business leading AMCO to be the new full service credit management company, characterised by a strong specialisation in each reference sector.

amco's **Value** Charter

"Joining AMCO was an easy choice to make, because I find myself and believe a lot in its values: "ascolto", "modernità", "competenza" and "ottimismo". From the very first days I found a team that was attentive, motivated and willing to make me feel at home. I am a great believer in teamwork and in a healthy, proactive working environment that allows you to perform your tasks to the best of your ability throughout the day"

Nicola, Workout

The Values are the starting point for the definition and planning of the solid sustainability strategy which is outlined in this Report.

The integrated value charter contains the principles in which AMCO identifies itself. The system consists 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.

⁹ Data as of 31 December 2022.

Values

Corporate Values are the foundation and the distinctive figure of AMCO: an essential cornerstone for the evolutionary development 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.

Declined on every single letter of the Company's acronym - Ascolto, Modernità, Competenza e Ottimismo - the Values give a new, personal and scalable meaning to the word AMCO, which goes beyond its corporate name to originate echoes in tune with mission and vision.

The Code of Ethics

The Code of Ethics is an integral part of the organisation, management and control model (pursuant to the Italian Legislative Decree no. 231/2001) of AMCO and is intended for employees, business partners, suppliers and all stakeholders, inspiring and regulating their behaviours.

As part of the definition of AMCO's sustainability path, in September 2022 the Code of Ethics was revised and renewed, in both its purpose and content, through specific integrations related to the ESG principles outlined in AMCO's Sustainability Strategy. The document derives from the principles of the Universal Declaration of Human Rights¹⁰ and from the ten principles of the United Nations Global Compact¹¹.

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

Principles of Credit Management

The Principles of Credit Management represent a new item that complements AMCO's Value Charter. They summarise AMCO's approach to credit management and guide the conduct of its business. AMCO is committed to support entrepreneurs, companies, but also individuals in financial distress, who intend to concretely and properly find a solution for the resolution of their debt positions.

Not only AMCO's employees adhere to the principles, but also special servicers and external professionals.

¹⁰ More information is available at the following link: <https://www.ohchr.org/en/human-rights/universal-declaration/translations/italian.sp>

¹¹ More information is available at the following link: <https://www.unglobalcompact.org/what-is-gc/mission/principles>.

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.

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**

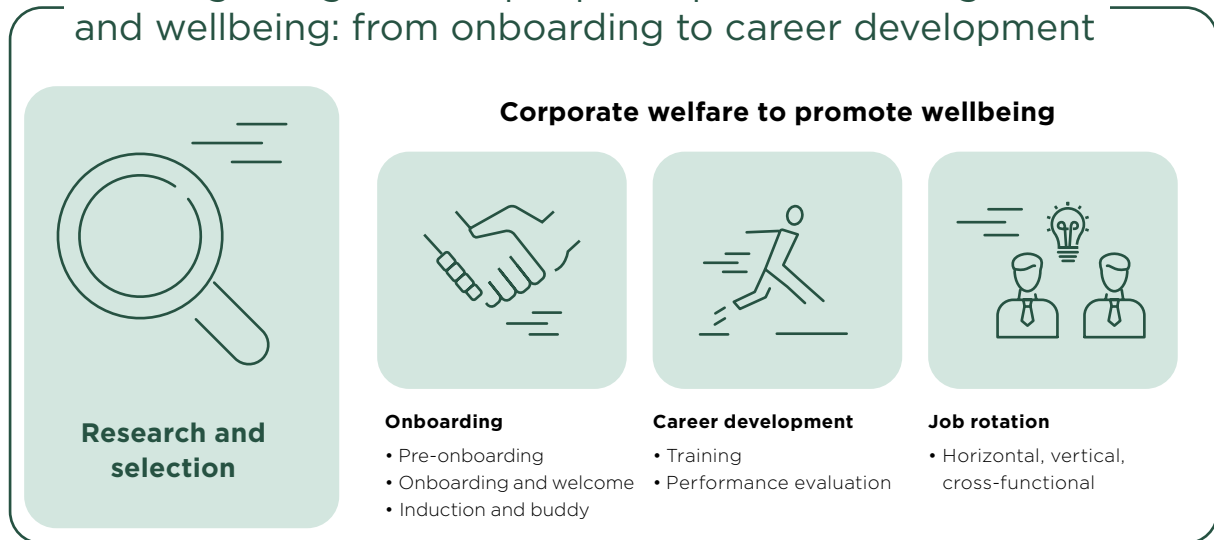
between clients and professionals involved in credit management activities are managed on consistent criteria based on fairness, equity, transparency and ethics.

amco

amCO's people

As of 31 December 2022, AMCO counts on a **team of 373 professionals**, a 9% increase compared to 31 December 2021 (342).

Working alongside our people to promote their growth and wellbeing: from onboarding to career development



“**Discover, learn, grow, shine** is the slogan that accompanies every new hire in AMCO in his/her journey of professional growth, from the first day”

Selection

AMCO has a **Personnel Research, Selection and Recruitment Procedure**, with the purpose to define the roles, responsibilities and operating methods to be followed by Company's people in managing the research, selection and recruitment process, in order to ensure compliance with the principles and policies that inspire AMCO in its relations with employees.

In this regard, AMCO protects diversity in the company and promotes an inclusive working environment that gives value to all types of diversity (age, gender, skills, geographical origin) and fights any form of discrimination.

"AMCO is a solid, institutional company; you work in a dynamic, modern and motivating environment that inspires all people to give their best every day"

Marina, Project Portfolio Management & Onboarding

Hires by sector of origin	2022	total %
Banking	19	36.5
Servicing/NPL	17	32.7
Consultancy	8	15.4
Financial and Insurance	5	9.6
Real Estate	3	5.8
Total	52	100

AMCO's aim of ensuring a balanced workforce in many aspects is confirmed by the hires of 2022. Indeed, in 2022 AMCO **hired 52 employees** from different sectors, bringing on board new resources with diversified skills.

In addition, recruitment was mainly concentrated in the **32 to 39 age group**, reflecting AMCO's desire to create a dynamic environment that gives value to young talent.

Hires	u.m.	2021	2022
	n°	69	52
Total employees hired	%	20.2	13.9
By gender:			
	n°	24	20
Women	%	34.8	38.5
	n°	45	32
Men	%	65.2	61.5
By age group:			
	n°	17	9
≤ 31 years	%	24.6	17.3
	n°	21	23
32 - 39 years	%	30.4	44.2
	n°	30	17
40 - 54 years	%	43.5	32.7
	n°	1	3
≥ 55 years	%	1.4	5.8

The Company is committed to ensuring equal employment opportunities for men and women, both in internal selection processes and in processes with headhunters.

As of 2022, all **contracts with headhunters** have been designed to ensure a **balanced selection** that respects the principles of gender equality. However, during the selection process led by headhunters a lack of interest and availability of female profiles among sector specialists has been observed on the market. Nonetheless, the Company is pursuing its goals to promote the balance of its workforce, and in 2022 the number of new females hired out of the total number of hires for the year (carried out through both internal selection processes and headhunters) increased to 38.5%, up from 34.8% in 2021.

In 2022, 21 employees, or 6% of the company's population, left the company, six of them due to retirement:

Terminations	u.m.	2021	2022
	n°	14	21
Total employees with terminated employment contracts	%	4.1	5.6
By gender:			
	n°	5	7
Women	%	35.7	33.3
	n°	9	14
Men	%	64.3	66.7
By age group:			
	n°	6	1
≤ 31 years	%	42.9	4.8
	n°	4	7
32 - 39 years	%	28.6	33.3
	n°	3	6
40 - 54 years	%	21.4	28.6
	n°	1	7
≥ 55 years	%	7.1	33.3

Onboarding

Once the selection process is complete, AMCO gives value to its employees from day one. In fact, the HR Department has defined a **dedicated path for all new employees** to make their entry into the company rewarding and engaging, and to enable new resources to integrate themselves into the corporate culture and acquire the necessary knowledge in the shortest possible time.

The entry path consists of a **mix of live and digital experiences** with the support of “**Buddies**”, i.e. colleagues who act as **mentors** accompanying the new employees during their first month in the company. The introduction process consists of **three stages**:

Pre-boarding: the objective of this phase is to stimulate curiosity and to start introducing the new resource to the corporate environment. In the days before joining, new employees receive a personalised e-mail that includes two inspirational videos;

Onboarding & Welcome: on the first day, new colleagues are welcomed by their assigned Buddy, who assists and supports them throughout the induction process, becoming a point of reference. The profile of each new employee is made available on the intranet to the entire Company's population in order to promote their inclusion;

Induction: in the week following their entry, new employees are supported by the Buddies, as well as by the Manager and other colleagues, in order to be best introduced to their new working environment. Within three months from the entry, a motivational meeting event where new resources have the opportunity to meet the Chief Executive Officer and other senior managers, is organised.

Career development

Training

"Growing together is AMCO's goal and of all colleagues"

Michele, Workout

"With support you can be at your best right from the start"

Luca, Legal & Corporate Affairs

For AMCO, giving value to human capital is an essential aspect to support the technical-professional and managerial growth of employees in view of the continuous evolution of the working environment. AMCO has a **Personnel Training Procedure** that provides guidance on the management of training at company level. The employee training process responds to the need to develop the skills and knowledge necessary for the organisation to achieve its strategic objectives, to support change processes, and to improve organisational and individual performance.

AMCO provides **training and development plans for its employees**, aimed at enhancing the skills of human capital and designing career and growth paths. Training planning is carried out through a **top-down** process to collect needs, taking into account technical and managerial skills, as well as a **bottom-up** process which includes feedback mechanisms for employees, the proposal and understanding of individual and team needs, also in light of the developments of AMCO and of its business.

At the end of training sessions, their **results are measured** and **their effectiveness assessed**, so as to detect the increase in skills compared to the initial situation, as well as the degree of satisfaction of the participants.

Voluntary group training initiatives carried out during 2023 include, among others:

- seminars aimed at enhancing skills in debt collection management and leasing;
- a seminar on the new Crisis and Insolvency Code extended to all employees.

In addition, AMCO provided **online English language courses** in 2022, via an e-learning platform in cooperation with the British Council to selected employees. Since 2023, these courses have been extended to Company's population in e-learning mode as well.

In 2022, AMCO provided an **average of 33 hours of training per employee, an increase of 18% over 2021**. Training was extended equally to all professional categories.

Total training hours	2021	2022
Executives	569	735
Managers	6,466	8,979
Professional areas	2,590	2,640
Total	9,625	12,354

Average hours of training	2021	2022
Executives	28	32
Managers	28	35
Professional areas	28	29
Training hours average	28	33

Performance Evaluation

In order to support each employee in his or her role and to support him or her in growing and acquiring the necessary skills, each year AMCO carries out a process to evaluate the previous year's performance and to set goals for the current year for all employees.

In line with the provisions of the regulations in force, a **Remuneration Policy** has been drawn up, defining the guidelines of the company's remuneration system, with the aim of aligning the interests and contribution of employees to the development of the business, promoting virtuous behaviours aligned with AMCO's values, the principles of the Code of Ethics and sustainable finance objectives. This document is reviewed annually.

The performance evaluation is an important moment for professional growth through which managers and employees share the evaluation of the overall performance for the year, on the basis of the goals achieved, and define the development goals for the following year.

Starting with the assessment of 2022, **AMCO's Values** were included among the elements considered for qualitative performance purpose, appropriately included within the reference framework in order to contribute to the promotion of behaviours in line with the AMCO's culture.

The assessment of achieved goals is also instrumental to the recognition of the individual variable remuneration. In particular, the **variable remuneration component** is linked to both company and individual performance and defined on the basis of meritocratic criteria.

To this end, AMCO implemented the following variable remuneration instruments:

- o **"Management By Objectives" ("MBO")** short-term incentive scheme, which makes use of individual scorecards consistent with the strategic and operational plans and with the position of each employee in the organisation. This incentive system is intended for the Company's employees and is based on diversified and customised targets and on meritocratic criteria. Indeed, objectives and incentives are defined through a structured process in order to customise the scorecards in relation to the role and expected performance;

- **“Long Term Incentive” (“LTI”)** system, i.e., the incentive system based on multi-year corporate objectives and payable upon completion of the established operational/management plan. It is intended, in addition to the MBO, for the Company’s Most Relevant Employees.

It should be noted that, **starting from 2022**, steps were taken at various organisational levels to **integrate ESG KPIs into the corporate variable incentive system**, as detailed later in this report.

Growth paths

AMCO fosters not only professional growth, but also, and above all, its employees’ personal growth.

The growth path may include one or more of the following steps:

- **Horizontal growth:** rotation towards roles of the same organisational level within the division, with the aim of making the resource acquire more technical skills;
- **Vertical growth:** different promotion and growth steps are envisaged in order to cover roles of increasing responsibility and importance; the employee thus takes on a higher level role;
- **Cross-functional/divisional growth:** rotation towards other areas and roles in the Company with the aim of giving the employees a broadened knowledge of the business and implementing their skills.

Corporate welfare

“The team is a strength of AMCO: the relationship with colleagues, the daily exchange, the projects tackled and achieved together”

Andrea, Portfolio Management & Onboarding

In the hope of being able to further contribute to improving the quality of life of AMCO’s employees, and in line with the corporate strategy path, the Company signed a **new trade union agreement** at the end of 2022 **with a three-year horizon (2023-2025)** that continues with the corporate welfare project aimed at promoting the wellbeing of employees and, where provided for by current legislation, their families.

The aim of the welfare system to which all AMCO employees have access is, in fact, to recognise even greater value to them and their families in the areas of supplementary pension, health care and family services, education and work life balance.

All employees benefit from a health and accident insurance policy and a supplementary pension plan. The Company also strengthened its corporate welfare program, increasing the resources allocated to employee welfare projects in the three-year period 2023-2025 - from €2,000 in 2022 to €5,000 in 2025.

In addition, the welfare contribution of €1,000 net for new parents is confirmed, reflecting AMCO’s focus on the family life of its employees. Finally, AMCO provides €10 meal vouchers also on smart working days.

amCO's role and business model

AMCO's **Vision** is to play a **central role** in the **Italian NPE** market for all its **stakeholders**, **managing portfolios in a sustainable and efficient way**, creating new value to support the Italian economy.

AMCO's **Mission** is to **set new standards in the Italian non-performing loans market, via a sustainable credit management approach** aimed at ensuring the business continuity of deserving companies.

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 sharing projects, perspective and innovation to transform impaired loans into new beginnings for its customers.

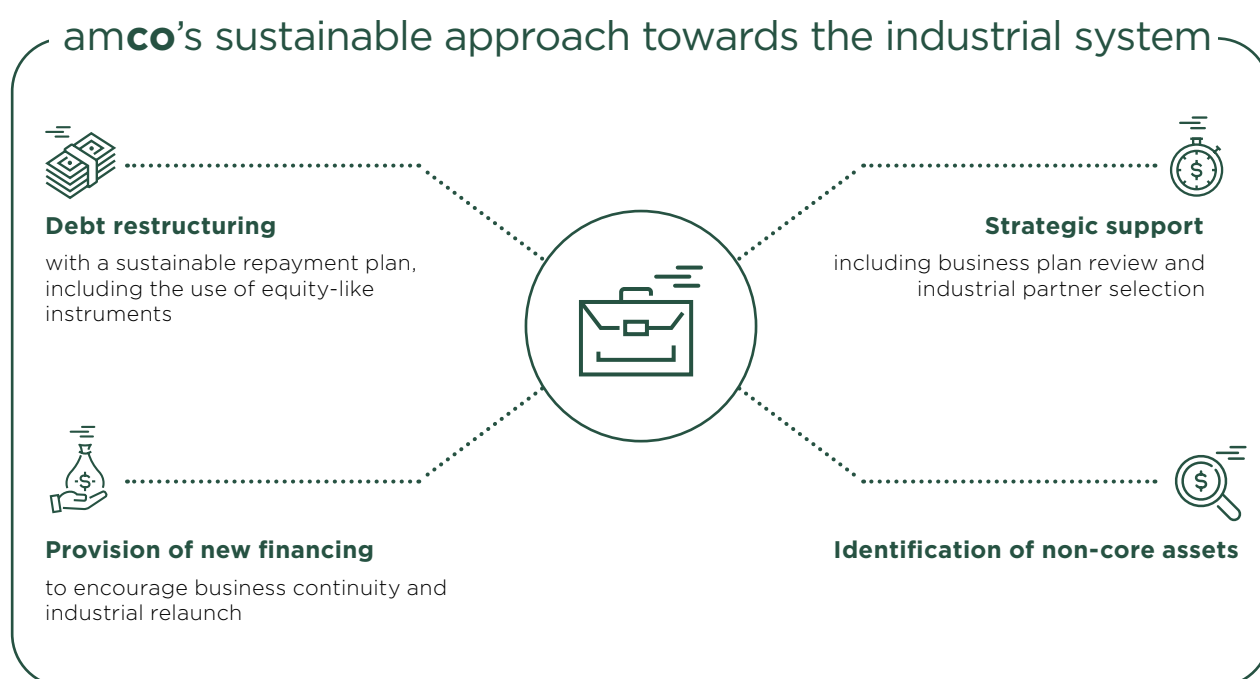
AMCO's business model is aimed at identifying sustainable solutions for all stakeholders:



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. In this way, AMCO supports deserving entrepreneurs.

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 grants also new financing to corporates which prove to have business continuity potential, with the aim of supporting financial and business restructurings of companies with prospects for recovery.

Such strategy enables AMCO to maintain a sustainable approach vis-à-vis the industrial system.



AMCO operates through four different business Divisions:

- the **Workout Division** is responsible for the management of non-performing loans. The Division implements a sustainable and patient management approach through tailor-made negotiations, customised on the basis of the features of each loan, with the objective of reaching an adequate economic return including by seeking out-of-court settlements that are patient and aligned with the debtors' actual repayment ability (and sustainability);
- the **UTP Division** manages UTP loans related to both small-medium sized clients as well as large ones, implementing solutions that encompass also the provision 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**, active since January 2022, consolidates the partnership model with leading servicers operating in the market, allowing management flexibility;
- the **Real Estate Division, advising on some activities managed by other internal Divisions**, pursues strategies focused on the valorisation of collateral underlying loans, providing appraisals and opinions and participating as an auction facilitator in the enforcement procedures. In addition, through the Division, AMCO acts as investor, directly managing real estate assets and then re-valuing them on the market (REOCO - Real Estate Owned Company).

As such, loans 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 through the Workout and UTP Divisions and on the outsourcing of granular positions that require a standardised approach which can be leveraged by the economies of scale of specialised partners through the SP&S Division. Moreover, the continuous performance monitoring also increases the effectiveness of the operating processes.

Regarding outsourcing management, AMCO selects **special servicers** through a very rigorous process. As far as expected results are concerned, the servicers are constantly monitored through a performance measurement system, both related to recovery plans and other relevant factors to improve performance. In addition, compliance with specific ESG KPIs, mainly related to training, is defined within the contractual standards for performance monitoring purposes. In this way, AMCO ensures that all its counterparties further integrate ESG criteria into their business models.

amco's business model



in-house



outsourcing

Workout

(€14.8bn AuM)



Bankruptcy procedures and collateral value maximization



Credit recovery with extrajudicial and judicial actions



Out-of-court and judicial recovery skills



High standardisation of processes

UTP

(€8.7bn AuM)



Proactive management focused on business continuity



Financial/industrial restructuring skills



Ability to provide new financing

Special Partnership & Services

(€12.9bn AuM)



Specialized servicing (Back2Bonis) on real estate assets, with refinancing, development and ReoCo* transactions



Servicer management with solid specific skills



Favored Out-of-court solutions



Real Estate



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



ReoCo* activity (Revaluation and management of real estate collaterals)

Note: AuM figures at book values as of 31.12.2022
*Real Estate Owned Company

“Made in amco” Sustainability

Relevant ESG regulation

Regulation on sustainability is increasingly rich and articulated, and national and European legislators recognise the fundamental and strategic role played by companies in this context.

In September 2015, the community of UN member states approved **the 2030 Agenda** for Sustainable Development, an agenda for action for people, planet and prosperity that aims to end poverty, fight inequality and achieve social and economic development through **17 Sustainable Development Goals (SDGs)** and **169 targets**.

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** (EU Reg. 2088/2019), which requires specific disclosures from financial market participants and financial advisors on how they integrate sustainability risks into investment decisions and the consideration of their negative impacts on sustainability factors, as well as in the disclosure of sustainability-related information of financial products. The aim of the Regulation is to standardise the information provided to investors, enabling more effective comparability of financial products and a better understanding of the sustainability of investments.

The **EU Taxonomy** (EU Reg. 852/2020) aims to direct capital flows towards environmentally sustainable economic activities by defining a classification of activities that can be considered sustainable from an environmental point of view. At present, in fact, the EU Taxonomy only provides for environmental targets¹². The Platform for Sustainable Finance published the first draft proposal for a Social Taxonomy in 2021; the intention is to expand the current Taxonomy by adding to the six environmental objectives a set of objectives (decent work, living standards and welfare appropriate to end-users; inclusive and sustainable communities and societies) and social sub-objectives.

Noteworthy are the expectations of the **European Banking Authority (EBA)**¹³ and the **Bank of Italy**¹⁴ related to the integration of sustainability risks with particular reference to climate change, corporate governance and business strategies.

At European level, as far as non-financial disclosure reporting is concerned, regulatory tightening is taking place. The new EU **CSRD (Corporate Sustainability Reporting Directive)** regulation, adopted by the European Parliament in November 2022, replaces the NFRD (Non-Financial Reporting Directive), expanding the scope of entities obliged to **arrange non-financial disclosure documents**¹⁵, providing for future reporting obligations starting in 2026 on FY 2025 also for AMCO, which is currently not subject to such regulatory provisions as the Company does not meet the thresholds set by the regulations currently in force.

Finally, in the financial sector, it is worth to mention the **principles of the International Capital Market Association (ICMA)** regarding bonds issued for the purpose of financing or refinancing all or part of environmental and/or social projects (i.e. Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines) and bonds whose cost for the issuer is linked to the achievement of predefined ESG (Sustainability-Linked Bond Principles) objectives¹⁶.

¹² The six environmental objectives of the EU Taxonomy: (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.

¹³ The European Banking Authority (EBA) published its Report on Environmental, Social and Governance (ESG) Risk Management and Supervision on 23 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.

¹⁴ The Bank of Italy, in line with similar initiatives by the ECB and other national supervisory authorities, published on 8 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. The supervisory authority then distributed a self-assessment questionnaire to a sample of non-bank intermediaries to assess the level of integration. The limited alignment with Expectations that emerged from the questionnaire analysis led the Bank of Italy to request the preparation of an Action Plan to fill the gaps.

¹⁵ The CSRD provides for the scope of application to be extended to, inter alia, all large companies, both listed and unlisted, which at the balance sheet date jointly exceed two of the following three criteria: (i) balance sheet assets of more than € 20 million; (ii) turnover of more than € 40 million; (iii) average number of employees during the financial year greater than 250. The timing of application is: 2025 for companies already subject to the Non-Financial Reporting Directive; 2026 for large companies not subject to the Non-Financial Reporting Directive.

¹⁶ For more information: <https://www.icmagroup.org/sustainable-finance/the-principles/>. The age groups were reworked - compared to the age groups usually considered by the reporting standards (i.e. <30; 30-50; >50) - in order to be more representative of the composition of AMCO's staff.

The path to Sustainability

In a context that encourages companies towards management models that are increasingly oriented towards incorporating environmental, social and governance aspects (the so-called “ESG”) in business and strategy, AMCO has, since the beginning of 2021, embarked on its sustainability journey, aimed at the definition of a **multi-year Sustainability Plan 2022-2025**, which **complements and completes AMCO’s Strategic Plan** by including ESG factors throughout the value chain.

To guide AMCO’s Sustainability path, a roadmap was defined, initiated through a careful **analysis of the context**, aimed at identifying the main best practices in the sector, current regulations on the subject, both nationally and internationally, recommendations and guidelines, thus making it possible to build a “tailor-made” process based on discussion and sharing with all stakeholders who relate with the Company on a daily basis, who are influenced by its operations or who, influence its operations.

In order to identify the relevant ESG issues and to define the strategic sustainability guidelines, AMCO involved **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 main suppliers. This Stakeholder Engagement process led AMCO to the definition of a materiality matrix, aimed at identifying the material ESG issues that are priorities for the Company and its stakeholders, and defining the areas on which strategic guidelines should be drawn. Within the framework of the issues emerged as material, AMCO defined its **Sustainability Strategy**, which is based on well-defined pillars of sustainability, and which are described in this document. In order to ensure the proper implementation of the strategy, AMCO has also structured its own ESG Governance, which is detailed in the chapter “ESG Governance and Organisational Structure” of this Report, integrating sustainability also into the organisational structure.

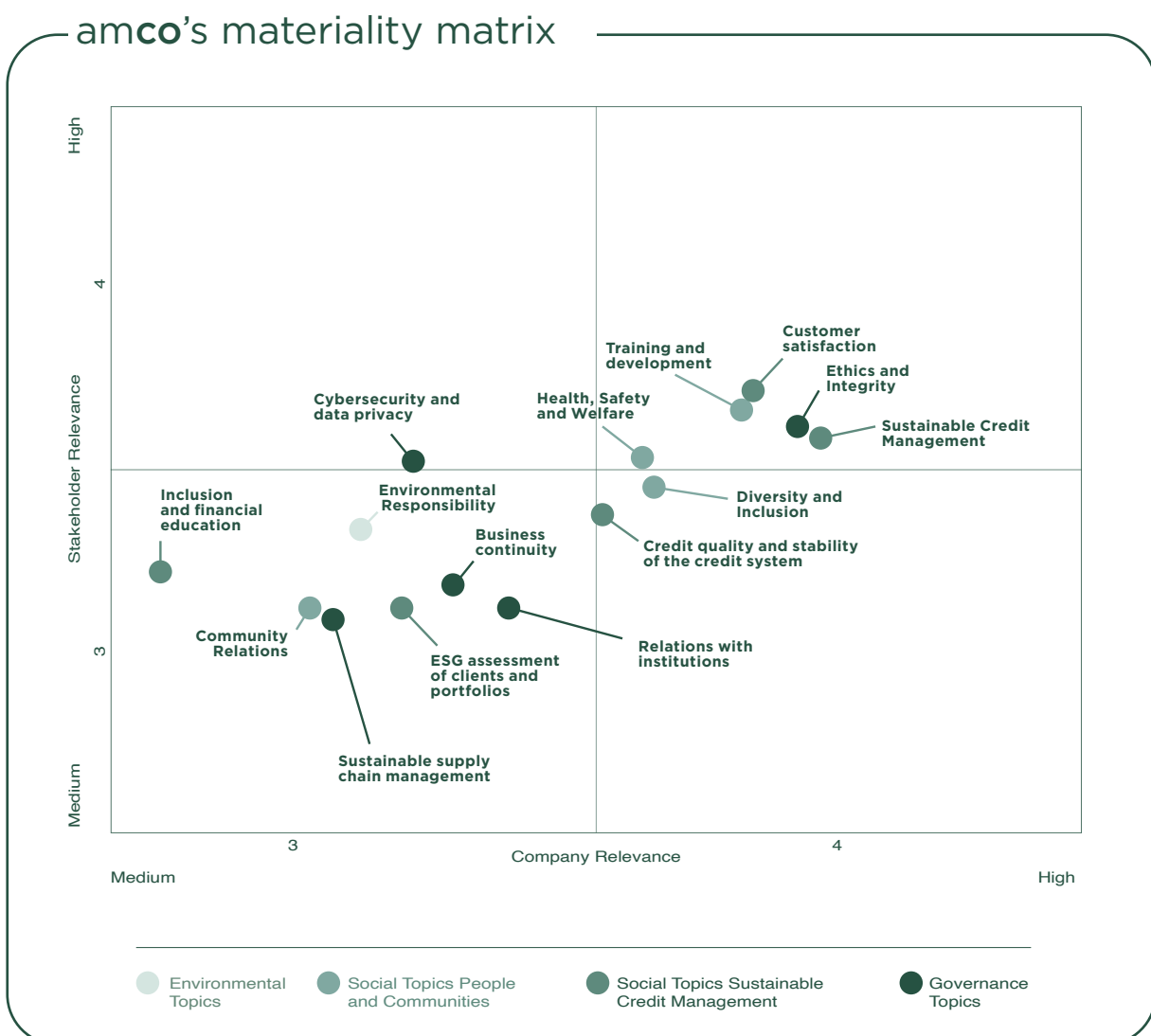
As proof of the Company’s commitment, the **Value System** and **Sustainability Plan** were **made public** to all stakeholders.

The materiality analysis

The materiality analysis makes it possible to identify the economic, social and environmental aspects that are relevant to an organisation's stakeholders and to the organisation itself, to identify the areas towards which strategic decisions should be directed, and to define the aspects to be reported within the non-financial reporting document.

Therefore, materiality analysis considers not only the perspective of the organisation but also that of stakeholders and allows the identification of so-called "material" issues.

AMCO conducted a **stakeholder engagement** activity in connection with the drafting of the Sustainability Plan 2022-2025. 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 relative relevance is outlined within the **materiality matrix**, as illustrated below. 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.



Below is a description of the **topics** that were considered to be **material** as a result of the analysis conducted; please refer to the Appendix of this document for the list of impacts associated with these topics.

Materiality topics

ETHICS AND INTEGRITY	Set up adequate internal control systems to avoid corruption and money laundering in order to spread throughout the organisation a culture based on integrity, professional ethics and honesty. Build relationships based on trust with our stakeholders (i.e. customers, external networks of special servicers and legal team) in order to prevent negative consequences in terms of reputation.
RELATIONS WITH INSTITUTIONS	Value relations with institutions and the public administration in order to create successful collaborations aimed at creating positive outcomes on the system.
BUSINESS CONTINUITY	Set up risk management system to mitigate systemic risks arising from unprecedented large-scale external shocks 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 and potentially significant externalities aimed at ensuring business continuity .
CYBERSECURITY AND DATA PRIVACY	Implement an IT infrastructure that safeguards customers privacy and company data security ensuring high standards of IT security avoiding data breaches.
SUSTAINABLE SUPPLY CHAIN MANAGEMENT	Implement purchasing procedures, mainly related to activities linked to office operations, on legal arm's length, transparency and anti-corruption . Ensure as far as possible the traceability of the supply chain , adopting selection, evaluation and monitoring criteria for suppliers based also on ESG performance indicators.
TRAINING AND DEVELOPMENT	Value corporate talents with appropriate training and development plans . Career programmes are provided to enhance skills and abilities of employees aligning them with AMCO's business model. Having competent, motivated and satisfied people. Attract and retain talent .
HEALTH, SAFETY AND WELFARE	Create a safe and high-quality working environment that protects health, safety and psychophysical integrity of its employees . AMCO aims to spread its corporate culture based on safety and well-being of human capital. Provide a reasonable welfare system with modern and flexible working tools to ensure work-life balance.
DIVERSITY & INCLUSION	Protect diversity & inclusion in the company 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.
COMMUNITY RELATIONS	Promote initiatives with a positive impact on the communities in which the Company operates, by taking an active role with local communities and stakeholders. Develop social impact activities in collaboration with organisations and institutions.
CUSTOMER SATISFACTION	Manage customer relations with a collaborative and prompt response approach. Constantly monitor the progress of loan files, in order to prevent any reputational damage on the organisation and to avoid worsening of the client's situation. Handle complaints and reports efficiently to ensure a continuous improvement of services offered by the organisation and by external networks (i.e. special servicer, legal team).
INCLUSION AND FINANCIAL EDUCATION	Promote projects and initiatives in cooperation with specialised entities to enhance information on financial services and promote access to credit for companies in financial difficulties, increasing customers' awareness on the proper use of financial leverage.
ESG ASSESSMENT OF CLIENTS AND PORTFOLIOS	Integrate ESG criteria into credit management and risk management process both in the due diligence phase and in the post-acquisition monitoring.
SUSTAINABLE CREDIT MANAGEMENT	Adopt a non-speculative approach to debt recovery activities that does not create financial or reputational distress to customers and that is oriented towards safeguarding jobs and the going concern of companies in financial difficulties. Manage loan exposures according to ethical principles and values with a long-term perspective that supports companies to reach a back-to-bonus status.
CREDIT QUALITY AND STABILITY OF THE CREDIT SYSTEM	Adopt practices and measures aimed at limiting the risk of failure in the recovery of impaired loans as a result of client's inability to meet its obligations, avoiding situations of stress to the entire credit system and the economy.
ENVIRONMENTAL RESPONSIBILITY	Management of the most significant direct environmental impacts resulting from the organisation's operations, such as the consumption of materials and natural resources, waste generation, the energy consumption and the use of the corporate car fleet . It is important to reduce the emissions into the atmosphere in order to contribute to prevent the climate change.

amco's Sustainability Strategy: from **ESG** to **GSSE**

AMCO defined to voluntarily report its environmental, social and governance performance for 2022. The reporting of this performance is structured on the basis of the **four pillars that redefine and reshape the ESG acronym according to AMCO's "own" strategic priorities.**

In fact, during the preparation of AMCO's Sustainability Plan, the relevant topics for the Company in the environmental (E), social (S) and governance (G) spheres were reinterpreted and reorganised in light of AMCO's approach to sustainability: **GSSE**.

Sustainability "made in AMCO" is therefore characterised by a strong focus on the **Social** sphere, which includes two of the four pillars:

- **sustainable credit management**, which is embodied in AMCO's collaborative approach in transforming impaired loans into new opportunities, albeit safeguarding the client;
- the **sustainable 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 the Company 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



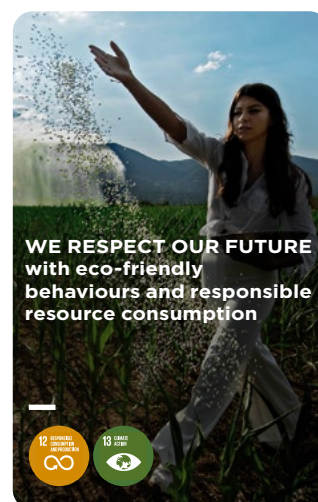
SUSTAINABLE CREDIT MANAGEMENT



SUSTAINABLE DEVELOPMENT OF HUMAN CAPITAL

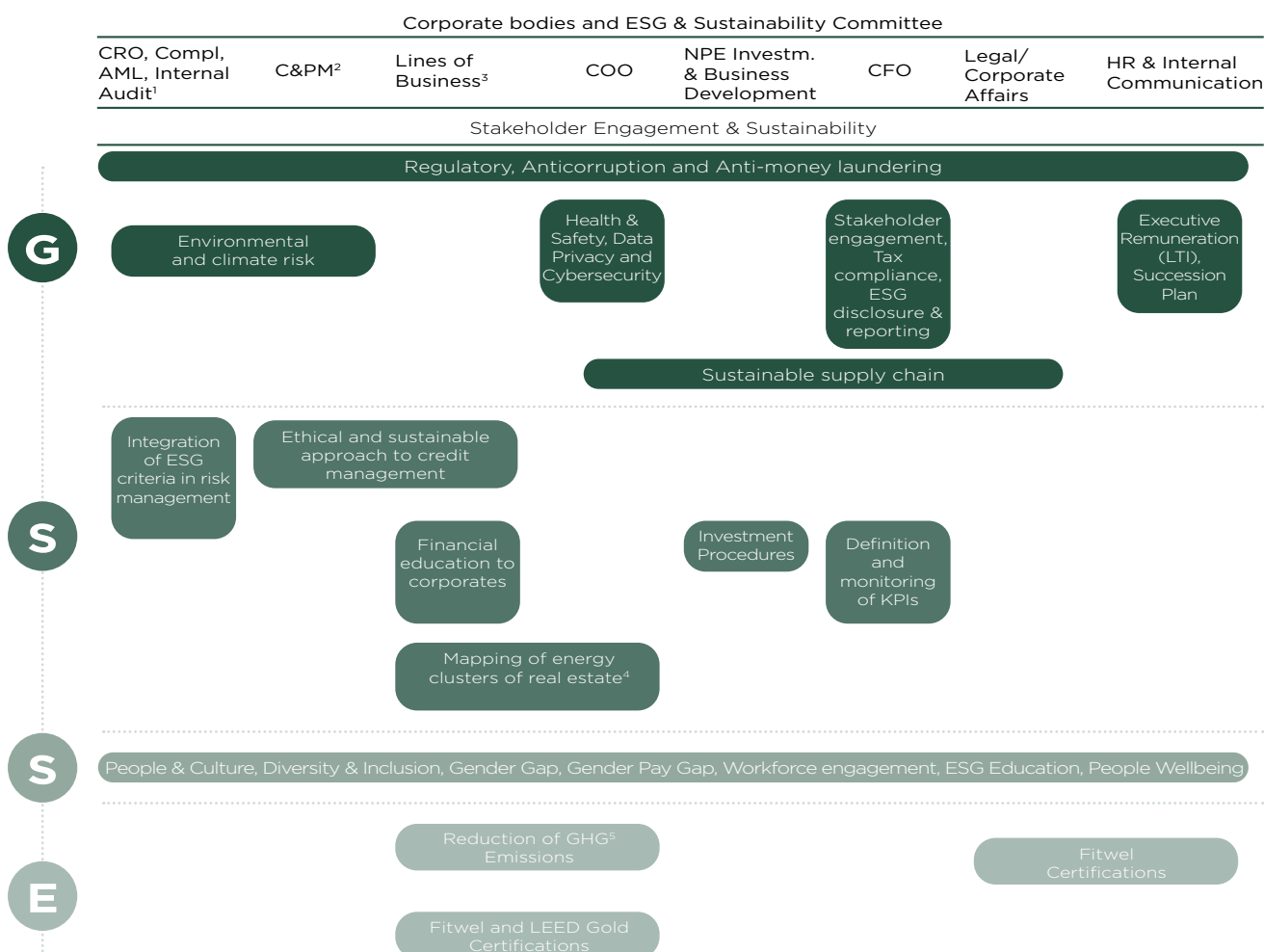


ENVIRONMENTAL PROTECTION



For each objective, AMCO has initiatives and actions in place that testify its commitment to the achievement of the outlined objectives and the integration of the ESG strategy into the Company's processes on a 360 degree basis, involving all Divisions in order to strengthen the sustainable governance.

Integration of ESG factors in the roles and responsibilities defined by amCO



Note¹: CRO, Compliance, AML, Internal Audit - Chief Risk Officer, Compliance, Antiriciclaggio, Internal Audit

Note²: CP&M - Credit & Portfolio Management

Note³: UTP/PD, Workout, SP&S, Real Estate

Note⁴: Only for Real Estate

Note⁵: GHG: Greenhouse Gases

ESG Governance and Organisational Structure

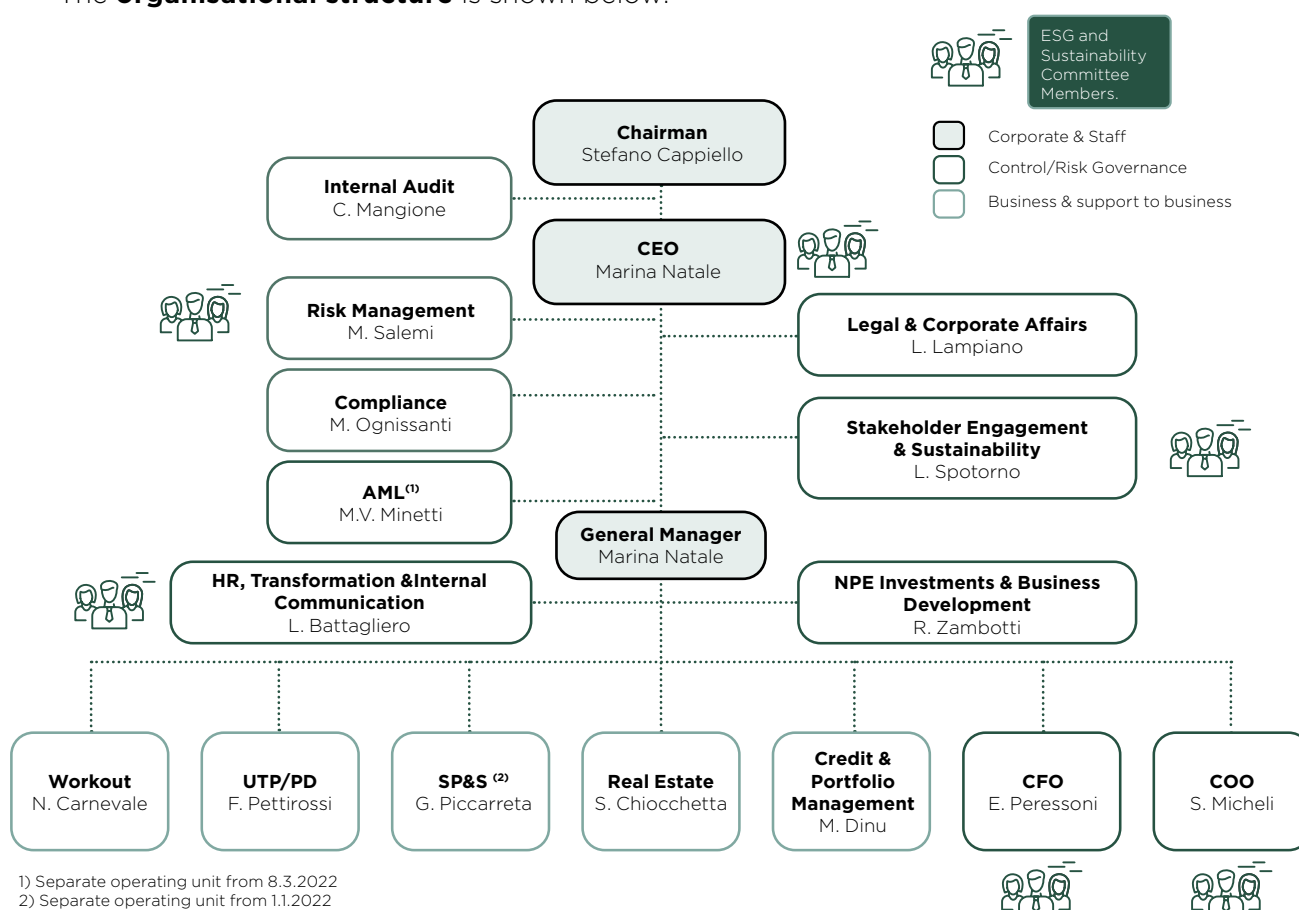
AMCO has adopted an organisational structure aimed at pursuing its Mission, ensuring operational effectiveness, managerial and accounting transparency, control of the decision-making process and full compliance with the applicable regulatory framework.

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

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

The organisational model also enables the supervision of the business, in accordance with the regulatory requirements for a regulated player. The corporate governance and the support functions are dedicated to overseeing the corporate strategy and to supporting the business. In line with the Supervisory Provisions applicable to AMCO, the following control functions are in place: Internal Audit, Risk Management, Compliance, Anti-Money Laundering, focused on risk control.

The **organisational structure** is shown below:



The corporate bodies include a three-member Board of Directors and a three-member Board of Statutory Auditors; there is also a Supervisory Board appointed pursuant to Italian Legislative Decree 231/2001. The Italian Court of Auditors attends the meetings of the Board of Directors.

The Board of Directors in charge as of 31.12.2022 has a three-year mandate, expiring upon the approval of the Financial Statement for the year 2022.

The Company's articles of association require that the composition of the Board of Directors and the Board of Statutory Auditors 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. Gender representation is also guaranteed in the composition of the Supervisory Board.

Board of Directors*	Chairman Stefano Cappiello
	Councilor Domenico Iannotta
	CEO and General Manager Marina Natale

The Board of Directors performs its function of policy-making, coordination, management and governance of the Company and is vested with all powers of administration except for those reserved by law to the Shareholders' Meeting, in accordance with applicable laws and regulations and the Articles of Association. 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. In fact, the Board of Directors is fully involved in the definition of the ESG strategy, playing a key role in AMCO's Sustainability path, e.g. through active participation in the definition of the Sustainability Plan, the Value Charter and ESG Governance.

At the suggestion of management, management committees have been established and governed by the Company's Internal Regulation, which is approved by the Board of Directors, to support the Chief Executive Officer in evaluating and/or coordinating specific operations and managing specific issues.

In July 2022, AMCO appointed the **Stakeholder Engagement and Sustainability Function (hereinafter also referred to as the "SE&S Function")** which oversees the institutional and financial communication and external relations, according to the strategy and guidelines adopted by the Company in line with the Board of Directors' or Top Management's approval. The Head of the Stakeholder Engagement and Sustainability Function has the role of **Chief Sustainability Officer ("CSO")**.

The CSO reports to the Chief Executive Officer and (i) identifies ESG topics of potential importance and identifies those stakeholders whose involvement is required from time to time on the basis of various topics; (ii) identifies strategic areas and proposals for ESG guidelines, objectives and targets; (iii) supports the Risk Management Department in identifying ESG risks associated with relevant topics as well as in defining how the risks should be addressed; (iv) defines ESG reporting standards and KPIs to be included in the ESG reporting process

* In charge as of 31.12.2022

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 Operating Officer (COO)** (i) defines policies and regulations on ESG issues, (ii) manages the supply and purchasing chain, and (iii) identifies and implements actions to reduce the Company's carbon footprint and to promote more efficient consumption of resources and energy sources.

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.

The **Credit & Portfolio Management** Department (i) analyses the portfolio with a view to identifying ESG risks associated with credit management and related assets; (ii) defines, together with the CRO and the other functions involved, possible risk mitigation actions; (iii) analyses the correct application of the management principles related to AMCO's ethical and patient approach.

The **Internal Audit Department** 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 (ICS), in order to ensure the effectiveness and efficiency of the organisation. Pursuant to current legislation on anti-corruption (It. Law no. 190/2012), the Company has also assigned to the Head of the Internal Audit Department, the role of Head of Prevention and Corruption (RPC). In this role, the RPC has the following main responsibilities: (i) arrange the three-year plan for the Prevention of Corruption and verify its implementation; (ii) arrange and release an annual report containing the results of the activities carried out, within the terms established by current legislation; (iii) care and 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, 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 Department holds 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.

The **Anti-Money Laundering (AML) Department**, as part of the Internal Control System, defines, oversees and verifies the consistency, adequacy and effectiveness of internal processes and procedures for preventing and hindering the laundering of money with illicit origin and the financing of terrorism according to a "risk-based" approach. Among its various responsibilities, the Department monitors relationships and transactions with the ultimate aim of preventing and reporting suspicious customer transactions to the Financial Intelligence Unit ("FIU") set up at the Bank of Italy, in the spirit of active cooperation required by the regulations in force. Furthermore, this Department participates, for the areas within its competence and in liaison with the organisational structure responsible for training and with the other corporate control functions, in the setting of an adequate training plan.

231 Model and the management of anti-corruption issues in amco

In order to prevent the commission of offences from which the administrative liability of entities may derive pursuant to Italian Legislative Decree No. 231/2001, in 2006 **AMCO adopted an organisational, management and control model pursuant to Italian Legislative Decree No. 231/2001**, most recently updated by resolution of the Board of Directors on 26 October 2022. The model is reviewed and updated periodically by the Board of Directors, which ensures its effective implementation by evaluating and approving the actions necessary to implement or modify it. For the identification of such actions, the Board of Directors is supported by the Supervisory Board.

With regard to the provisions for the prevention and suppression of corruption and unlawfulness, AMCO adopts a **Three-Year Plan for the Prevention of Corruption**, which integrates - in terms of anti-corruption and combating maladministration phenomena - the measures provided for in the Organisational, Management and Control Model, constituting an integral part thereof. In fact, the plan represents the fundamental document for defining the strategy for preventing and mitigating corruption/maladministration risks within the organisation, and incorporates the measures identified following a special risk assessment exercise on processes at risk, conducted annually by the Corruption Prevention Officer (hereinafter RPCT) with the involvement of all the Managers of the areas at risk. The updated Plan is provided to all employees, with mandatory acknowledgement, and published on the Company's intranet and institutional website.

The Company has also set up a special IT platform for handling **Whistleblowing** reports, which can be reached at <https://amco.segnalazioni.net/>, which guarantees the security and confidentiality of information concerning the report and the whistleblower in compliance with the relevant provisions. Reports forwarded through the platform are received by the RPCT, as the focal point and the person responsible for handling them, who shall involve the Supervisory Board if they concern alleged violations of the aforementioned Model pursuant to Italian Legislative Decree 231/2001. For further details, please refer to the "Anti-corruption/Whistleblowing Principles" section of the Company's institutional website, where you can also find the document **"Policy on Reporting of Illegal behaviour"**, which explains in detail the roles, responsibilities, process and methods for handling reports.

amco Management Committees

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 which is 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 to the Board of Directors on ESG and sustainability; (ii) proposals to 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 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. The ESG and Sustainability Committee met twice in the first half of 2023.

The other Management Committees include: the Credit Committee, the Real Estate Committee (RE) and the Business Continuity Crisis Committee (BCM).

The **Credit Committee** performs advisory functions in favour of the Chief Executive Officer, in accordance with internal regulation.

The responsibilities defined for the Credit Committee include preparing: (i) advisory opinions in favour of the Chief Executive Officer for decisions taken by the latter in exercising the powers assigned to him/her by the Board of Directors on credit matters exceeding the thresholds established for their possible sub-delegation; (ii) advisory opinions in favour of the Chief Executive Officer in preparing resolution proposals for credit decisions falling within the competence of the Board of Directors; (iii) advisory opinions at the request of the Chief Executive Officer on credit issues and/or transactions that do not fall within the cases envisaged in the preceding points; (iv) advisory opinions in favour of the Chief Executive Officer in relation to resolutions concerning indemnification/reimbursement.

The **Real Estate Committee** performs an advisory role in favour of the Chief Executive Officer, in accordance with the provisions of AMCO's internal regulation and with the support of the Credit & Portfolio Management Department as Secretariat of the Committee. The Committee prepares: (i) advisory opinions in favour of the Chief Executive Officer for decisions taken by the same in the exercise of the powers assigned to him/her by the Board of Directors on real estate matters (acquisition, sale, lease, etc. of assets guaranteeing credit exposures or subject to financial lease) of an amount exceeding the thresholds set for a possible sub-delegation; (ii) advisory opinions in favour of the Chief Executive Officer in the preparation of resolution proposals on real estate matters (acquisition, sale, lease, etc. of assets guaranteeing credit exposures or subject to financial lease) under the responsibility of the Board of Directors; (iii) advisory opinions at the request of the Chief Executive Officer on issues and/or transactions in real estate matters that 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) that may compromise business continuity due to the unavailability of company assets (buildings, infrastructures, information systems) and/or resources. The Committee is responsible for managing extraordinary situations and supports the Chief Executive Officer in making strategic decisions, by issuing advisory opinions. The committee is composed of employees who are able to assess the impacts of such situations and identify the appropriate actions to be taken.

GSSE targets achieved in 2022

With this Report, which has been drawn up on a voluntary basis, AMCO aims to highlight the qualitative and quantitative Sustainability objectives achieved in 2022.

These objectives are represented below through the **four pillars** of the Company's Sustainability strategy, through which AMCO can create sustainable value for its stakeholders.

For each of the pillars, credible, structured, measurable and attainable **strategic objectives** are defined; these are broken down into specific **quantitative targets** to be achieved within a predefined time frame. For each target, AMCO monitors its progress on the basis of the activities and initiatives undertaken during the year.



Sustainable Governance

Governance

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

The Governance measures are the basis of our decision-making processes and supervision that are aimed at creating value both internally and externally, also 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 goals**

Through these goals, AMCO commits to pursuing UN SDGs 16 and 17:



- o **"Peace, justice and strong institutions"**



- o **"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. As such, AMCO is committed to train its staff in order to secure a consistent, solid and aligned approach and build relationships based on trust and transparency.

The Company believes that the principles defined 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.

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 retained appropriate skills to counter phenomena that could have adverse effects on the Company's operations, such as situations of data breach or loss.

In support of the above, AMCO has a target to train 100% of employees annually in Anti-Corruption, Anti-Money Laundering and Privacy from 2022.

2022-2025 PLAN: ANNUAL TARGETS		AMCO's performance		
		2020	2021	2022
100% of employees trained annually on Anti-corruption from 2022	✓	97%	99%	100%
100% of employees trained annually on Anti-money laundering from 2022	✓	99%	100%	100%
100% of employees trained annually on Privacy from 2022	✓	89%	98%	100%

● Target achieved.

Targets achieved in 2022

The fight against corruption and money laundering is pursued through the spread of a culture based on integrity, professional ethics and honesty, as well as adequate internal control mechanisms. In fact, AMCO has adopted a Code of Ethics, 10 Principles of credit management, an Organisational 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, as well as 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 structured training sessions for workstreams by area of specialisation, also integrating specific workshops on practical cases. In 2022, AMCO reached the target with 100% of employees trained.

As far as anti-money laundering training is concerned, in 2022, as in 2021, 100% of employees completed the training activities.

In order to protect data privacy, foster cybersecurity, and prevent data breaches that could compromise business continuity, AMCO has adopted 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 Department.

In the area of privacy training, AMCO reached the target of 100% of employees trained in 2022, an increase of 2 percentage points compared to 2021.

2. Aligning management remuneration to ESG objectives

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

In relation to staff remuneration, steps were taken at various organisational levels to integrate ESG KPIs into the company's variable incentive system, in order to create commitment and involvement with the topic. In particular:

- at the **Executive** level, ESG KPIs were integrated within the Long-Term Incentive Plan approved by the Board of Directors in 2022; for the first LTI cycle 2023-2025, the ESG objective included, with a weight equal to 10% of the total weight of the overall objectives, is related to the definition, implementation and external communication of the ESG strategy;
- at the **Non-Executive** level, in the MBO 2023 system all Head of Staff, Control and Business Support Functions areas, integrated, where possible, the ESG KPIs defined in the "Made in AMCO" Plan within their own MBO scorecard.

2022-2025 PLAN: TARGET		AMCO's performance		
		2020	2021	2022
10% of LTI based on the achievement of the objective "Definition and external communication of the sustainability strategy" in 2022	✓	n.a.	n.a.	Yes
✓ Target achieved.				

3. Aligning stakeholders to ESG goals

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

Therefore, the Company is committed to including sustainability criteria within the evaluation of its suppliers, thus aligning external stakeholders with ethical principles and ESG objectives. This approach represents a target for 2023 to increase the traceability of its supply chain.

Furthermore, in order to align its stakeholders with ESG objectives and ethical principles, AMCO commits, as of 2023, to ensure that all employees of the special servicers it works with are trained in anti-money laundering and privacy.

2022-2025 PLAN: ANNUAL TARGETS	AMCO's performance		
	2020	2021	2022
100% of relevant suppliers assessed with ESG criteria from 2023	n.a.	n.a.	n.a.
100% of special servicer employees which work for AMCO trained annually on anti-money laundering and privacy, from 2023	n.a.	n.a.	n.a.

Targets achieved in 2022

During 2022, AMCO defined new contractual standards for special servicing mandates, whereby servicers undertake to provide an annual declaration ensuring that 100% of their employees working with AMCO are trained in AML and privacy.

Moreover, in the standard contractual agreements with special servicers and more generally with suppliers, AMCO includes specific clauses requiring compliance with the relevant regulations and knowledge of the Company's Three-Year Anti-Corruption Plan and 231 Model. The above-mentioned stakeholders are also contractually obliged to promptly report any violations or irregularities committed to the detriment of the public interest, of AMCO and its employees, in the manner and through the information channels provided for by internal whistleblowing regulation..

AMCO has identified as relevant providers of 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

Social

We create new value managing credit with a sustainable approach, following ethical principles, respecting clients and supporting the Italian economy

The adoption of a collaborative 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-judicial solutions**
- 2. Integrate ESG criteria into the credit management and risk management processes, both in the due diligence and post-closing phase**
- 3. Improve the energy labels of repossessed real estate assets**
- 4. Contribute to the financial education of corporates aimed at promoting an adequate level of financial leverage**

Through these goals, AMCO commits to pursuing UN SDGs 8 and 9:



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



- o **“Build resilient infrastructure, promote responsible 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 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 approach** to credit management, embracing 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 the management of conflicts of interest, the fair competitive environment and the fight against organised crime, as well as provisions of laws and regulations.

AMCO defined **10 Principles for credit management** and decided to further commit itself by defining specific objectives related to the sustainable credit management for all its business lines. In fact, specific management targets have been identified taking into account the different features of recovery processes in the context of different categories of loans. These targets represent AMCO's ambition to maintain a collaborative approach across all business lines, using extra-judicial settlements.

The 2022-2025 targets were defined from a 2020-2021 baseline that was strongly characterised by the contingencies related to Covid-19, so, in some cases, these may appear misaligned from the baseline precisely due to Covid-19 effect.

In the course of 2020, the closure of courts led to a sharp reduction in recovery activity through court proceedings, thus significantly increasing the percentage of recoveries through collaborative management.

A further element of attention in defining sustainable management targets is the consideration of the ageing of portfolios as well as business developments. 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.

2022-2025 PLAN: ANNUAL TARGETS		AMCO's performance		
		2020	2021	2022
Realise at least 25% of NPL (Workout) ¹ cash collections from a collaborative approach from 2022	✓	31%	52%	42%
Realise at least 85% of UTP ² cash collections from a collaborative approach from 2022	✓	88%	92%	95%
Realise at least 50% of cash collections from SMEs and individuals ³ from a collaborative approach from 2022	✓	62%	71%	73%

The cash collections from a collaborative approach (out-of-court) include the disposals.

1: NPL extra-judicial collections / Total NPL collections (Workout and SP&S Divisions).

2: UTP extra-judicial collections / Total UTP collections (UTP and SP&S Divisions).

3: SMEs and individuals extra-judicial collections / Total SMEs and individuals collections (Workout, UTP and SP&S Divisions).

✓ Target achieved.

Our sustainable approach. Some successful stories of 2022

Apparel/ Grotto Group



84 employees

€14.8m
restructured debt
Closing Jun-22

AMCO accompanied and supported GAS/ Grotto Group recovery path favouring business continuity and employment protection

Automotive/ Asso Werke



442 employees

€22.4m
restructured debt
Closing Jun-22

AMCO supported the industrial turnaround by providing new financing to back investments for the revamping of production facilities

Real Estate/ Monteluce



€28.8m
restructured debt
Closing Oct-22

AMCO facilitated the agreement with creditors and supported a debt restructuring agreement for the requalification of the Monteluce (PG) district

Real Estate/ Torre Aquileia



€19.9m
restructured debt
Closing Jun-22

AMCO acquired at auction the residential building in Jesolo (VE) and successfully closed the sale of almost all the properties thanks to effective marketing activities

Tourism- hotellerie/ Edilmarina

55 employees

€20.5m
restructured debt
Closing Mar-22

Debt repayment plan defined with the company, in line with cash flows from the hotellerie business

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

In order to ensure the proper and informed assessment, assumption and management of ESG risks, AMCO is committed to integrating ESG criteria into the assessment, management and reporting of the credit portfolio risks - including environmental, social and regulatory risks.

Within 2024, “ESG risk” will be introduced in the Risk Framework. In this regard, specific geo-sectoral clusters are being defined for the assessment of physical and transitional risks on the basis of which define the risk level of exposures. The evaluations will be instrumental in monitoring the portfolio and assessing overall risks. In addition, this information will be made available to business functions so that they can be factored into credit assessments.

The assessment of exposure to ESG risks requires complete and up-to-date information on counterparties and/or collateral properties. The evaluation of the best data bases available on the market to define the degree of risk of geo-sectoral clusters is underway.

2022-2025 PLAN: TARGETS		AMCO's performance		
		2020	2021	2022
Embed the ESG assessment criteria in the Investment Procedure (with particular reference to climate and environmental risks) by 2022	✓	n.a.	n.a.	Yes
Map high ESG risk geo-sectoral clusters by 2024		n.a.	n.a.	n.a.
Insert relevant ESG criteria in the credit risk portfolio evaluation process by 2024		n.a.	n.a.	n.a.
Embed the ESG risks in the Risk Framework by 2024		n.a.	n.a.	n.a.

✓ Target achieved.

Targets achieved in 2022

The Procedure for Strategic Significant Transactions, regulating the purchase of credit portfolios, has been supplemented by including the analysis of the main ESG profiles in the Due Diligence phase. Specifically, a geo-sectoral analysis of the portfolio (ATECO/Region of residence), aimed at verifying exposure to sectors/geographical areas exposed to ESG risks, and the recognition of any environmental risks or criticalities relating to real estate or instrumental assets connected to leasing portfolios are envisaged.

3. Improve the energy labels of repossessed real estate assets

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

2022-2025 PLAN: TARGET	AMCO's performance		
	2020	2021	2022
Map the energy label of AMCO's repossessed properties* with the aim to evaluate potential investments to improve their energy label	n.a.	n.a.	16%
50% mapped by 2023	-	-	-
75% mapped by 2024	-	-	-
90% mapped by 2025	-	-	-

* Real estate related to leasing contracts are excluded

Targets achieved in 2022

During 2022 and early 2023, AMCO started the process of mapping the energy class of repossessed properties in order to assess possible investments for greater energy efficiency.

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 funding instrument for companies, especially SMEs, which often have access to limited forms of financing.

2022-2025 PLAN: ANNUAL TARGET	AMCO's performance		
	2020	2021	2022
Implement at least two financial training initiatives annually from 2023	n.a.	n.a.	n.a.



Sustainable
development
of human
capital

Social

We grow together

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

AMCO is committed to give value to its people promoting their competencies' growth, satisfaction and wellbeing, 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. AMCO also reaffirms its commitment to promoting equality and inclusion, in all forms.

The Sustainability Plan includes the following strategic objectives:

- 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:



- o **"Ensuring healthy lives and well-being for all, at all ages"**

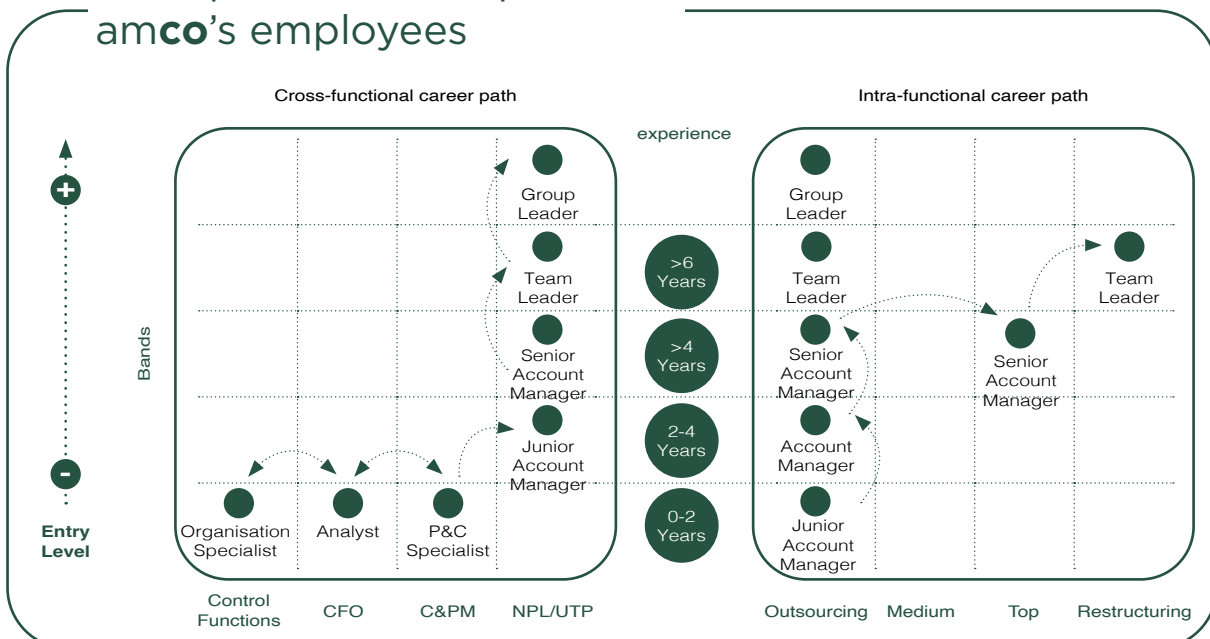


- o **"Achieving gender equality and empower women and girls"**

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 the planning of career and growth paths (as shown below for example) in line with the needs of the Company's business and the ambitions of each employee.

Examples of career paths for amCO's employees



Building and preserving people's satisfaction and motivation over time are core values for the Company which:

- enhances performance with an incentive system linked to qualitative and quantitative targets, related to the business context, each individual and function/business unit;
- invests in engagement initiatives to involve people and promote virtuous actions;
- believes in well-being both by facilitating work-private life balance and supporting personal development, also through projects and activities with different objectives, including the reduction of internal and external environmental impacts of the Company, activating eco-sustainable and responsible behaviours.

2022-2025 PLAN: ANNUAL TARGETS		AMCO's performance		
		2020	2021	2022
Deliver ESG training for all employees from 2022	✓	n.a.	n.a.	Yes
Implement Senior Executives and employee engagement initiatives from 2022	✓	n.a.	n.a.	Yes
Ensure acceptance of at least 90% of total part-time requests, on an annual basis, from 2022	✓	100%	100%	100%
Ensure flexible work options (smart working) aimed at a suitable work-life balance from 2022	✓	100%	100%	100%

2022-2025 PLAN: TARGETS		AMCO's performance		
		2020	2021	2022
Enhance Welfare services for employees in 2022	✓	n.a.	n.a.	Yes
Prepare succession plans for all senior positions reporting to the CEO/GM by 2023		n.a.	n.a.	n.a.

✓ Target achieved.

Targets achieved in 2022

AMCO has in place **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 provided to all employees, of all professional levels.

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, with the proposal and understanding of individual and team needs, also in light of the developments of AMCO and of its business. Among these, mandatory training is a necessary but not sufficient condition to benefit of the variable compensation component.

As far as Sustainability training is concerned, AMCO continues to engage in initiatives aimed at enhancing the ESG culture within the Company, such as (i) the creation of a sustainability section on the corporate intranet and the subsequent sending of an introductory email to all employees, (ii) internal awareness-raising activities the day after the publication of the Sustainability Plan, an activity that was particularly successful in December 2022 with the participation of about 86% of employees, and (iii) the launch of a mandatory online course on ESG issues for all employees through an e-learning platform.





The training course on ESG topics was launched on 31 January 2023 and 100% of the employees enrolled at that date completed the course. The course continues to be provided to all new employees.

The course consists of 2 training modules aimed at:

- acquiring the basic concepts related to the evolution of the regulatory and market environment with regard to sustainability issues;
- sharing the sustainability path undertaken by AMCO and review the 4 pillars and targets of the GSSE strategy.

As of 2023, ESG training has thus been included in the mandatory corporate training program to be provided on an annual basis, on the basis of specific training campaigns that AMCO will organise according to the topics.

AMCO plans also to provide and carry out structured training programmes on ESG topics to members of the Board of Directors and the Board of Statutory Auditors.

As far as corporate **benefits** are concerned, AMCO envisages the following ones:

- smart working up to 10 days per month, to be managed in a flexible way;
- meal vouchers with a higher value than market practice (€10), even on smart working days;
- health insurance policies to cover medical and accident expenses;
- a welfare program run on a platform with additional services for all employees;
- possibility to join of the supplementary Pension Fund and to benefit of the Company's supplementary pension contribution, also on the portion of variable compensation;
- scholarships for employees' children;
- net additional welfare contribution of €1,000 for new parents;
- additional permits for blood donation, paternity leave and family assistance.

The most recent trade union agreement was signed at the end of 2022 with a three-year horizon (2023-2025), introducing an incremental increase over the three-year period of resources allocated to welfare projects for the benefit of its employees - from €2,000 in 2022 to €5,000 in 2025.

Initiatives of engagement and wellbeing

With regard to engagement initiatives, staff actively participate in AMCO's Sustainability path. In fact, a value campaign was realised with 35 employees, as "Value Ambassadors", divided into 7 teams. By way of group activities, the employees involved were able to participate in the definition and drafting of the AMCO Values, feeling that they were an integral part of the process.



During 2022, AMCO launched an engagement and wellbeing project aimed at all employees, in cooperation with its partner Healthy Virtuoso, an App that allows the physical activity of all participants to be measured via mobile phone or other devices. Thus, the "AMCO HEALTH CHALLENGE" was launched, which, through engaging competitions between colleagues, encourages all employees to have a healthy lifestyle, rewarding all those who commit to virtuous behaviours. In addition, for every AMCO employee who joins the project, Healthy Virtuoso is committed to plant a tree.

As of 31 December 2022, 154 employees were enrolled and had completed 150 million steps and 5,259 hours of sport (15 minutes of sport per day on average per person). The challenges launched since May 2022 totalled 915.





Paying increasing attention to wellbeing in the office, in order to maintain a healthy life-style even during working hours, AMCO has adopted the most advanced solutions for the distribution, storage and heating of food for lunch breaks, and provided 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. Food labels show ingredients, allergens, nutritional values and kcal.

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

In 2023, a quiet room was created in the Milan office to allow people to have “short breaks for relaxation or meditation”. In the quiet room, there are Strafit activators for a few minutes of light exercise and small movements on the spot, thus avoiding the negative health effects of sedentariness. Also with this in mind, Fitballs were placed in the “phone rooms”.

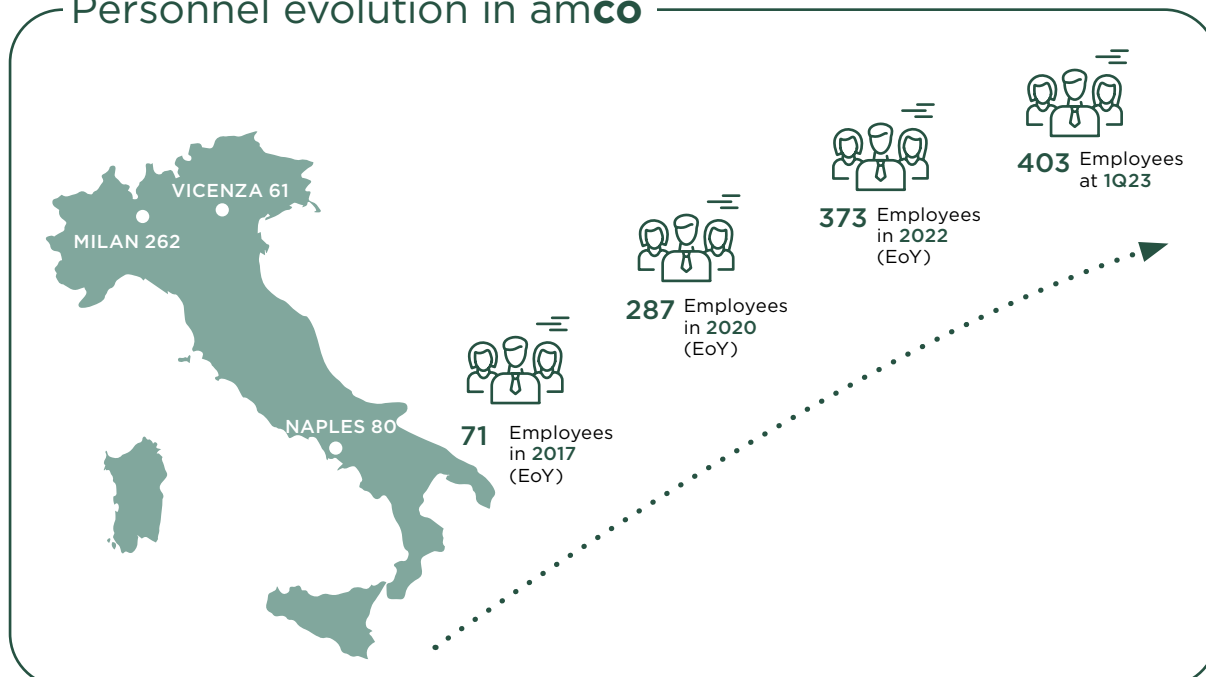
2. Be a group of inclusive and balanced professionals, oriented to valuing equality and inclusion in all its forms

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

As of 31 December 2022, AMCO can rely on the experience and professionalism of 373 specialised employees motivated to achieving high levels of performance in different areas, enabling AMCO to confirm itself as a leader in its sector.

Out of 373 employees, 60% is represented by men while 40% by women. The average age of the workforce is 43 years and employees contribute to the company’s development and the achievement of strategic goals by bringing diverse backgrounds, professional experiences and skills.

Personnel evolution in amco



As of 31 December 2022, AMCO's workforce was composed as follows:

Staff composition by category, gender and age ¹⁷	2021				Total	2022				Total
	Women (n)	Women (%)	Men (n)	Men (%)		Women (n)	Women (%)	Men (n)	Men (%)	
Executives										
≤ 31 years	0	0.0	0	0.0	0	0	0.0	0	0.0	0
32 - 39 years	0	0.0	0	0.0	0	0	0.0	2	11.1	2
40 - 54 years	4	80.0	9	60.0	13	4	80.0	10	55.6	14
≥ 55 years	1	20.0	6	40.0	7	1	20.0	6	33.3	7
Total Executives	5	100	15	100	20	5	100	18	100	23
Managers										
≤ 31 years	2	2.5	11	7.4	13	1	1.0	9	5.6	10
32 - 39 years	18	22.2	37	25.0	55	26	27.1	42	25.9	68
40 - 54 years	52	64.2	76	51.4	128	59	61.5	85	52.5	144
≥ 55 years	9	11.1	24	16.2	33	10	10.4	26	16.0	36
Total Managers	81	100	148	100	229	96	100	162	100	258
Professional Areas										
≤ 31 years	12	24.5	17	38.6	29	14	29.8	16	35.6	30
32 - 39 years	10	20.4	14	31.8	24	11	23.4	18	40.0	29
40 - 54 years	24	49.0	13	29.5	37	19	40.4	11	24.4	30
≥ 55 years	3	6.1	0	0.0	3	3	6.4	0	0.0	3
Total Professional Areas	49	100	44	100	93	47	100	45	100	92
Total	135		207		342	148		225		373

As proof of AMCO's desire to build long-lasting relationships with its human capital, it should be noted that almost all of the employment contracts entered into by the Company are open-ended, as shown in the table below.

Number of employees by contract type by gender	2021			2022		
	Women	Men	Total	Women	Men	Total
Open-ended	133	205	338	147	223	370
Fixed term	2	2	4	1	2	3
Total	135	207	342	148	225	373

¹⁷ The age groups were reworked - compared to the age groups usually considered by the reporting standards (i.e. <30; 30-50; >50) - in order to be more representative of the composition of AMCO's staff.

2022-2025 PLAN: ANNUAL TARGETS	AMCO's performance		
	2020	2021	2022
Launch an awareness campaign on D&I issues (at least once a year) from 2023	n.a.	n.a.	n.a.
Ensure balanced selection processes with head hunters : 50% of candidates belonging to the least represented gender annually from 2023	n.a.	49%	22%

Targets achieved in 2022

AMCO guarantees gender-neutral access to internal career and growth paths and the related development by providing objective criteria for determining both role (through assessment) and salary/level promotions.

Gender equality is also reaffirmed in the conduct of the **Personnel Research, Selection and Recruitment Procedure** in compliance with the principles of impartiality, transparency and equal opportunities and is also guaranteed in the candidate selection process by headhunters.

In 2022, in fact, all contracts with headhunters were designed to ensure a balanced selection that respects the principles of gender equality. However, a lack of interest and availability of female profiles in the research and selection of sector specialists sought through headhunters has been observed on the market. For this reason, the balance of gender representation in selection processes with headhunters is worse in 2022 than in 2021.



Environmental protection

Environment

We respect our future
with a sustainable and responsible behaviour

AMCO is ever more sensitive to environmental protection thanks also to the management of the most significant direct impacts for 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**

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



- **“Ensure sustainable patterns of production and consumption”**



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

1. Contribute to climate change mitigation

AMCO is committed to monitoring and reducing its carbon footprint; for this reason, it has defined a strategy comprising specific initiatives, which impact on:

- direct emissions of GHG (Scope 1) related to energy consumption for heating purposes and for the corporate fleet;
- indirect emissions of GHG (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 on their reduction, in the short term. These emissions will be considered in the medium term.

2022-2025 PLAN: TARGETS	AMCO's performance		
	2020	2021	2022
Calculate Scope 1 and 2 GHG emissions ¹⁸ by 2022	-	271 tCO _{2e}	556 tCO _{2e}
-50% of GHG emissions compared to 2021 deriving from operational activities (Scope 1 e 2) by 2023	✓	-	
-55% of GHG emissions deriving from operational activities (Scope 1 e 2) by 2025		-	

✓ Target achieved.

¹⁸ Scope 2 GHG emissions are calculated according to the Market-based methodology.

2022-2025 PLAN: ANNUAL TARGETS	AMCO's performance		
	2020	2021	2022
100% of electricity from renewable sources (Scope 2) from 2023	0%	0%	16%
100% of car fleet with low environmental impact (Scope 1) by 2023	19%	48%	91%

Targets achieved in 2022

AMCO's main energy consumption can be traced back to (i) consumption of natural gas, used for heating up the offices before being permanently replaced with electric heat pumps; (ii) consumption of diesel and petrol related to the company car fleet; (iii) consumption of electricity purchased for the operation of the Company's offices.

AMCO's direct and indirect energy consumption - related to the Milan, Vicenza and Naples sites - is represented below:

Direct and indirect energy consumption	u.o.m.	2022
Natural gas		373
Diesel	GJ	785
Petrol		403
Electricity		4,230
of which from certified renewable sources	GJ	692
of which from non-renewable sources		3,538
Total direct and indirect energy consumption	GJ	5,791

In 2022, AMCO achieved its goal of calculating its Scope 1 and Scope 2 GHG emissions in order to reduce its carbon footprint over the course of the Plan. AMCO's Scope 1 and Scope 2 GHG emissions in 2022 are therefore represented as follows:

Scope 1 and 2 GHG emissions	u.o.m.	2022
Natural gas		21
Diesel	tCO _{2e}	58
Petrol		28
Electricity		449
of which from certified renewable sources	tCO _{2e}	-
of which from non-renewable sources		449 ¹⁹
Total Scope 1 and 2 GHG emissions	tCO_{2e}	556

¹⁹ Scope 2 GHG emissions are calculated according to the Market-based methodology.





The relocation of the Milan headquarters to offices in Via San Giovanni sul Muro with a significant increase in available space, from about 1,400 m² to about 5,600 m², in line with the increase in personnel, had a decisive effect on the Company's consumption trend and consequent emissions in 2022.

However, in order to reduce GHG emissions in 2023 by 50% compared to 2021, the Company launched several initiatives in 2022, including:

- the installation of **heating systems powered by electric heat pumps** to replace natural gas boilers at the Naples and Milan sites;
- the **switch, in the latter part of the year, of all electricity supply contracts** of the Company's offices to energy deriving from **renewable** sources, guaranteed **by certificates of origin**. In 2022, the percentage of certified renewable energy was 16% of the energy used;
- the **replacement of corporate cars with hybrid ones**, to be completed by 2023. As of 2022, AMCO's company car fleet consisted for 91% of mild hybrid or plug-in cars.

Further actions are planned in the coming years, including the possible installation of heating systems powered by electric heat pumps also at the Vicenza office by 2025 or its relocation to a more energy-efficient building. An evaluation and research for a potential more energy-efficient building is also underway for the Naples site.

These targets will enable AMCO to continue towards the reduction of its carbon footprint.

2. Promote an efficient and responsible use of natural resources and energy sources

AMCO promotes the efficient and responsible use of natural resources and energy sources. In this regard, controls have been established at all locations to ensure more conscious and sustainable energy consumption and proper waste separation.

As part of this objective, AMCO is also committed to favouring and investing in sustainable supply chain solutions and to create training and information paths by driving change through the engagement of its employees.

2022-2025 PLAN: TARGETS	AMCO's performance		
	2020	2021	2022
Install drinkable water dispensers to all premises by 2022	✓ 1 HQ out of 3	1 HQ out of 3	3 HQs out of 3
100% of FSC-certified sustainable paper supply by 2022	✓ 100%	100%	100%
Obtaining LEED Gold certification (exterior and interior) for the Milan headquarters by 2023	✓ n.a.	n.a.	Yes

✓ Target achieved.

Targets achieved in 2022

In 2021, the Milan office building underwent redevelopment and in early 2023 was awarded the **LEED Gold certification**, an American protocol developed by the U.S. Green Building Council (USGBC), which regulates a stringent standard for assessing the degree of environmental sustainability of buildings. In addition, AMCO, among the first in Italy, also started the procedures for Fitwel certification, confirming the attention paid to the health and well-being of employees.

The LEED Gold certification was also achieved thanks to a number of specific elements in the Milan building. A photovoltaic panel system provides energy to the common parts of the building. In addition, the lighting system is regulated by motion detection sensors that reduce the excess energy resource consumption. In line with the LEED protocol, the use of low-consumption plumbing fixtures and a rainwater-fed dual network sanitation system guarantees a 65% reduction in water consumption compared to standard buildings.

In order to minimise the consumption of plastic from the use of water bottles, new **purifiers** for the production of osmotic water from tap water have been installed in all catering areas with kitchens at all AMCO headquarters.

In addition, with regard to the paper and stationery used in the performance of operational activities, AMCO uses stationery made of **FSC-certified paper** and recycled plastic. The waste separation process is also guaranteed in all offices.

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 addition, as of January 2023, AMCO uses only rechargeable batteries for mice and keyboards to reduce environmental pollution from spent batteries, paper and plastic packaging, in line with the objectives of the European Circular Economy Action Plan.

In order to **reduce GHG emissions and cut energy costs**, in addition to the initiatives described above, **pre-established office closures** have also been put in place, starting in winter 2022, to coincide with the days of greatest transport congestion, winter holiday and bank holiday periods, as well during the week when temperatures are usually at their coldest, thus ensuring a reduction in home-work mobility and consumption associated with office operations.

2022-2025 PLAN: ANNUAL TARGET		AMCO's performance		
		2020	2021	2022
Launch of at least one campaign a year to raise awareness and educate employees on environmental responsibility issues from 2022	✓	n.a.	n.a.	Yes

✓ Target achieved.

Employee awareness and educational initiatives



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).

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

Specifically, in order to increase people's environmental awareness and involve them in an education and awareness-raising process aimed at reducing their impact on climate, MUGO was chosen as partner and the one-year project "AMCOPeople4Environment" was launched, which provided 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. By the end of March 2023, 11 pills and 11 climate coaching modules have already been made available to employees, with a completion rate of 88% from employees who registered on the platform.

Furthermore, starting from 2022, in **collaboration with Rete Clima**, AMCO has created two events of reforestation, participated by employees, the last one held in March.

At the first Company Forest Day, in the Milan area, 30 colleagues from all departments of the Milan office, accompanied by a representation of Directors, were involved in the planting of a total of 150 trees, with the aim of reforesting an area in the Milan hinterland and encouraging the birth of a **new urban forest**, making their own contribution to combating GHG emissions.

At the second Company Forest Day, which took place in Tribano (PD), 22 colleagues from the Vicenza office were involved. In just a few hours, they planted more than 250 trees, helping to generate benefits for the local area and the community.

Future events include an additional forestation meeting for the Naples office, environmental activities to combat drought, and plogging activities (cleaning, waste collection and contribution to the maintenance of urban green areas).

In 2022, AMCO also launched an annual project to combat food waste in cooperation 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.

In addition, in 2022 AMCO activated several solidarity initiatives during the Christmas period. In addition to the collaboration with Banco Alimentare, for the donation of gifts and the collection of funds in favour of UNICEF for Ukrainian children, four different non-profit organisations were contacted in the weeks leading up to Christmas to carry out a solidarity fundraising activity in attendance.

Methodological note

The 2022 Sustainability Report of AMCO - Asset Management Company S.p.A. is a **voluntary non-financial reporting** document; in fact, the regulatory provisions currently in force regarding non-financial reporting do not envisage any obligation for the Company. In view of this voluntary nature, this document is not subject to external assurance. Nonetheless, although not required by law, the Board of Directors examine the document and approves it during one of its formal meetings.

This Report represents the **second non-financial reporting document** published by AMCO, through which the Company intends to represent the **development of the sustainability path** already started and to highlight the **first qualitative and quantitative objectives achieved**, as well as to communicate AMCO's commitment to sustainability aspects, in consideration of the activities carried out by the Company, the characteristics of the business, the objectives defined and the actions taken during the reference financial year (1 January 2022 - 31 December 2022 and the first 6 months of 2023).

To this end, for each objective defined within the four GSSE Pillars, summary tables have been provided showing the targets to be achieved in the predefined time frame and the first qualitative and quantitative results achieved in the last three years 2020-2022, calculated through specific KPIs. The data and information represented in the Report, covering all three ESG dimensions, refers to the corporate scope of AMCO - Asset Management Company S.p.A. The source of the qualitative and quantitative information reported within this document is a collection of internal data directly provided by the functions involved in the non-financial reporting process.

AMCO undertakes to report annually on the information contained in this Sustainability Report.

For further information on the contents of this Sustainability Report, please contact: investor.relations@amco.it.

Appendix

Material-impact correlation table

MATERIALITY TOPICS	IMPACT
ETHICS AND INTEGRITY	Corruption and money laundering episodes and negative reputational consequences Building relationships of trust with stakeholders (i.e. customers, external networks of special servicers and lawyers) through the implementation of internal control systems
RELATIONS WITH INSTITUTIONS	Positive spill-over effects on the system through collaboration with institutions and public administration New (e.g. regulatory) requirements resulting from supervisory authorities' provisions
BUSINESS CONTINUITY	Disruption of business continuity following the occurrence of systemic risks resulting from unprecedented large-scale external shocks and events
CYBERSECURITY AND DATA PRIVACY	Loss of sensitive data of customers, employees and external networks (data breach) Unavailability of online services due to cyber attack
SUSTAINABLE SUPPLY CHAIN MANAGEMENT	Corruption and money laundering episodes along the supply chain and negative reputational consequences Traceability of the supply chain by selecting and evaluating suppliers according to ESG criteria
TRAINING AND DEVELOPMENT	Upskilling and reskilling of human capital Competent, motivated and satisfied professionals through talent attraction and retention policies Unavailability on the market of skilled professionals in the relevant sector
HEALTH, SAFETY AND WELFARE	Accidents at the workplace Work-life balance through the provision of a corporate welfare system
DIVERSITY & INCLUSION	Unavailability on the market of professionals balanced in terms of gender, age, skills, geography
COMMUNITY RELATIONS	Positive impact on the community in which the organisation operates by carrying out social impact activities
CUSTOMER SATISFACTION	Prompt customer response Inefficient handling of complaints and reports by the organisation and external networks and negative consequences in terms of reputation as well as for customers
INCLUSION AND FINANCIAL EDUCATION	Increased information on financial services Promoting accessibility to credit Raising clients' awareness of good leverage management
ESG ASSESSMENT OF CLIENTS AND PORTFOLIOS	Mitigation of counterparty risks through due diligence and post-acquisition monitoring incorporating ESG criteria
SUSTAINABLE CREDIT MANAGEMENT	Business continuity of companies in financial difficulties and preservation of jobs through Company's patient management Absence of financial or reputational stress on customers by adopting a non-speculative approach
CREDIT QUALITY AND STABILITY OF THE CREDIT SYSTEM	Customer's inability to meet its obligations Stress on the credit system and the country economic system linked to the non-recovery of debts
ENVIRONMENTAL RESPONSIBILITY	Production of organisation- and portfolio-related GHG emissions New requirements imposed by the regulator to limit GHG emissions Material consumption and waste generation

Definitions

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

Indirect GHG emissions from energy consumption (Scope 2): GHG 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 GHG 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 Plan: three-year plan representing AMCO's vision of sustainability, consisting of the four pillars that redefine the word ESG according to AMCO's strategic priorities.

Sustainability Pillar: AMCO's priority sustainability area under which the Company has defined qualitative and quantitative objectives.

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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