



Sustainability Report **2023**





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Reading guide

We would like to present to you our **second Sustainability Report** drawn up on a voluntary basis, which aims to give stakeholders an account of our environmental, social and governance performance. In this document, we analyse and present our management policies, the results achieved, current and potential risks and the relevant indicators for our business, with reference to the three-year period 2021-2023.

To ensure the quality of the information and to bring our Report in line with Italian and European best practices, we decided to prepare it **in accordance with the reporting principles and information requirements defined by the Global Reporting Initiative (GRI)**¹.

The document opens with this “Reading guide”, followed by the “**Letter to Stakeholders**” from Massimo Gianolli, the CEO of Generalfinance, which lays out the **reasons** that led us to embark upon this process as well as our **goals** for the future.

The central body of the document is organised into **six chapters**. Each chapter opens by listing the GRI Standards it reports and the relative connection to the Sustainable Development Goals of the United Nations 2030 Agenda.

Each chapter includes:

- **qualitative information** on the management methods adopted with reference to each of the sustainability topics analysed;
- **quantitative information** selected in the form of KPIs and represented by charts and tables;
- several **in-depth sidebars** relating to particularly important content, recognisable by their grey background.



¹ The Global Reporting Initiative (GRI) is a non-profit organisation created with the aim of providing concrete support in sustainability performance reporting to companies and institutions of any size, in order to measure the environmental, social and economic impact generated by their activities. The GRI Standards are applied voluntarily and recognised worldwide as the main reference for non-financial reporting.



In the first chapter, “**About us**”, we present the macro trends of the financial sector and of factoring in particular, talk about our mission, our guiding values and our history from our founding to date, and analyse the classification of the market segments in which we operate and our customers. Lastly, we describe the governance structure and how we comply with the principles of ethics and integrity in conducting our business and in relations with stakeholders.

The second chapter, “Our approach to sustainability”, describes the approach taken over the years to ESG issues, with details on actions undertaken in 2023 to identify the material topics. We also provide a description of our contribution to reaching the 2030 Sustainable Development Goals defined by the UN.

The third chapter, “**Our people**”, focuses on analysis of our relationship with employees, describing our policies on equal opportunity and diversity, personnel management, career development and occupational health and safety.

The fourth chapter “**Our relationships with the community**” describes one of the main topics of this report, namely our role, within the financial ecosystem, as an entity supporting distressed businesses. This section also describes the forms of support, in terms of sponsorships and participation in initiatives, that we adopt in favour of local communities, our primary reference point.

In the fifth chapter, “**Our environmental impact**”, we report on the main environmental aspects of our Company, namely energy consumption, emissions impact and the use and management of materials and waste. Given the nature of our business, we have no significant environmental impacts but, in line with international ESG trends, we have preferred to provide a disclosure on what is now such a central issue.

The sixth and final chapter “**Our economic and governance performance**” provides an overview of our economic-financial performance and that of the factoring market, with an in-depth analysis of the creation of economic value and its distribution among stakeholders. In addition, we provide a number of in-depth analyses on issues that we believe to be central, such as risk management, innovation and the protection of customer privacy.

Lastly, the “**Appendix**” includes analyses on the quantitative information required by the GRI Standards; the Methodological Note, which explains the technical aspects underlying the preparation of the Sustainability Report; a Glossary to clarify some terms typical in our business; and the GRI Content Index, which explains the connection between the GRI disclosures and each chapter of the document.



Letter to the stakeholders

We are pleased to present the 2023 Sustainability Report of Generalfinance S.p.A. This document reflects the commitment to implementing a detailed strategy that follows three trajectories: environmental, social and governance and their integration into our business model. We have embraced the concept of sustainability, paying particular attention to social issues. In fact, we believe that the first element of a true ESG strategy consists in supporting the company's recovery and relaunch process.

Over the last few years, we have increasingly focused our actions on adopting sustainable business practices, thanks to the definition of strategies to increase energy efficiency, minimising waste and environmental impact. We have also launched waste recycling programmes, reducing the use of plastic and paper through record digitalisation and the use of software that is entirely cloud-managed, thus boosting our commitment to a sustainable future.

We recognise the importance of promoting an inclusive and diverse work environment. We have promoted merit-based equal opportunities for all our employees, investing in their continuous training and career development, aware that employee well-being and growth are fundamental to the long-term success of the company.

Lastly, a solid corporate governance system is essential for our organisation. We have an independent, competent Board of Directors, which is committed to providing effective supervision.

We have adopted fair and transparent remuneration policies that encourage the achievement of sustainable long-term objectives. In addition, we ensure the full disclosure of financial information, enabling investors to make informed decisions.



«The steps taken to date are only the beginning of a path that we intend to continue following for years to come.»

Massimo Gianolli,
CEO Generalfinance S.p.A.



1 About us



SDG



GRI Standards

2-1, 2-6, 2-9, 2-10, 2-11, 2-12,
2-14, 2-17, 405-1





1.1 BUSINESS CONTEXT

We are in the business of factoring, «a flexible working capital management tool that provides access to a source of ready liquidity consistent with actual business requirements» (Assifact).

The legal instrument underlying our business is the assignment of receivables pursuant to Italian Law no. 52 of 21 February 1991 (“Regulation on the assignment of business receivables”), whereby the legislature governs the assignment of existing and future business receivables and the assignability of receivables, also en bloc, and for the assignee facilitates the enforceability of assignments with respect to third parties.

In particular, factoring is an instrument whereby one party, the factor, purchases receivables deriving from business activities, allowing the assignor to obtain immediate liquidity.

With reference to the risk of non-payment, there are two receivable assignment methods - with recourse and without recourse.

These are distinguished by the guarantee of debtor solvency being assumed by the assignor, or by the factor. In particular, *with-recourse factoring* is a financial tool whereby the assignor retains the risk of debtor default, despite assigning the receivable to the factor.

In *without-recourse factoring*, on the other hand, the risk of debtor default is assumed by the factoring company. Both of these methods can be used for financially sound companies, performing companies and for those in a difficult financial situation, *distressed businesses*. In particular, the *with recourse* method is particularly suitable for the latter category of companies, since it provides immediate liquidity, which can be difficult to obtain through the traditional banking channel, while exploiting the factor’s ability, from an operational partnership perspective, to manage portfolios of numerous and complex debtors, thus optimising collection timing.

The 2023 data collected by the *EU Federation for Factoring and Commercial Finance for the European factoring market* show a 2.1% increase in turnover compared to the previous year. The total turnover of the factoring sector in

WITH- RECOURSE FACTURING	THE ASSIGNOR RETAINS THE RISK OF DEBTOR DEFAULT
WITHOUT- RECOURSE FACTURING (“OUTRIGHT PURCHASE”)	THE RISK OF DEBTOR DEFAULT IS ASSUMED BY THE FACTORING COMPANY

Europe exceeded EUR 2,400 billion during the year with factoring sector turnover representing approximately 12.3% of European GDP in 2023.¹

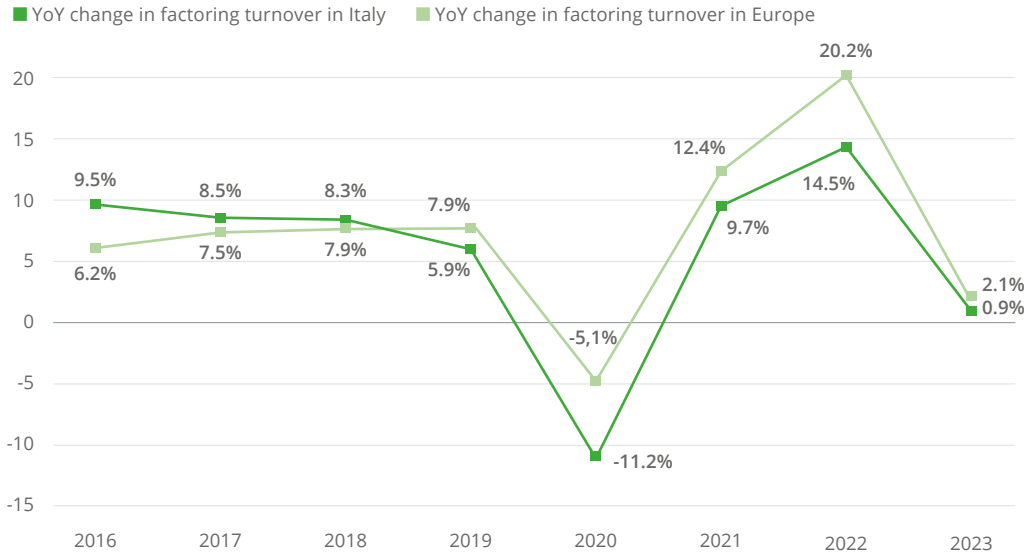
Sector growth was also possible thanks to the robust increase in demand, company requirements linked to state aid repayments, high inflation and the rising prices of goods and commodities as a result of the outbreak of the war in Ukraine (EU Federation, 2023).

¹ <https://www.euf.eu.com/data-statistics/annual-factoring-data.html>



As shown in the chart below, in 2023 Factoring in Europe recorded growth of 2.1% compared to the previous year. (EU Federation, 2023).

CHANGE IN FACTORING TURNOVER ITALY AND EUROPE



Source: UeFederation, 2022.

The figures vary depending on the country of reference. In particular, in 2023 factoring in Italy recorded a growth in Turnover of approximately 1%, confirming a market share of 12.2% of the total volume of factoring in Europe (EU Federation, 2023).

France remained the European market leader in 2023 with a share of 17.5% of the total factoring volume, followed by Germany (15.7%), the United Kingdom (14.9%) and Spain (11.1%)².

In 2022, Assifact, the Italian Factoring Association, published the third edition of a survey on demand for factoring services³, involving a significant sample of companies operating in Italy.

² <https://www.euf.eu.com/data-statistics/annual-factoring-data.html>

³ Assifact, KPMG Italy, 2022.

According to the analysis, companies' perception of factoring as a tool for "relations" with customers is increasing, with a resulting decrease in the percentage of companies that consider it a mere

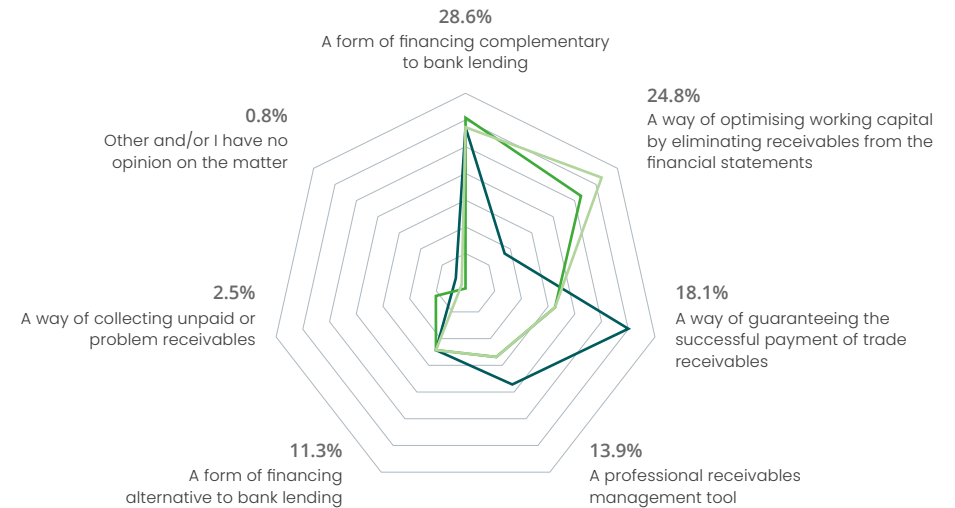
"financing" tool. Nevertheless, "the requirements linked to working capital remain mainly anchored to "primary" needs, i.e. ensuring the liquidity of the supplier company and avoiding outstanding payments" (Assifact, KPMG Italy, 2022). Despite this awareness, the reasons underlying factoring demand in Italy and the perception of this activity have changed compared to the past.

Factoring is now more widely perceived as a tool to optimise the working capital of companies. Indeed, according to 28.6% of the survey responses, it is considered a form of financing complementary to bank lending, but not an alternative, as indicated in 11.3% of the responses. Factoring is also perceived as a way of optimising working capital by eliminating receivables from the financial statements (24.8%) and of guaranteeing the successful payment of trade receivables (18.1%).

What does factoring represent?

(% breakdown of responses, breakdown by company size)

■ Small enterprise ■ Medium enterprise ■ Corporate



Source: Assifact, KPMG Italy, 2022.



The analysis shows the long-lasting and continuous relationship over time between factors and the assignors interviewed, which mainly rely on non-recourse factoring, confirming the higher degree of satisfaction with the use of factoring compared to past surveys: in 2022, 54.7% of businesses considered it highly positive compared to 7% in 1997.

Lastly, in line with the evolution of the European regulatory framework on sustainability, also in the factoring sector, initiatives are under way to integrate ESG factors into a number of business areas, ranging from business strategy to the product catalogue. The benefits of integrating ESG risks into business processes and disclosures could result in lower capital absorption and improved market and reputational positioning, thus generating value for the factors as well as for assignors and assigned debtors.





1.2 OUR MISSION AND VALUES

We are a supervised financial intermediary specialising in factoring and a leader in the distressed business segment. Our mission is focused on supporting Italian companies, particularly those committed to recovery plans.

This contribution, primarily financial, has also proved to be socially decisive over the years. Our intervention is decisive because through factoring we support companies that would otherwise struggle to obtain financing through

traditional credit channels. Over the years, our support has been significant for hundreds of distressed businesses, which were consequently able to preserve jobs and the continuity of their generation of social and economic value. This responsible approach, combined with capital and financial discipline, the incentive policy and the growth of personnel, is the driving force behind the success of our Company.

«Sustainable robust growth, high profitability and contained risk are our main objectives»

*Massimo Gianolli,
CEO Generalfinance S.p.A.*

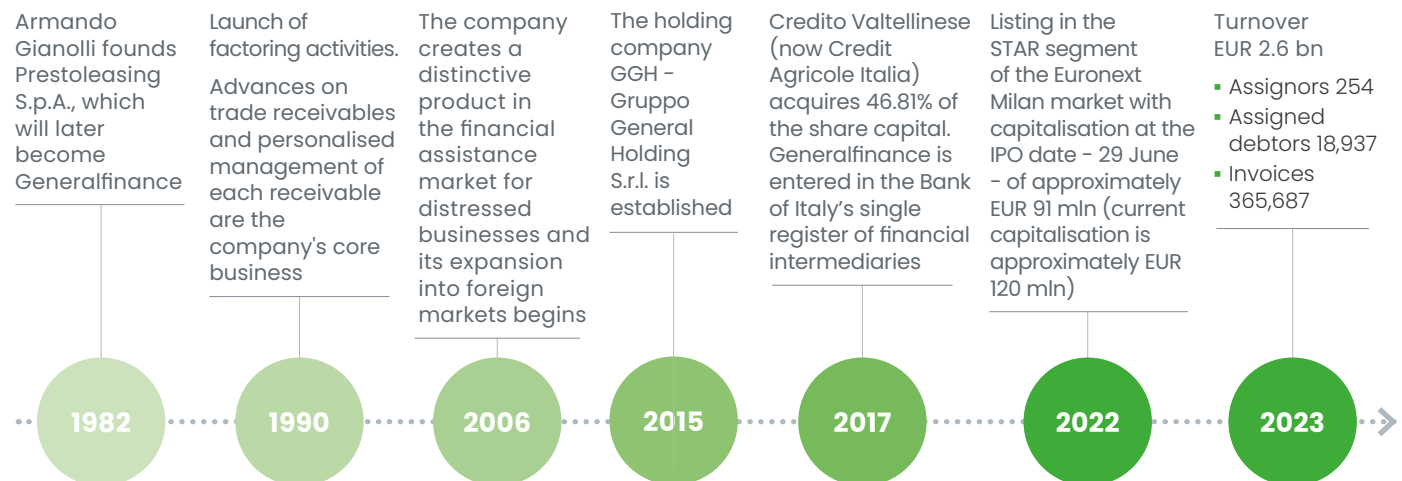
1.3 OVER 40 YEARS OF HISTORY

We began doing business in 1982 with the company's establishment by Armando Gianolli; we operate in the Italian financial sector from our offices in Biella and Milan.

We specialise in "tailor-made" financing for businesses by providing advances on and managing trade receivables. For over forty years, we have been offering flexible, customisable services aimed at resolving multiple business credit problems in order to allow customers to free up working capital, improve collection timing and reduce customer portfolio insolvencies.

Since 2022 we have been listed in the STAR segment of the Euronext Milan market and recognised in the market with over EUR 2.6 billion in turnover in 2023 and a growth in net profit of +38% year on year. Since 1990 we have managed over EUR 10.6 billion in nominal value of receivables and over 1,646,000 invoices.

The main stages in the development of Generalfinance



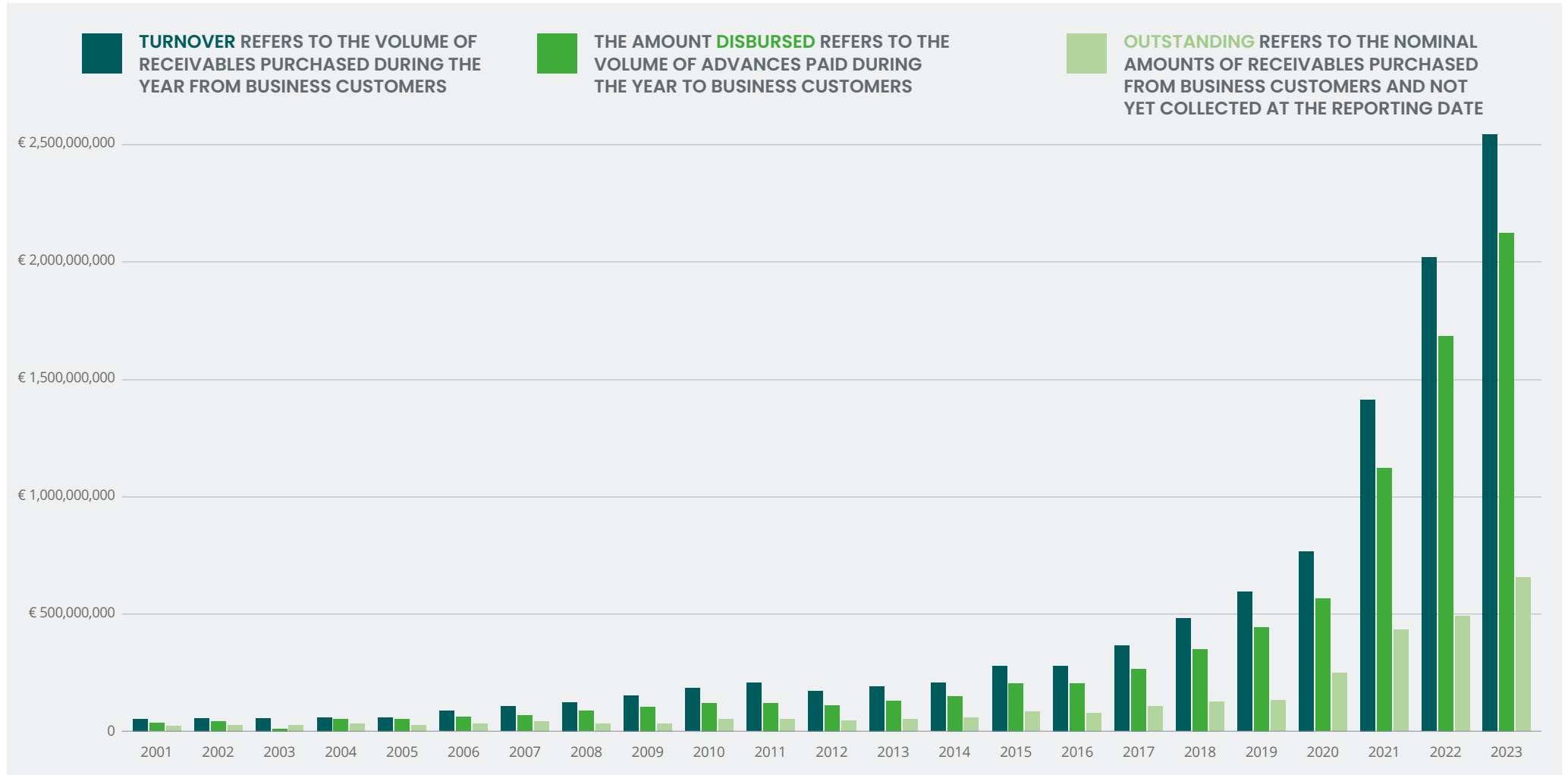


We are proud of the goal achieved thanks to the numerous milestones reached over the years, the trust of customers and the work of the people who are part of our Company.

The results achieved in 2023 represent the starting point for a new phase of healthy growth for the company. Despite the complexities and challenges of the market in recent years due to the health emergency and the outbreak of the war in Ukraine, thanks also to the

anti-cyclical nature of our business, we increased our turnover from EUR 590 million in 2019 to EUR 1.4 billion in 2021, then up to over EUR 2.6 billion at the end of 2023, as shown in the box below.

GENERAL FINANCE NOMINAL, DISBURSED AND OUTSTANDING TRENDS





1.4 OUR BUSINESS AREAS

Factoring is a combination of three services:

- *credit management;*
- *credit financing;*
- *credit insurance.*

Credit management is the core business of a factoring company and allows the assignor (Generalfinance customer) to outsource activities usually carried out internally, including customer credit risk assessment and subsequent collections management.

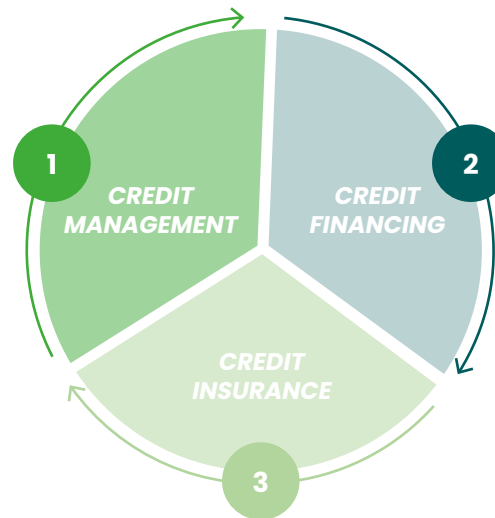
Through the credit financing service – the factor provides the liquidity requested by the assignor against the assigned receivables.

Lastly, with the credit insurance service, the factor can assume the risk of non-payment by the assigned debtor through without-recourse coverage.

Our offer within the scope of these services targets two main groups of customers: performing companies and distressed businesses. For each of these, we offer flexible services that can be extended to the level of production chains with the help of our external professionals who, through their various fields of expertise, build customised and efficient solutions for the benefit of our customers.

The areas of intervention are mainly in Northern Italy, with a strong presence of customers in Lombardy with 58.8% of turnover, in Veneto (9.0%) and in Liguria (5.3%). In Central Italy, the highest percentage (around 8.2%) is recorded in Lazio.

THE THREE FACTORING SERVICES



In detail, note that factoring for performing companies is a form of financing complementary to bank lending, used to guarantee effective management and finance support, as well as to satisfy the business owner's need to effectively manage their trade receivables.

Factoring for distressed businesses, on the other hand, supports companies in the process of accessing the procedure, through the various instruments established in the framework of the corporate crisis and negotiated settlement code, to restore business continuity. In 2023, the latter type accounted for about 62% of total turnover, confirming the correspondence of our work with the company mission.

In both areas, our business model on the one hand targets assignors finding it difficult to obtain financing through the traditional channels of banks and financial intermediaries due to their credit ratings (non-investment grade); on the other hand, it targets assigned debtors with medium-high credit ratings, positive payment performance and a low credit risk profile.

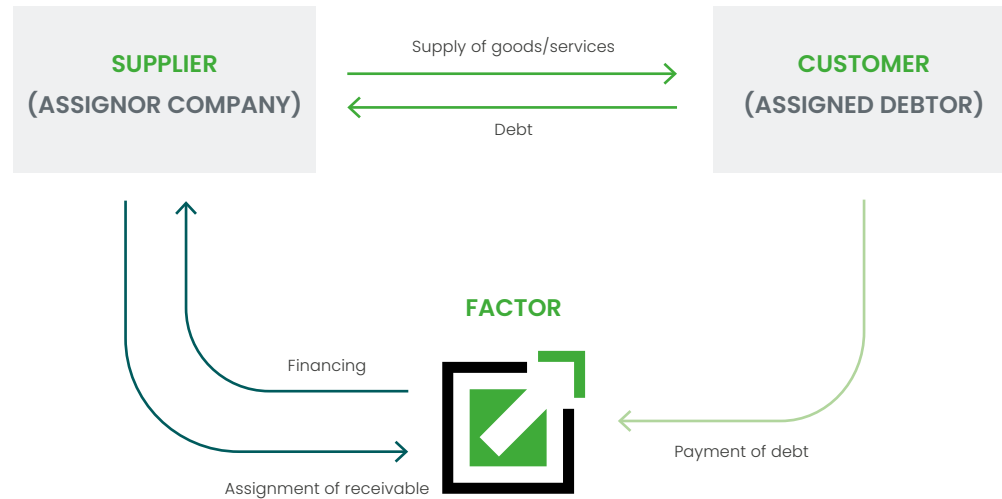
THE PHASES OF OUR OPERATING PROCESS:

1. Assignor and assigned debtor assessment
2. Granting of credit line
3. Factoring contract
4. Assignment of receivables
5. Disbursement of advance
6. Management of receivables until collection
7. Settlement of amounts not advanced



When the assignor's business receivables are assigned to the factor, the latter manages collection of the receivables assigned, their accounting, the advance of all or part of their equivalent value and (in without recourse factoring) protects the company against any assigned debtor default.


FACTORING AT A GLANCE



In both our business areas, we take into consideration Italian assignors (companies) mainly in the manufacturing sector, which represent the largest part/share of our turnover – around 58.9% – and the production sectors in general, from services to commerce. The Company's activities mainly involve with-recourse factoring, which accounted for approximately 76% of business volume in 2023; the remainder, approximately 24%, is represented by without-recourse factoring.

At the same time, we select companies that have contracts with customers – assigned debtors – that are Italian, foreign (excluding high-risk or uninsurable countries), private companies and PAs. The assigned debtors (companies) mainly operate in the manufacturing, trade and services sectors.



 **27%**
turnover
relating to foreign
assigned debtors
in 2023

 Approx
75%
value of insurance coverage compared
to disbursements relating to 2023,
through the strategic partnership
established with Allianz Trade



1.5 CORPORATE GOVERNANCE

The Company's corporate governance was redefined following its listing on 29 June 2022 and in order to best meet its updated business needs.

Our bodies governed by the Articles of Association are:

- Shareholders' Meeting;
- Board of Directors;
- Board of Statutory Auditors;
- Board Committees;
 - Control, Risk and Sustainability Committee;
 - Appointments and Remuneration Committee.

Shareholders' Meeting

The Shareholders' Meeting is a central body in relations between the Company and shareholders, since those who have the right to vote are called upon to decide on the primary issues of corporate life, as well as on all matters attributed to it by law and by the Articles of Association.

The Shareholders' Meeting is called by the Board of Directors whenever the latter deems it appropriate or when it must be called by law.

The Shareholders' Meeting meets and passes resolutions in ordinary and extraordinary sessions. The functions of the Extraordinary Shareholders' Meeting include amendment of the Articles of Association.



Board of Directors

The Company is managed by a Board of Directors with powers of ordinary and extraordinary management, composed of nine members who remain in office for a maximum 3 financial years.

The Board of Directors is appointed on the basis of lists submitted by shareholders with a percentage shareholding at least equal to that determined by Consob.

BOARD OF DIRECTORS

Maurizio Dallochio Chairman	Mauro Selvetti Deputy Chairman	Massimo Gianolli Chief Executive Officer
Gabriele Albertini Director	Marta Bavasso Director	Federica Casalvolone Director
Annalisa Raffaella Donesana Director	Leonardo Luca Etro Director	Maria Luisa Mosconi Director

The candidates are elected from the lists receiving the highest number of votes, in compliance with provisions on gender balance. From amongst its members, the Board of Directors appoints the Chairman – where not appointed by the Shareholders' Meeting – who does not hold executive or management roles but is responsible for promoting internal dialogue and correct operation of the corporate governance system. The Board of Directors can also appoint a Deputy Chairman and a secretary. The latter need not be a member and can also be from outside the Company.



18
meetings
of the Board
of Directors
during 2023



88%
attendance rate
during 2023

* Attendance rate calculated on Voting Rights



Board of Statutory Auditors

MEMBERS OF THE BOARD OF STATUTORY AUDITORS

<p>Paolo Francesco Maria Lazzati Chairman</p>	<p>Marco Carrelli Standing Auditor</p>	<p>Maria Enrica Spinardi Standing Auditor</p>
<p>Andrea di Giuseppe Cafà Alternate Auditor</p>	<p>Luca Zambanini Alternate Auditor</p>	

The Board of Statutory Auditors has three standing members and two alternate members, who remain in office for three financial years. The Board of Statutory Auditors is appointed, with gender balance, on the basis of lists submitted by the shareholders in accordance with provisions of the Articles of Association, laws and regulations in force. Lists can be submitted by shareholders with a percentage shareholding - at the time the list is submitted - at least equal to that determined by Consob. The list of candidates has two sections: one for candidates for the office of Standing Auditor and the other for the office of Alternate Auditor. Candidates' names must be entered in the auditors register and must have performed statutory auditing activities for a period of no less than three years.

The Board of Statutory Auditors is responsible for supervising compliance with the law and the Articles of Association, compliance with the principles of proper administration and in particular the adequacy of the organisational structure adopted by the Company and its actual operations.



14
meetings of the
Board of Statutory
Auditors
during 2023



100%
attendance rate
during 2023



Board Committees

The Company has established two internal board committees: the Control, Risk and Sustainability Committee and the Appointments and Remuneration Committee, both composed of non-executive and independent directors.

Comitato Controllo Rischi e Sostenibilità

MEMBERS OF THE CONTROL, RISK AND SUSTAINABILITY COMMITTEE

Maria Luisa Mosconi Chairman	Annalisa Raffaella Donesana Member	Mauro Selvetti Member
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The Control, Risk and Sustainability Committee is a body with advisory and proposal functions to support the Board of Directors. It deals with:

- assessment of the suitability of periodic reporting to correctly represent the business model, Company strategies, their impact and the performance achieved;
- review of the content of periodic non-financial reporting;
- adequacy assessment of the internal control and risk management system;
- assessment of periodic reports prepared by the internal audit function, monitoring effectiveness of the function;
- reporting to the Board of Directors – at least every six months – on the activities carried out.

Appointments and Remuneration Committee

MEMBERS OF THE APPOINTMENTS AND REMUNERATION COMMITTEE

Maria Luisa Mosconi Chairman	Annalisa Raffaella Donesana Member	Mauro Selvetti Member
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The duties of the Appointments and Remuneration Committee include:

- assisting the Board of Directors in drafting the remuneration policy;
- submitting proposals or expressing opinions on director remuneration and related performance objectives, monitoring their application;
- periodically assessing the adequacy and overall consistency of the remuneration policy for Directors and top management.


The Committee is also responsible for supporting the Board of Directors in its self-assessment, definition of its optimal composition, identification of candidates that can be co-opted to replace members of the Board of Directors and the preparation of any CEO and other executive director succession plans.

No director attends meetings of the Appointments and Remuneration Committee at which proposals made to the Board of Directors regard their personal remuneration.

 **12**
meetings
of the Committee
during 2023

 **100%**
attendance rate
during 2023

 **4**
meetings
of the Committee
during 2023

 **100%**
attendance rate
during 2023



Supervisory Body

MEMBERS OF THE SUPERVISORY BODY

Maria Enrica Spinardi Chairman	Margherita De Pieri Member
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Lastly, in addition to the bodies governed by the Articles of Association, in 2015 the Supervisory Body was established pursuant to Italian Legislative Decree no. 231/2001. It is responsible for verifying the effectiveness, adequacy and updating of the Code of Ethics (see Paragraph 1.6) and the Organisation, Management and Control Model (Model 231; see Paragraph 1.6) adopted by the Company.



9
meetings of the
Supervisory Body
during 2023



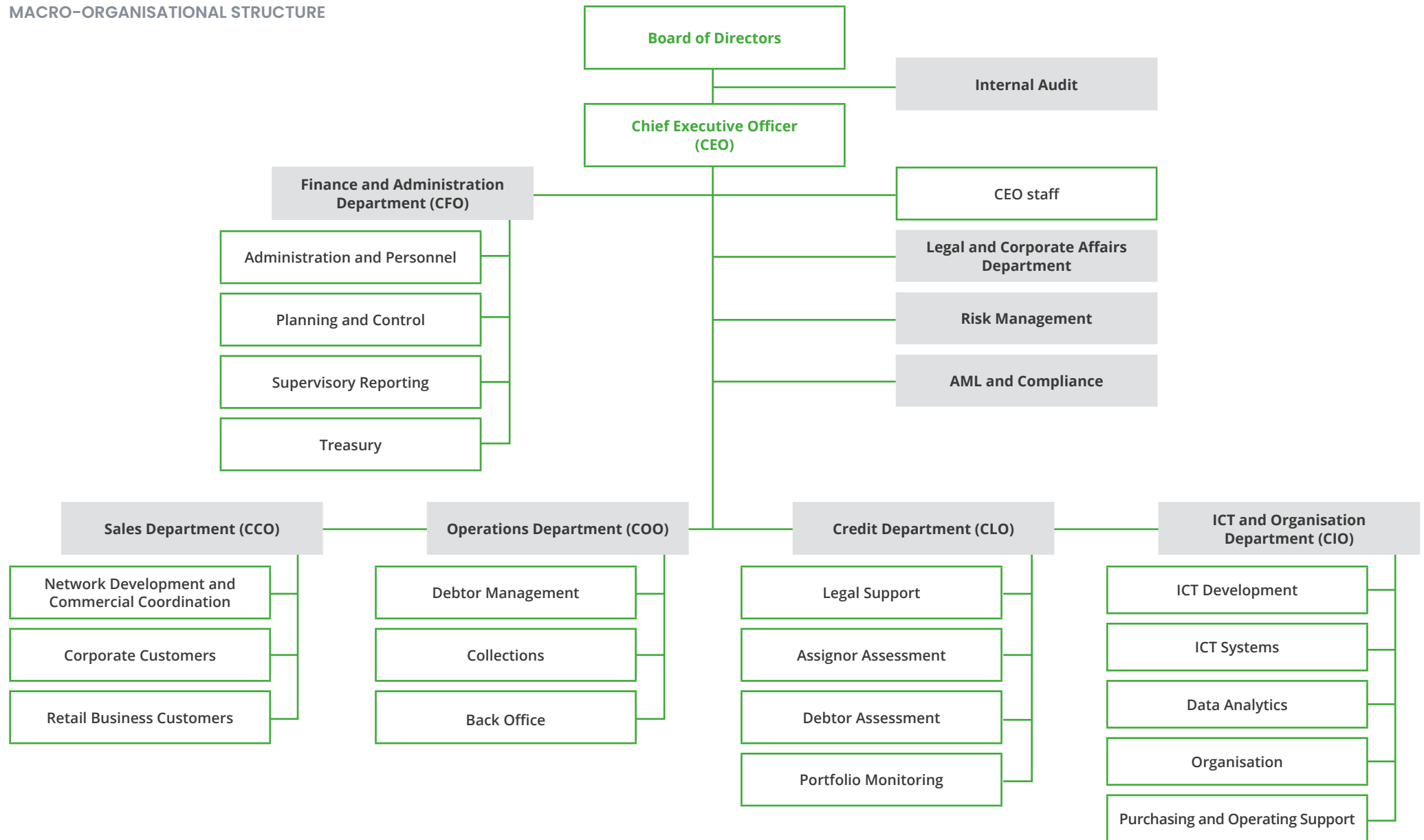
100%
attendance rate
during 2023





1.5.1 Organisation and management

MACRO-ORGANISATIONAL STRUCTURE





Chief Executive Officer (Massimo Gianolli – Chief Executive Officer)

- **CEO Staff Office** (Stefano Falla – Manager)

Sales Department (Marco Giovanni Cleva – Chief Commercial Officer)

- **Commercial Coordination and Network Development Office** (Marco Ghislandi – Manager)
- **Corporate Customers Office** (Marco Carnevali – Manager)
- **Retail Business Customers Office** (Domenico Vallarella – Manager)

Credit Department (Alessandro Ferrari – Chief Lending Officer)

- **Legal Support Office** (Beatrice Broich – Manager)
- **Assignor Assessment Office** (Fabrizio Amatizi – Manager)
- **Debtor Assessment Office** (Francesco Francolino – Manager)
- **Portfolio Monitoring Office** (Alessandro Ferrari - Ad Interim Manager)

Operations Department (Elisa Addis – Chief Operating Officer)

- **Back Office** (Lorena Tomellini – Manager)
- **Debtor Management Office** (Elisa Masserano – Manager)
- **Collections Office** (Daniele Verdesca – Manager)

Finance and Administration Department (Ugo Colombo – Chief Financial Officer)

- **Administration and Personnel Office** (Cristiano Perone – Manager)
- **Treasury Office** (Lorenzo Leonardi – Manager)
- **Supervisory Reporting Office** (Davide Maccagni – Manager)
- **Planning and Control Office** (Valerio Puglia – Manager)

ICT and Organisation Department (Stefano Biondini – Chief Information Officer)

- **ICT Systems Office** (Vittorio Gallione – Manager)
- **ICT Development Office** (Bruno Rada – Manager)
- **Data Analytics Office** (Danilo Tomaino – Manager)
- **Organisation Office** (Francesco Fortuna – Manager)
- **Purchasing and Operating Support Office** (Alberto Bodo – Manager)

Legal and Corporate Affairs Department (Stefano Saviolo – Manager)

Internal Audit Office (John Frederick Tschuor – Manager)

Risk Management Office (Antonio Guerra – Manager)

AML and Compliance Office (Tommaso Tovaglieri – Manager)



1.6 BUSINESS ETHICS

In 2010 we drew up our first Code of Ethics, which was subsequently updated - most recently in 2023 - and prepared with a dual objective: **to summarise the principles underlying the company's policy and activities, and to help strengthen trust and collaboration among those who interact with our Company** in order to foster the creation of an honest, transparent working environment focused on the observance of ethical standards and virtuous conduct.

The defined ethical principles are behavioural rules that guide the Company and its conduct in correctly relating

with the various parties concerned, including legal compliance, fairness and impartiality, transparency and integrity, safeguarding competition and preventing money laundering.

Then in 2015, we adopted Legislative Decree no. 231/2001, a set of rules to mitigate the risks of commission of criminal offences by top management, managers and employees. The Model 231, updated in 2021, sets out appropriate preventive and disciplinary measures and procedures **to mitigate the risk of committing the offences envisaged**

in the Legislative Decree, with the aim **of safeguarding the interests of investors, shareholders, directors and the Company as a whole.**

The Model 231 provides tools for monitoring at-risk processes to effectively prevent any unlawful conduct through timely actions and disciplinary measures.

Together with the Code of Ethics, the Model 231, constitutes a single prevention system corpus that is decisive in strengthening the level of internal control.



GRI Standards

2-23, 2-27, 2-29, 3-1, 3-2

2 Our approach to sustainability





2.1 OUR PATH AND OUR STRATEGY

For the future, our goal is to continue along our path, further developing internal sustainability governance and enhancing the activities already carried out to support distressed businesses, our local communities and employee development.

The Company focuses on financing and supporting small companies, mainly in the local area of Biella, which previously had little access to credit; a factor that soon became one of the pillars of our vision of sustainability

Following a corporate restructuring that involved one of the main companies in the Biella area and one of the main Assigned Debtors of Generalfinance, the Company's core business has progressively focused on financing companies in crisis or close to crisis, through forms of financing complementary to traditional credit channels.

During 2022, after our listing on the Euronext Milan stock exchange, our approach to sustainability accelerated, with developments relating in particular to governance management, also by virtue of our inclusion in the STAR segment of Borsa Italiana's Euronext Milan market which has specific ESG requirements (transparency, corporate governance).

One of the first steps was to prepare the Sustainability Report, from 2022 onwards, which allows us to give the market a clearer picture of the contribution we make and the positive social impact of our business, as well as structure our commitment with even greater rigour and identify the issues on which to focus in order to improve our ESG performance.



Taking this approach, the main pillars on which we are focusing are:

<p>SUPPORT TO DISTRESSED BUSINESSES</p>	<p>The main pillar on which we have always focused and which represents the main aspect in Generalfinance's approach to sustainability.</p> <p>We are committed to supporting distressed businesses and helping them to overcome their crisis through personalised services and financing.</p> <p>In this way, we offer not only financial instruments, but solutions that allow companies to keep their business alive, preserving the generation of their own and downstream social and economic value, as well as employee stability.</p>
<p>PEOPLE AT THE HEART OF GENERALFINANCE'S BUSINESS</p>	<p>As a Company that offers services to businesses, the heart of our Company is represented by the people who help us to grow and develop our skills in the market.</p> <p>This is why we are committed to guaranteeing growth and development opportunities for all our employees, as well as healthy working environments, also with the aim of maintaining excellent positioning in the labour market.</p>
<p>TRANSPARENT AND RESPONSIBLE GOVERNANCE</p>	<p>The third pillar is the development of transparent and efficient governance capable of consistently responding to market and stakeholder requirements.</p> <p>The objective for the future is to continue along this path, defining a governance capable of addressing business-related and ESG issues in an even more concrete manner.</p>



In March 2023, Generalfinance S.p.A. developed and implemented a specific ESG Action Plan in response to the Bank of Italy guidelines on climate and environmental risks. The plan envisages the active involvement of the Board of Directors and the Risk and Sustainability Committee, which monitor and support the integration of ESG risks into business processes. The resilience of the business model was ensured through the accurate identification of climate and environmental risks, with the preparation of a sustainability report.

The Company has identified the Manager of the Risk Management Office as the internal ESG contact, responsible for monitoring development of the Action Plan and periodically providing a progress report to the Control, Risk and Sustainability Committee - to which the Board of Directors delegated support and monitoring activities for matters related to the topic in question - and to the Board of Directors.

This approach allows Generalfinance to ensure regulatory compliance and improve market positioning and support SME customers with a view to sustainable development.

In 2023, several activities included in the plan were carried out. These include:

- specific training courses for the Board of Directors, Board of Statutory Auditors, management and control functions, aimed at improving the understanding and management of ESG risks.
- materiality analysis and measurement of the impacts of company activities, a preparatory activity for the Sustainability Report.
- formalisation in the ICAAP 2023 of the impacts of adverse climate and environmental risk-related scenarios on the loan portfolio by simulating the introduction of a carbon tax on emissions.

Further actions envisaged in the plan will be completed over the next two years.

2.2 OUR STAKEHOLDERS

Also in 2023, we continued to strengthen our stakeholder engagement process.

We carried out a complete mapping of our stakeholders, through the direct involvement of top management and the preparation of specific information collection forms.

In addition, we analysed the main **communication methods** we use to interact with each of them, in terms of dialogue tools and channels, and identified the business units involved in these processes.

The result of the analysis is shown in the infographic below and in the table on the following page.

In the coming years, we aim to develop an even more complete process¹ with direct **stakeholder engagement**. In fact, we believe in the contribution that our stakeholders can make, in the recognition of sustainability issues that are central to us and therefore also in the planning of priority areas for improvement.

The following table shows our **stakeholders** on the left, highlighting the **main characteristics and composition** of each of them, while the last column shows the main **tools, dialogue channels** and **communication methods** we use, where possible highlighting the internal owner and the **frequency of contact**.



¹ In line with indications in the new European regulations on sustainability reporting *CSRD-Corporate Sustainability Reporting Directive*.



Stakeholder	Description	Strumenti, canali di dialogo e modalità di comunicazione
Lenders	Most of the lenders are Banks, financial intermediaries and institutional investors that we use to meet our funding needs.	Periodic discussions through direct contact with the Generalfinance structure and in particular with the CFO and the relative Department. In-depth calls and continuous meetings are also held with these stakeholders on the basis of financial plans or specific requirements.
Shareholders	As at 31 December 2023, the share capital is divided among the shareholders "GGH - Gruppo General Holding S.r.l." (5,227,273 ordinary shares), "Investment Club S.r.l." (1,207,267 ordinary shares), "BFF Bank S.p.A." (969,974 ordinary shares) "First4Progress S.p.A." (800,000 ordinary shares). The remaining 4,430,552 ordinary shares are held by other shareholders, mainly Italian and foreign institutional and professional investors.	Taking into account the "Policy for the Management of Dialogue with Shareholders and other Stakeholders" ² , the Chairman, Chief Executive Officer, CFO and Investor Relator handle dialogue with shareholders, also through periodic (quarterly) calls, the publication of relevant information in the Investor Relations section of the company portal and ad hoc meetings with shareholders.
Supervisory authorities	The Supervisory Authorities, including the Bank of Italy and Consob, define the supervisory regime to which we are subject as a listed financial intermediary. This regime is designed to pursue objectives of financial stability and the protection of sound and prudent management.	The Legal Affairs Department and top management have periodic interactions with the Supervisory Authority, which take place through official channels established by sector regulations and through direct dialogue.
Employees	71 people make up our workforce as at 31 December 2023, 46% of whom are women.	The main relationships are managed by the Human Resources Department, through traditional communication tools (company emails, face-to-face communications, etc.) and specific occasions such as company conventions, team building, incentives and company welfare tools.
Customers	On a daily basis, we support around 254 Italian companies of varying sizes in meeting their financial needs.	Customers are managed on a daily basis by the sales structure. In particular, there is a team of 5 employees that relate with their assigned customers (between 20 and 50 each), through direct or indirect channels, based on specific needs.
Business partners	Consultants, professionals, agents and brokers who contribute to developing our business and with whom we collaborate on a regular basis through relationships well established over the years.	The Commercial Coordination and Network Development Office is responsible for maintaining relationships with these entities and developing new partnerships with third parties, in order to guarantee business development and new customer growth.
Suppliers	They are divided into two main categories: suppliers of digital and IT services strategic to the business, and suppliers of materials and other services.	The Information Communication Technology and Organisation department is responsible for maintaining contact with Generalfinance's main suppliers, i.e. the digital and IT service providers, while together with the Risk Management team, it is responsible for carrying out formal, periodic controls. As regards specific suppliers of individual materials and services, on the other hand, these report to the individual areas that maintain dialogue and contact with them.
Universities	A number of Italian universities (including the Universities of Turin and Verona, Sapienza University of Rome, Bocconi, Cattolica, Politecnico di Milano, ESCP Business School) are our strategic partners, with whom we collaborate when hiring young professionals, as both employees and curricular interns.	Administration and HR maintain relationships with the main Italian universities in order to identify talented young people to be trained and supported in their career development.
Communities and local areas	The communities in which we are most present, directly or indirectly, are those of Biella, Milan and Verona. We also act in favour of areas further away from us, supporting communities and humanitarian initiatives.	Annual relations with local organisations and entities as part of sponsorships or partnerships. Constant presence during events and ad hoc meetings to encourage interaction and the success of targeted initiatives and projects.

² The Policy is available in the "Governance" section of the Generalfinance website, www.generalfinance.it, nella sezione "Governance".



2.3 MATERIAL TOPICS: MATERIALITY ANALYSIS

In 2023, in line with the reporting principles outlined in the GRI Universal Standards³, we created our materiality matrix, the main tool allowing us to define the content of the first Sustainability Report and reconfirmed also for this report.

The first step of the project saw the involvement of our top management, who assessed the topics proposed to define the set of material topics to be covered in the Sustainability Report by identifying the main corporate KPIs associated with them.

These issues also represent the foundations of our sustainability process, taking on **strategic value** as elements to be taken into consideration in defining a **sustainability strategy**.



³ More information is available in the “Methodological Note” section on page 82 of this document



Context analysis

We started by carrying out a context analysis, the main contents of which are described in chapter 1.1, with a view to **analysing the business sector in which we operate and the macro trends** in terms of sustainability at both national and international level. This allowed us to map a list of **potentially material topics**, to be submitted to top management for analysis.

The activity was based on documentary analysis, which took into consideration: international bodies⁴, regulatory sources⁵, trade associations and regulatory bodies⁶, standard setters⁷, investors⁸, peers and competitors⁹, the media and internal documents.

This initial phase led to the formation of a list of **14 potentially material topics** to be submitted to for Management assessment - of which 5 associated with the environment and society, 4 with people and 5 with responsible and sustainable business growth.

Interviews with top management

Management was involved through “one to one” interviews, in which we asked everyone to express their opinion on the strategic relevance of the topics resulting from the context analysis by completing an assessment questionnaire.

During the interviews, they were asked to express a **dual assessment** for each topic, assigning a vote both to its materiality from the company's perspective and the **materiality that their reference stakeholder(s) would assign to the topic**, based on the experience of each manager. For the assessment, it was decided not to directly engage our stakeholders, but to arrange an initial mapping of stakeholders to be engaged over the coming years.

In these interviews, they were also asked to analyse the **management methods and controls** put into place with respect to the topics for which they are most responsible, in order to collect information on the organisation's strategies and the main activities and initiatives.

⁴ United Nations, European Parliament, OECD, UNFCC and World Economic Forum.

⁵ Corporate Governance Code, CSRD, European Taxonomy and SFDR.

⁶ Assifact, Unirec, Assilea, Italian Banking Association, Bank of Italy, CONSOB, Assonime, ECB and EBA.

⁷ GRI Standards, SASB Standards and ISO 26000.

⁸ MSCI (ESG Industry Materiality Map), SASB (Materiality Finder) and Sustainalytics (Material ESG Issues).

⁹ Illimity, Banca Ifis, Banca Sistema, Banca Farmafactoring, Banca Guber, Banca CFPlus and Cherry Bank.

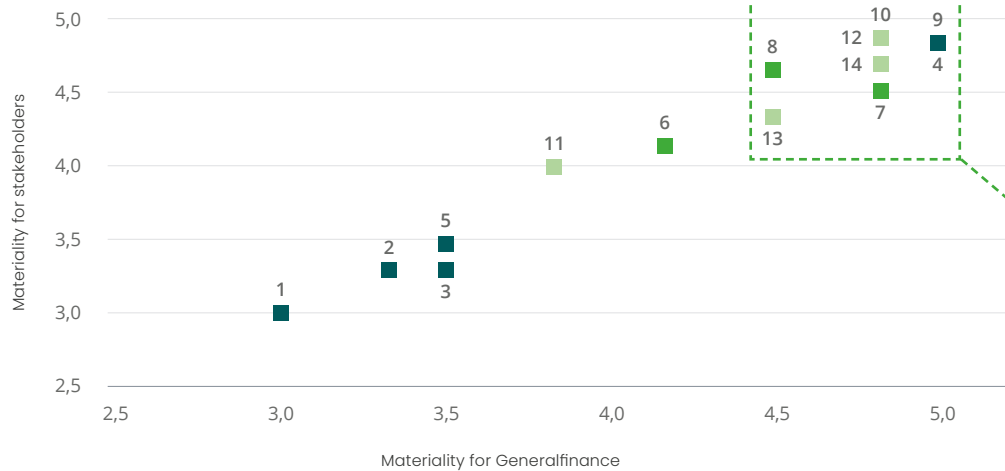


Validation of the Materiality Analysis

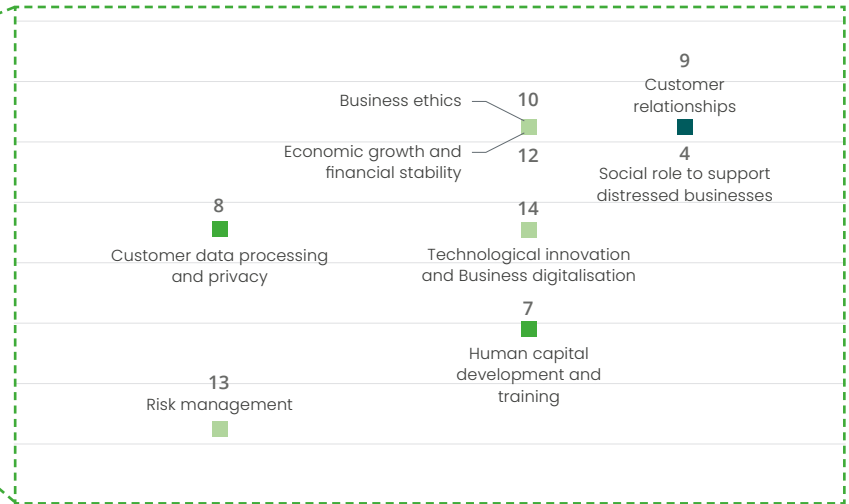
The set of phases described above led to definition of the materiality analysis which was submitted to the Chief Executive Officer on 27 March 2023 for approval, also confirmed for this reporting process, as follows:

An initial reading of the analysis results **clearly shows that topics relating to people and governance** – including economic growth and digital innovation aspects – **are those with a higher degree of materiality** (6 out of 9 were found to be material), while environmental and society-related issues have a lower impact, taking into account our specific business in the area of financial services (only 1 out of 5 was identified as material). For the latter category, however, note the exception represented by the topic of the **“Social role to support distressed businesses”**, which was not only material, but was also the one obtaining the highest scores in relation to the evaluation of Generalfinance and of stakeholders, on a par with the topic of **“Customer relationships”**.

MATERIALITY MATRIX



- | | | |
|--|---|--|
| <ul style="list-style-type: none"> ■ Society and environment 1 Decarbonisation 2 Energy management 3 Waste and material management 4 Social role to support distressed businesses 5 Community engagement and development | <ul style="list-style-type: none"> ■ People 6 Diversity, equality and inclusion 7 Human capital development and training 8 Customer data processing and privacy 9 Customer relationships | <ul style="list-style-type: none"> ■ Responsible and sustainable growth 10 Business ethics 11 Responsible governance 12 Economic growth and financial stability 13 Risk management 14 Technological innovation and Business digitalisation |
|--|---|--|



The latter represent two **key aspects of the activity carried out by Generalfinance**, which on the one hand offers a **high-level advisory service** to its customers – embodied in the attention paid to relations with them – and on the other hand **plays a significant social role, offering support to businesses** in crisis situations or finding it difficult to ensure their business continuity.

However, as we were able to observe, environmental topics proved less material, starting with “Decarbonisation”, which obtained the lowest scores, to “Energy management” and “Management of waste and materials”, which obtained below-average scores.



2.4 OUR CONTRIBUTION TO REACHING THE SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development is an action programme for people, the planet and prosperity signed in September 2015 by the governments of the 193 UN member countries. The agenda includes 17 Sustainable Development Goals covering a total of 169 targets.¹⁰

The objectives identified in the Agenda play a **key role for businesses** around the globe **and for the public sector**, as for the first time they have identified a **path for a common, planet-wide and shared sustainable development on which to act** over the next few years, with **defined targets to be achieved by 2030**.

To measure our contribution to achieving these targets and starting from the topics presented in the previous chapter as emerged from the materiality analysis, we at Generalfinance also analysed the **17 SDGs** (*United Nations Sustainable Development Goals*).

We have mapped the Goals to which we contribute in our day-to-day activities and have connected them with our material topics, thus identifying 5 SDGs to which we contribute directly or indirectly:

- **SDG 4** – Quality education;
- **SDG 5** – Gender equality;
- **SDG 8** – Decent work and economic growth;
- **SDG 9** – Industry, innovation and infrastructure;
- **SDG 16** – Peace, justice and strong institutions.

The table below summarises the connection between the Sustainable Development Goals and our material topics.



¹⁰ <https://unric.org/it/agenda-2030/>



	SDG	Target – United Nations Sustainable Development Goals
Social role to support distressed businesses		8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
		9.3 Increase the access of small-scale industrial and other enterprises, particularly in developing countries, to financial services, including affordable credit and their integration into value chains and markets.
Human capital development and training		4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
		5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
		8.6 By 2030, substantially reduce the proportion of youth not in employment, education or training.
Customer data processing and privacy		16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.
Business ethics		16.5 Substantially reduce corruption and bribery in all their forms. 16.6 Develop effective, accountable and transparent institutions at all levels. 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.
		8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, also with a focus on high-value added and labour-intensive sectors. 8.3 Promote development-oriented policies that support production, creation of decent jobs, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services.
Economic growth and financial stability		9.b Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities.



3 Our people



SDG



GRI Standards

2-7, 2-8, 2-30, 401-1, 401-2, 401-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 404-1, 404-2, 404-3, 405-1, 405-2





3.1 OUR WORKFORCE

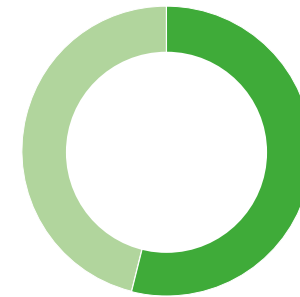
People are the essential element of our business: a company population with a professional profile of high standing, capable of achieving and supporting company growth from every perspective.

Diverse experiences and specialised skills are the strengths of our people, who - thanks to their excellent preparation and continuous training - are able to develop **effective tailor-made solutions based on the specific needs of our customers.**

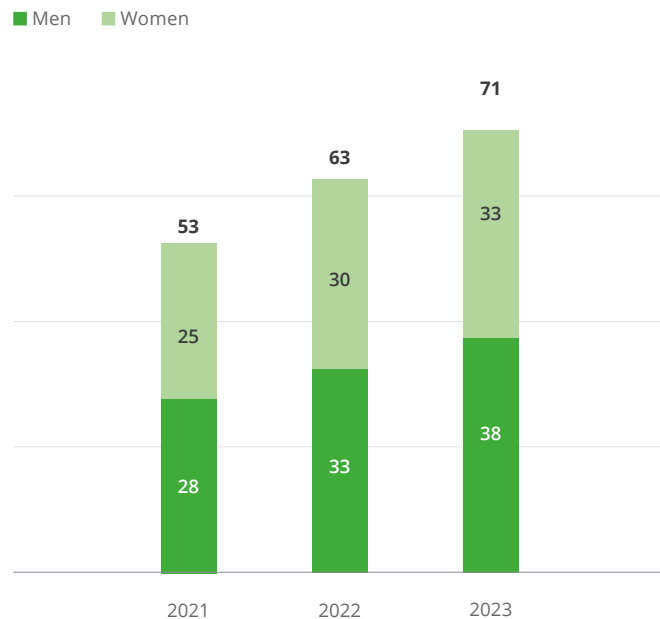
Over the last three years, our workforce has experienced

constant and gradual growth, rising from 53 in 2021 to 71 in 2023, as shown in the infographic below.

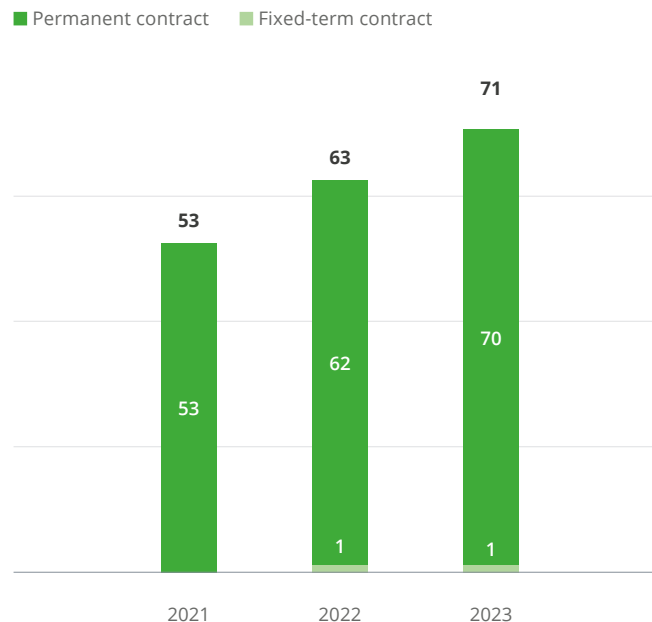
Also note how the gender balance has constantly improved over the years. Indeed, looking at 2023, **women** accounted for **46%** of the company population, confirming a good level of gender equality in the workforce.



EVOLUTION OF THE WORKFORCE (2021-2023)



CONTRACT TYPE (2021-2023)

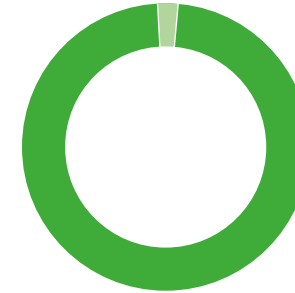




As regards contracts, our priority is to provide stable jobs. As shown in the infographic above, there was only one fixed-term contract in 2023, as in 2022, and none in 2021.

Likewise, we prefer full-time employment: in fact, it can be seen that in 2023, only 3% of contracts were part-time.

EMPLOYMENT TYPE, 2023



3.1.1 Company welfare

In order to enhance and support our human resources, since 2021 we have further developed the **company welfare plan**, a concrete tool to strengthen our recognition of each employee. Through this, we are able to recognise and encourage individual merit and therefore also business growth; the bonus for each employee accrues in relation to the achievement of targets pre-established according to rules of the **merit-based variable incentive system**.

In this context, we entered into an agreement with **Happily**, a market player specialised in offering services for the development of welfare plans.

In addition, we have implemented additional welfare services for employees, including flexible working. In fact, in 2022 we defined a corporate **smart working** protocol to incentivise a balance between work and family life. From 1 September 2022, smart working is available for a maximum of ten days per month, approximately 50% of working days. Another element of flexibility introduced to benefit human resource well-being is linked to flexible working hours: employees can arrive at work between 8:30 and 9:00 a.m. and take a flexible lunch break from 1:00 p.m.

We have also provided **daily meal vouchers**¹ and free access to water and coffee at all company offices²; we provide our employees, and one family member for each, with registered **tax advisory centre assistance for completion of the Form 730 tax return**.

Lastly, all our employees are given **IT devices** – laptops for the entire company population and smartphones for managers – to facilitate smart working options; as well as **company cars** for both business and personal use

THE COLLABORATION WITH



We joined the Happily platform with the aim of offering our workers and their families a tool to make the most of some of our company welfare measures.

Happily allows employees to use the credit accrued as part of the welfare plan directly on the portal, with multiple related opportunities: **vouchers, fuel, shopping**; requests for **reimbursement of household, education and public transport expenses; vouchers for use in the health, tourism, sports, cultural and leisure sectors**; as well as the possibility of allocating the credit accrued to **supplementary pension or health funds**.

In addition to these advantages, this system also allows the plan credit to be **used by workers' family members**.

A further advantage of the agreement entered into with Happily is the personalised "**Leisure Time**" service: a category that can be accessed to **take advantage of local activities** through the credit loaded on the portal, which also has positive economic repercussions in the reference area.

¹ Only executives and a number of middle managers are excluded from this policy. The meal voucher is provided for each day on which the employee is at the workplace for at least six hours, and is not provided when the worker is on holiday or working remotely.

² Furthermore, as regards benefit types, note that health care, parental leave and pension contributions are governed by the National Collective Labour Agreement



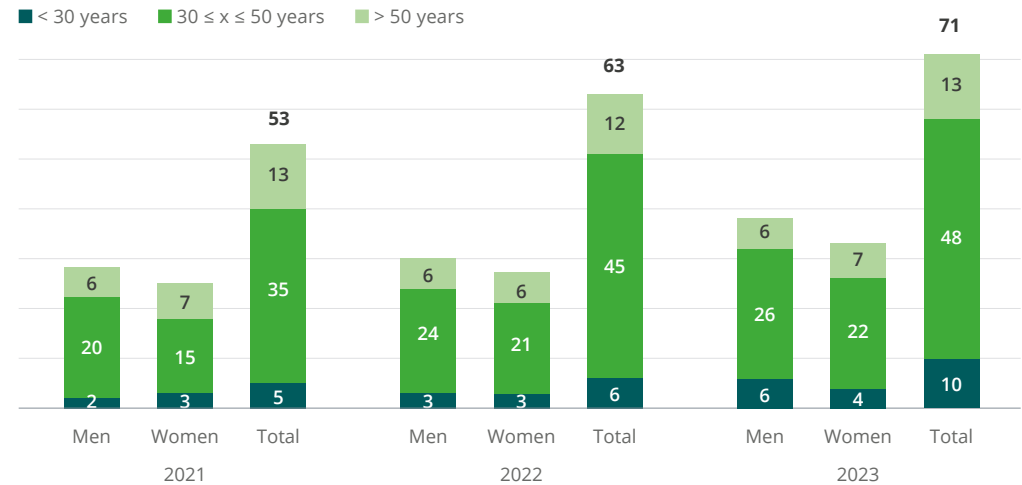
3.2 EQUAL OPPORTUNITIES AND DIVERSITY

The stock exchange listing in 2022 represented a moment of growth for the company from many points of view, not only economic and financial: the internal culture was also strengthened, expanding the scope of action to which our company was accustomed. Certain social issues, such as Equal Opportunities and **Diversity and Inclusion**, have become an element of constant reflection and attention within the corporate strategy.

Starting from the highest governance body, the Board of Directors today is essentially balanced, with 4 women and 5 men, unlike the situation prior to listing in which its members were all men.

Likewise, the Board of Statutory Auditors now has 2 men and 1 woman. With regard to employees, gender equality in the workforce is balanced, with women making up 46% of the company population³.

EMPLOYEES BY AGE AND GENDER (2021-2023)



As regards the topic of **inclusion**, we arranged **works to remove** architectural barriers at the Biella site, by **modifying entrances** and making special rooms available as needed when people in protected categories are hired. In fact, we signed an agreement with the Biella Employment Centre pursuant to art. 11 of Law 68/99 “**Rules for the right to work of people with disabilities**”, in order to hire additional protected category personnel. Our goal is to hire one more by the end of 2024.



Right Hub, one of the leading players in the sector, will be a support partner in this project.

Team building activities targeting personnel are also planned for 2024, focusing on inclusion and with the aim of raising employee awareness.

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

Employee categories	2023		2022		2021	
	Basic salary	Remuneration	Basic salary	Remuneration	Basic salary	Remuneration
Executives and Middle Managers ³	68%	69%	N/A	N/A	N/A	N/A
Office workers	76%	74%	73%	71%	71%	70%

In terms of wages in 2023, the ratio of female to male basic salary stood at **68%** for the Executives and Middle Managers category, and 76% for the Office workers category, up from 73% in 2022. This is a value influenced by multiple variables, such as the gross starting pay of a recruit and the related geographical area, since salaries are also benchmarked to the local cost of living.



0 cases of discrimination in the company in the three-year period 2021-2023

³ At the end of December 2022, a female member of staff in the Executives and Middle Managers category was appointed to C-Level



3.3 TRAINING AND DEVELOPMENT

Our employees are a critical part of the company's growth, and this is why the

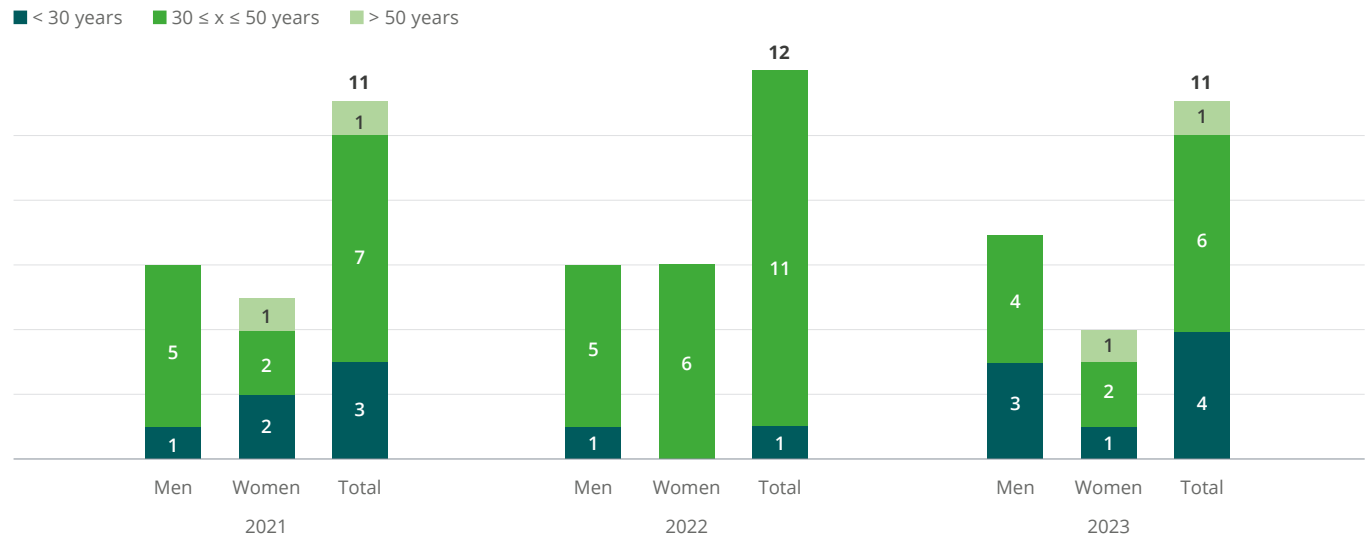
continuous search for new excellent resources is a fundamental requirement in order to maintain the highest possible service quality level.

Over the last three years, **new hires**, albeit targeted positions with a high level of specialist content, were **on the rise**, while **contractual terminations were down**. These data show a positive trend, as can be seen in the two graphs to the right.

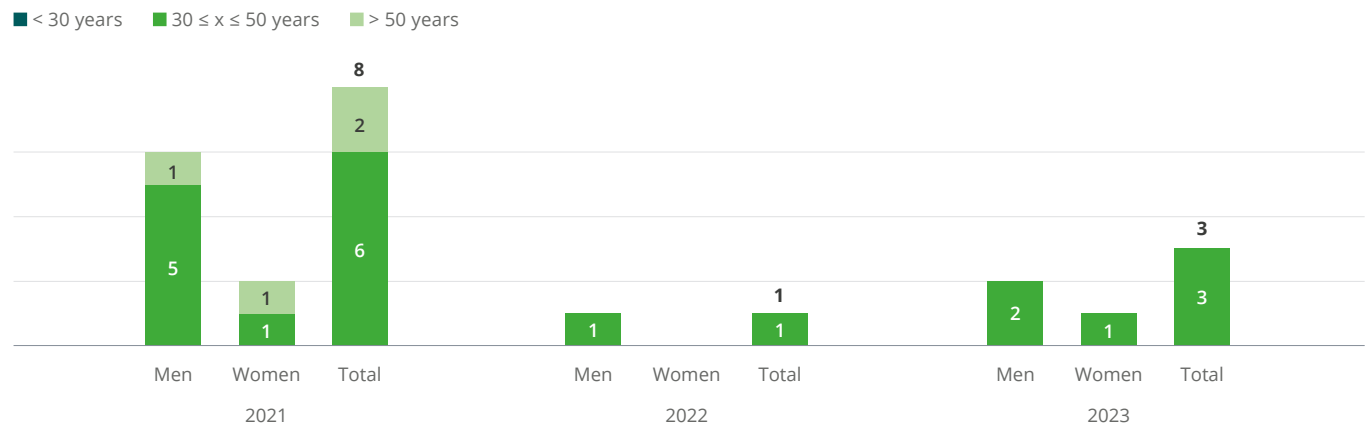
It is also important to underscore that in recent years, observing the hiring trend, there has been a high balance between men and women, highlighting the increasing attention paid to the issue of equal opportunities and equal access to job positions.

With regard to the new talent **selection** process, we assign specialised search engagements on individual figures to external headhunters, considering the specific nature of the sector and therefore the vertical skills we require, making particular use of players of high standing in the sector.

NEW HIRES, BY AGE AND GENDER (2021-2023)



TOTAL TERMINATIONS BY AGE AND GENDER (2021-2023)



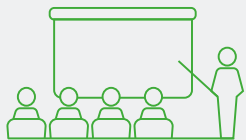


3.3.1 Employee training

We care about training and promote the personal and professional growth of our workforce.

Thanks to the support of **trade associations**, particularly Assifact, we are able to provide employees and collaborators with access to training courses perfectly tailored to our needs.

For years now we have built a solid relationship with **Assifact**, of which we are historical partners. Our CEO is also a member of the Board. This link allows us to actively participate in proposed work groups as well as contribute towards designing specific courses. Over the years we have been able to verify the actual benefit and value added provided by these training sessions, and therefore we encourage active participation by all our employees.

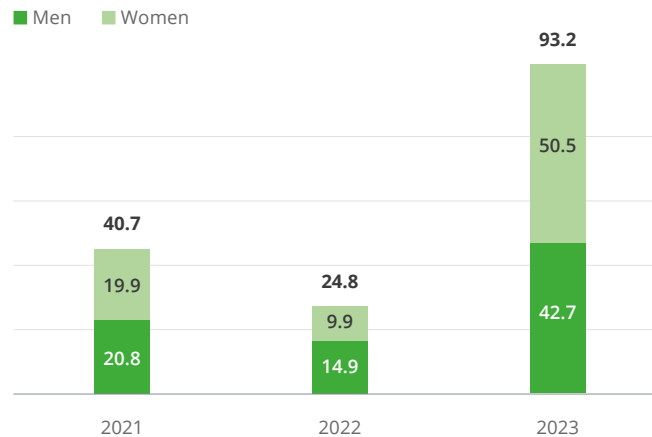


THE ONBOARDING PROCESS AT GENERALFINANCE

Our onboarding process for new hires begins with a general introduction of the business carried out by the company provided by colleagues in the Sales or Operations area. In this way, regardless of the job carried out by new hires, they acquire **in-depth knowledge of our approach to factoring and the services we provide to the market**. Their first few days at Generalfinance are therefore spent receiving **one-to-one** support from area managers.

At the same time, thanks to the collaboration with Assifact, to strengthen knowledge of the context in which we operate, we offer new hires specific training sessions on our business.

AVERAGE HOURS OF TRAINING PER EMPLOYEE (2021-2023)



Overall, our courses are provided in two distinct manners:

- **externally**, with the support of the above-mentioned trade associations and consulting firms;
- **internally**, thanks to the work of each Department that deals with specialist training on the issues under their responsibility.



43
average hours
of training
for men



51
average hours
of training
for women

There is also a series of courses with free access within the company intranet, and, in the case of training related to factoring activities, colleagues are always welcome to bring any courses of interest to the attention of the human resources function, highlighting those that they wish to attend.

During 2023, various training courses were launched on **cybersecurity, GDPR and corporate operational risk**.

In addition, in 2023, training courses also concerned **sector-specific issues** such as factoring, the Corporate Crisis Code or combating money laundering, and **more generic topics** such as worker protection, remuneration and workplace analysis, for a total of **more than 20 courses**.

Lastly, the company launched a language training project with its partner "WSE Italy Srl" to improve knowledge of the English language for employees.



MAIN TRAINING ACTIVITIES

Every year we continue **mandatory training on health and safety issues (pursuant to Legislative Decree 81/2001)** in order to inform and update the entire company population on the risks and the most suitable conduct to be adopted in performing their duties.

During the three-year period, our employees participated in the following training activities: a training course on **privacy and data protection** for the correct processing of data; a training course on **cybersecurity**; a training course on whistleblowing, particularly related regulations; a training course on the organisational system set forth in **Italian Legislative Decree 231**, referring to the Organisation, Management and Control Model (OMCM) and the Code of Ethics; and lastly, a training session on **combating money laundering and terrorist financing**, on customer due diligence, AML (Anti-money laundering) counterparty due diligence and reporting of suspicious transactions.

Continuous yearly participation, together with the importance of these aspects in our working life, attests to a high degree of care and attention paid to this issue.



3.3.2 Enhancement and development of human resources

In addition to training, which represents a pillar for the development of our company population to ensure constant and shared growth, it is essential to enhance our employees and motivate them to continuously improve.

Over the years, we have therefore introduced a series of practices that aim to support professional growth and recognition, together with informal events held continuously throughout the year, such as **team building activities** and **participation in conventions**.

The entire company population receives an **annual performance appraisal** based on the following parameters:

- orientation towards results;
- organisation of work;
- autonomy and initiative;
- propensity towards innovation;
- flexibility;
- interpersonal skills.



100%
employees

who receive
a periodic
performance
review

Performance trends are assessed by office managers, and any changes and deviations from the previous year are discussed at an interview arranged for this purpose.

Starting in 2022, we have implemented a significant change by making **assessment sheets available to employees**, so they can view them and take note of the assessment concerning their performance.

We have also adopted a **remuneration policy** with the aim of applying a remuneration system aligned with company values. Employee performance is associated with a bonus

based on **individual performance factors**, aimed at enhancing personnel's quality of work. This performance indicator is associated with qualitative or quantitative objectives assigned to each beneficiary during the year. The final score for the **individual performance factor** is then affected by the main company financial indicators, so as to bring individual performance into line with company performance. The score therefore forms the basis of the Management By Objectives (MBO) and Annual Bonus, which are disbursed as cash bonuses and, above all, through the company welfare systems.





3.4 OCCUPATIONAL HEALTH AND SAFETY

We are constantly committed to ensuring a healthy and safe working environment for our employees; one of the main oversight elements, in this regard, is the presence of a **Prevention and Protection Service Manager (RSPP)** and a **Company Doctor** with responsibility for occupational health and safety.

We also periodically update the **Risk Assessment Document (DVR)**. The DVR drawn up in 2023 did not highlight any particular workplace safety risks, but confirmed a health protocol that includes specific medical examinations, for all employees, linked to the frequent use of video terminals. Indeed, in our organisation the main activity carried out is office work, which does not present work situations in conditions of significant risk; likewise, there are no work-related stress situations.

As mentioned in the previous chapter, every year we provide mandatory training for our employees on health and safety issues as required by Legislative Decree 81/2001.

Lastly, we carried out informal **work climate analyses**, with the aim of promoting an environment oriented towards well-being. During the year, a number of periodic meetings were held to monitor the level of satisfaction with the internal working environment and promptly receive employee opinions for its continuous improvement by company management.

We pay **constant attention to properties** where work is carried out, also periodically renovating them and updating their furnishings, with the aim of offering our collaborators healthy, updated and well-kept working environments.



0
no work-related
injuries
in the three-year
period 2021-2023



0
no deaths or
work-related ill health
in the three-year
period 2021-2023



4 Our relationships with the community



SDG



GRI Standards

2-28, 413-1, 418-1





4.1 SOCIAL ROLE TO SUPPORT DISTRESSED BUSINESSES

We work alongside Italian businesses in an attempt to offer concrete, rapid and efficient solutions, supporting them from the very start of their financial difficulties, through the recovery process and up to the subsequent phase of overcoming the crisis.

Through an internal culture oriented towards entrepreneurship that combines competence and professionalism, we seek to offer our customers rapid and personalised solutions for financing working capital and trade receivables, covering the entire financial supply chain.

The services we offer have been progressively integrated, refined and digitalised over the years, thanks to constant research of the highest quality.

«Generalfinance is the business emergency room and clinic, and our specific know-how in the UTP, distressed and business recovery fields can, right now, offer the market a positive message. We are here to provide support to Italian companies»

Massimo Gianolli

OUR VALUES go however +beyond mere financial help to companies in difficulty, as we also pay particular attention to the social role of our work, which – together with the other players in the recovery process – makes it possible to safeguard jobs and help people and families to preserve their right to work and a decent life.

assistance, and which, despite needing to restructure their debt position, prove to be sound from a business point of view and maintain the conditions to safeguard production plants and jobs, often remaining capable of producing high quality goods.

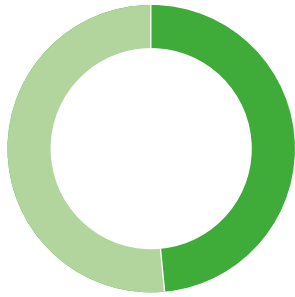
In fact, our market outlook shows a situation with many companies that are solid from a business perspective, able to generate adequate levels of turnover and income, with good commercial demand in the target market, but due to liquidity problems and the constraints that often prevent the traditional banking system from intervening, they risk having to close because they are no longer able to make their payments.

To these companies we can offer our experience in crisis resolution, a generally critical step: in particular, we assist them in working capital management by providing them with **advances on trade receivables** - fundamental liquidity that allows them to pay salaries to employees and invoices to suppliers - and a **highly specialised credit management service**, for them, their debtors (customers) and their suppliers, to increase the social impact along the entire value chain (supply chain finance).

One of the most important aspects of our activity, in fact, is its **socio-economic return**, both in terms of the number of companies supported – which also thanks to Generalfinance's intervention have literally avoided bankruptcy – and in terms of jobs saved.



JOBS THAT WE HAVE HELPED TO PROTECT¹



24,067
Distressed Businesses

25,944
Performing Businesses

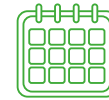
As tangible evidence of the social contribution and the positive impact on the economy generated by our activity, it is worth pointing out that the aggregate number of jobs (including direct and temporary jobs) in the companies for which we are among the main lenders, accounts for over 50,000 employees.

This is a very significant number.

Jobs were calculated based on analysis of the companies we have worked with over the last few years. We decided to include in this figure all the people who worked within those **financially non-autonomous organisations**, which without the credit lines we provided, would probably not have been able to continue doing business, or for which, despite uncompromised financial situations, Generalfinance represented the "only source of financing".

We seek to help these companies by providing them with our specialist services and through excellent collection performance processes, which enable our customers to optimise cash flow and effectively manage working capital.

The **quality of our portfolio is better than the market average**, due to the very low levels of payment delays and its strong diversification. This translates into a **more limited financial cycle and greater liquidity available to our business customers.**



37%
companies in our portfolio that have **payment terms exceeding 120 days** compared to **45% of the market²**



98%
of companies in our portfolio that have **no payment delays** unlike the market figure of **25%²**

¹ This measurement considers both distressed and performing businesses, since it also takes into account the financing structure. For example, there are many performing companies for which we provide their only line of credit.

² iTrade data updated to 30 November 2023



4.2 OUR WORK WITH DISTRESSED BUSINESSES

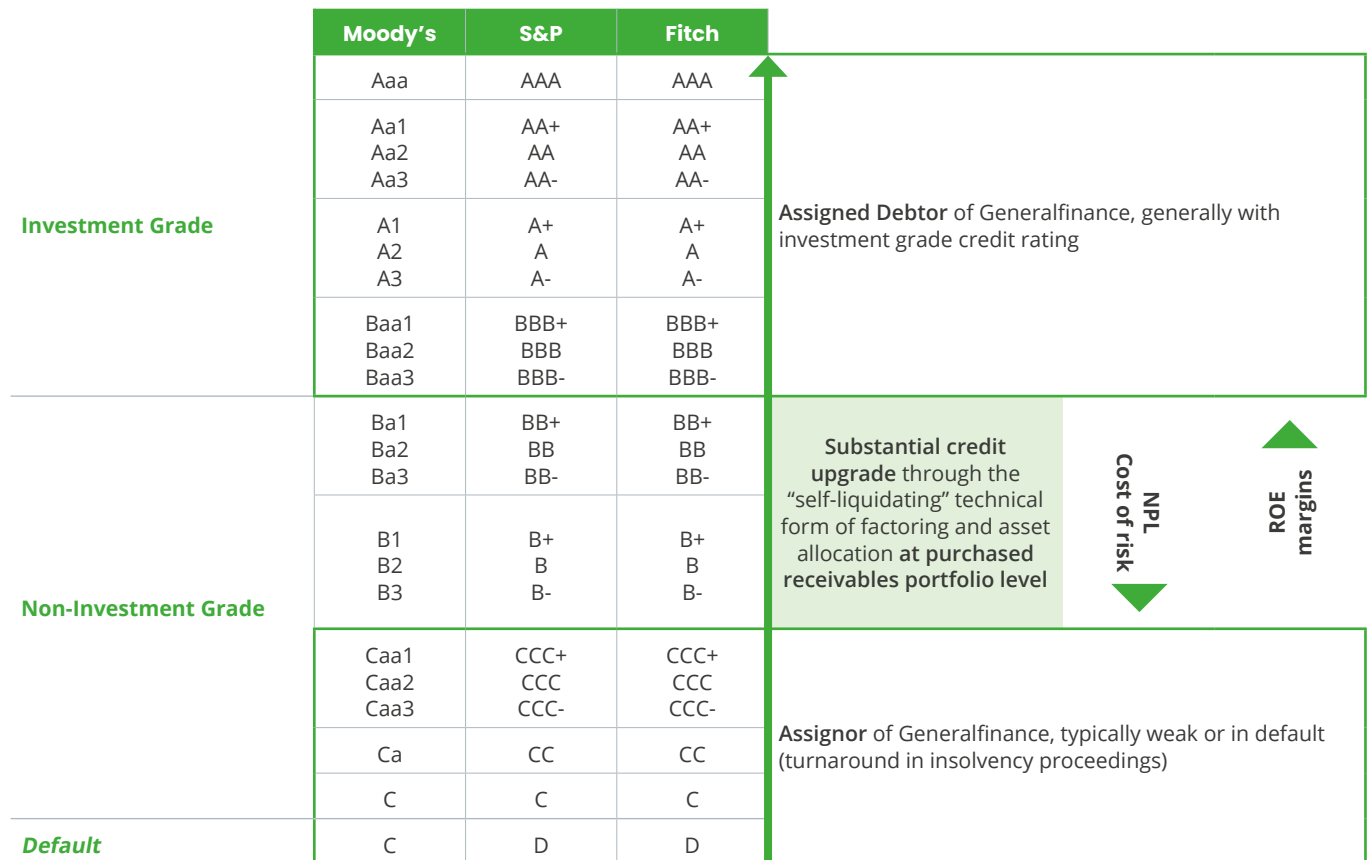
Since the 1990s, we have consolidated our expertise by specialising in a **specific segment of the factoring market**.

We offer tailor-made financial and credit management services quickly to companies that, as they have a low – non-investment grade – credit rating according to the assessment criteria generally used by banks and financial intermediaries, have difficulty accessing traditional lending channels.

The specific nature of our business model is based on the **optimal combination between assignors and assigned debtors**. In fact, we offer our services to customers – assignors – with a low credit rating, while we select assigned debtors associated with the advances we grant to assignors, which generally have high ratings, without however excluding less well-performing customers, with a view to partnerships and outsourced management.

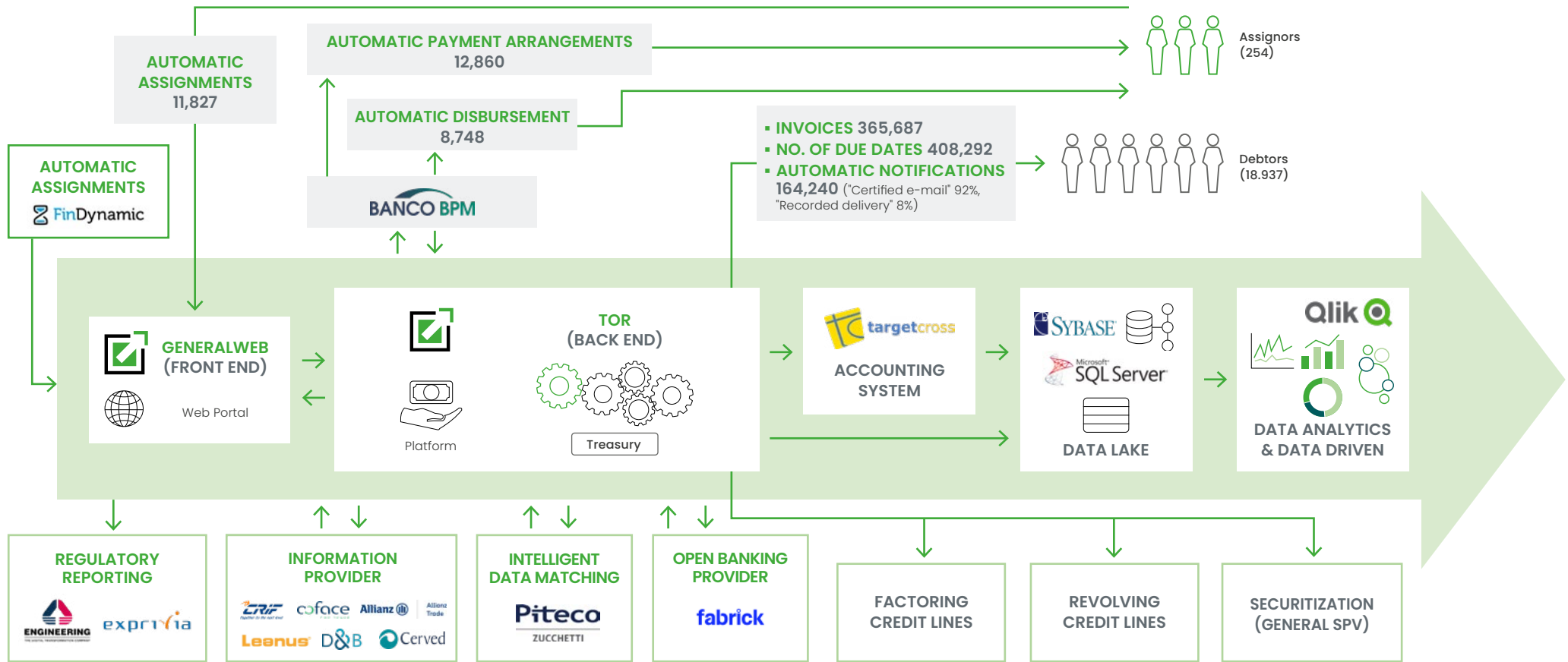
This integrated business model allows us to maintain highly profitable operations, a controlled risk profile and a high service level for our customers. One of our distinctive characteristics is represented by the strategic decision to **oversee all operating phases of the credit process internally** without relying on the support of outsourcers. This is made possible first and foremost by the strategic decision to keep development of the digital IT platform in house, overseen by a specific structure led by the Chief Information Officer, as represented in the following diagram.

GENERALFINANCE BUSINESS MODEL, SIMPLIFIED FORMAT





A STRATEGIC ASSET: THE PROPRIETARY DIGITAL PLATFORM



The credit process is strengthened by the credit **insurance policy** in place with a leading insurance company (Allianz Trade, our long-term strategic partner), which during the risk acquisition phase carries out an independent assessment of assigned debtors, providing us with feedback on the results of the assessment.

Detailed analyses and customised activities based on customer requirements make it possible to differentiate the operating methods and commercial conditions applied and to **meet the specific needs highlighted by companies with greater flexibility, especially in times of difficulty**. This support is also possible thanks to:

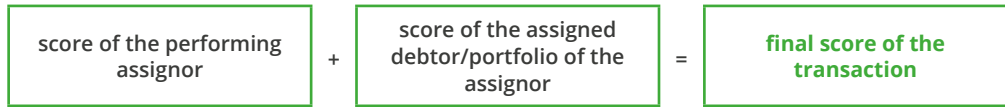
- our proprietary scoring system, applied to both the assignor and the assigned debtor;
- constant monitoring, pervasively applied thanks to the proprietary digital factoring platform, which allows the creation of customised solutions;
- the Data Analytics models developed in recent years to support corporate body decisions, risk management and portfolio monitoring.

The scoring model used takes into account different key valuation factors based on the specific situation of the assignor.

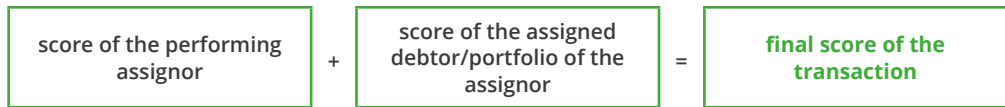


KEY ASSESSMENT FACTORS FOR DISTRESSED ASSIGNORS AND PERFORMING ASSIGNORS

Distressed assignor
Feasibility of financial measures and presence of legal protections
Market positioning
Credibility of the recovery plan and sustainability of the repayment plan of the previous debt position
Presence of financial support (equity/debt) from investors/shareholders



Performing assignor
- Economic-financial analysis of the Financial Statements/P&L/Cash flows
- Positioning in the sector
- Debt position sustainability (Debt-Service Coverage Ratio)
- Management credibility





SCORING MODEL FOR THE ASSESSMENT OF ASSIGNED DEBTORS

The scoring model for the assessment of assigned debtors, on the other hand, takes into consideration the following elements, provided by the main infoproviders with which we operate.

Macro score	Indicator	Assessment details
1. Financial score	BRI	Summary assessment of the counterparty considering economic and financial aspects, history of the company, composition of share capital, etc.
	CGS	Summary assessment of the counterparty considering economic and financial aspects, history of the company, composition of share capital, etc.
	Rating Score	Summary assessment of the counterparty considering economic and financial aspects, history of the company, composition of share capital, etc.
	Delinquency Score	Probability of late payments at 12 months
	Failure Score	Probability of company default in the next 12 months
2. Payment performance score	Paydex	<i>Score relating to counterparty payment performance</i>
	Payline	<i>Score relating to counterparty payment performance</i>
3. Credit insurability score	Allianz Trade Grade	Credit insurability grade
	Coface Grade	Credit insurability grade
4. Cross credit line insurance	Insurance	Insurance partnership with Allianz Trade to insure up to 100% of the cross credit line, starting from amounts exceeding 30k

Our stable financing structure diversified into different credit lines allows **optimal management of disbursements and collections**. Furthermore, given that most of our activities target assignors in difficulty, we have developed a **business model to mitigate risks**.

We try to keep **credit risk** low by assisting our customers in the context of recovery and relaunch plans developed using the various tools made available by the Corporate Crisis Code, often also characterised by improvements in

the governance of assignors and by capital injections of or new loans, in the short and medium term. If the regulatory conditions are met, the loans we provide are assisted by pre-deductibility in the event of subsequent counterparty default.

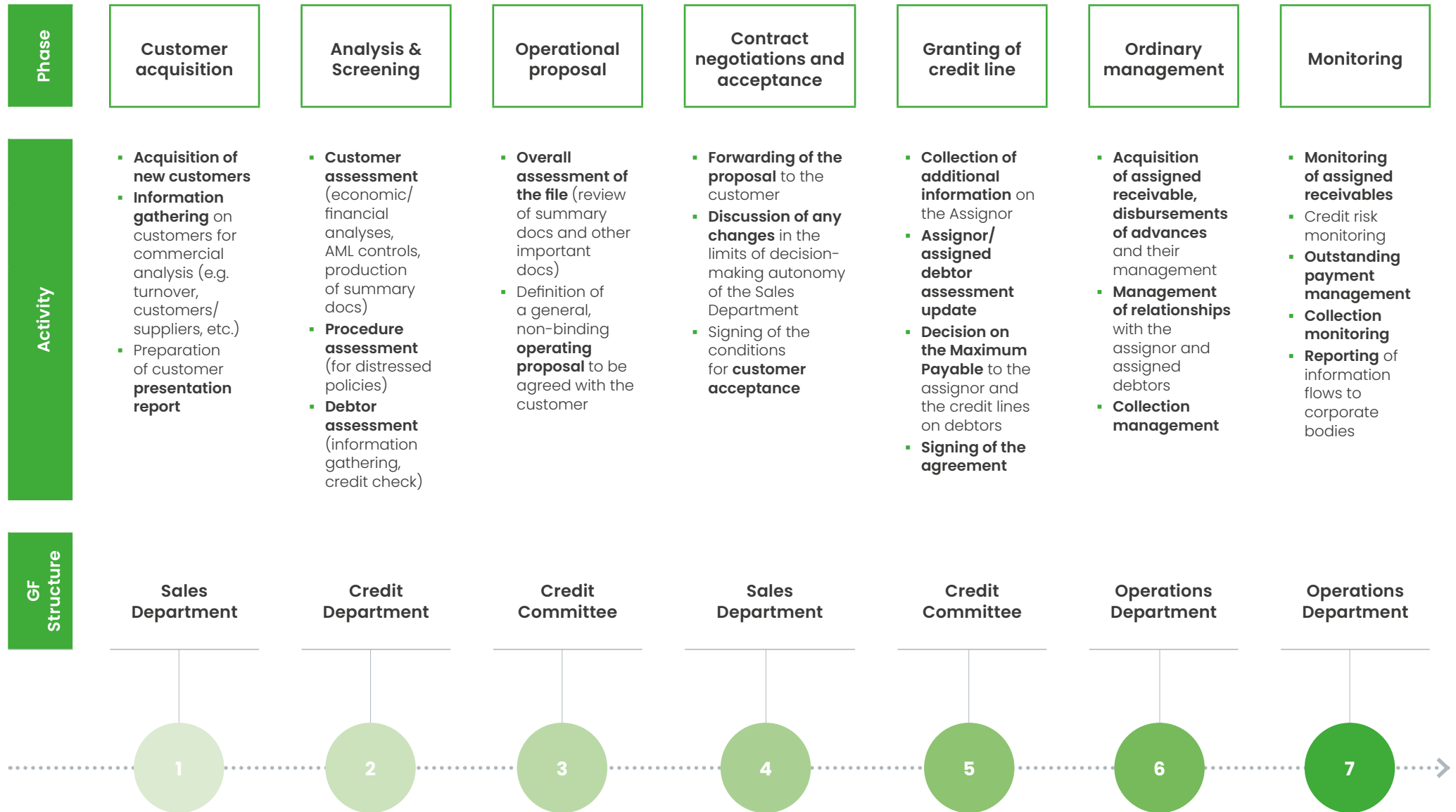
The tools available for business recovery also allow significant containment of **operational risks**, particularly in view of the high standing of the consultants, professionals and advisors who usually assist a company in crisis, and the

supervision and control activities, where required by law, carried out by court authorities.

Lastly, to reduce **legal risks**, over the years we have specialised in financial assistance aimed at implementing recovery and relaunch plans, taking advantage - where requirements are met - of the legal exemption from bankruptcy claw-back in the event of subsequent assignor default.



SUMMARY OVERVIEW OF THE CREDIT PROCESS





4.3 COMMUNITIES AND LOCAL AREAS

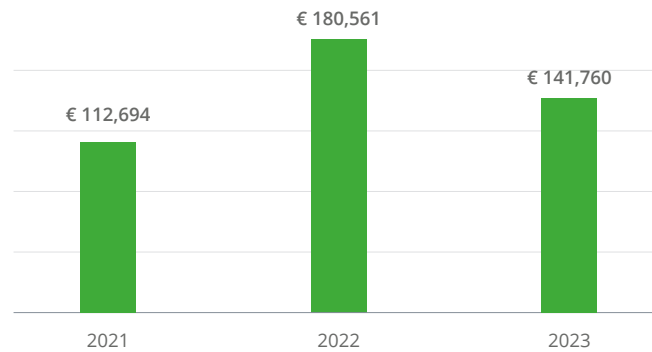
In addition to our role of supporting companies, through our core business, we are actively committed to supporting our local community, particularly the areas of Biella, Milan and Verona.

Through charitable activities and sponsorships, in 2023 we disbursed **EUR 142 thousand** to associations and local authorities involved in real projects for the local areas.

The projects, bodies and organisations we sponsor fall within the four macro pillars that guide us and the Gianolli family in supporting the community where we live and operate:

- **protection** of art and national artistic heritage;
- **support** for the Church and religious bodies;
- **promotion** of the local area in which we operate;
- **support** for transversal issues such as disability, inclusion, access to sport and families.

CHARITABLE DONATIONS (2021-2023)



«Each of us has a duty of care towards the local area and community around us. Art and culture are the foundations of a community and its local area and must be enhanced by every means possible»

«Generalfinance has always cared about initiatives to support those in need. Donating and demonstrating solidarity can make the difference for many people each and every day»

Massimo Gianolli



“67 COLUMNS” PROJECT WITH FONDAZIONE ARENA DI VERONA

Since 2021 we have supported the Governing Body of Fondazione Arena di Verona in the Fundraising and Corporate Membership project called “67 Columns for the Verona Arena”, created with the aim of providing concrete support to the institution in the perfect reconstruction of 67 columns that formed the outer ring of the arches that collapsed following an earthquake in 1117 AD.

The aim is to strengthen the accounts of the Foundation, a key body of the city of Verona, and strengthen the sense of responsibility and sharing of artistic and cultural values.



“ADOPT A STATUE” PROJECT

In support of cultural heritage, the Adopt a statue project was launched with the Veneranda Fabbrica del Duomo di Milano, with a view to enhancing and restoring some statues that for conservation reasons could no longer be left inside Milan Cathedral.

The sculptural element restored thanks to the charitable contribution of Generalfinance was the Gigante 29, dating back to around 1720.

Following a loan agreement reached with Veneranda Fabbrica, the statue was relocated away from the Duomo Monumental Complex, in the winery of the Gianolli family, La Collina dei Ciliegi, in the Verona area.

The collaboration also led to the creation of Vini del Duomo, a red wine and a white wine which, also through group purchases, aimed to support the Cathedral restorations and many other social initiatives.



SUPPORT FOR THE CHURCH

Donations for religious activities are aimed at supporting parishes in Biella, Milan and Verona.

These donations are intended to support patron saint days to promote local community gatherings, helping with the printing of parish bulletins and in the daily activities of these religious entities.

In addition to supporting parishes, over the last few years, we have also financed and supported many ecclesiastical bodies through charitable donations.



GRI Standards

301-1, 302-1, 302-3, 305-1,
305-2, 305-4, 306-1, 306-2

5 Our environmental impact





5.1 ENVIRONMENTAL MANAGEMENT

In recent years, we have been actively committed to reducing our environmental impact, recognising the importance of adopting sustainable company policies. Our goal is to have a responsible approach to business, always taking into account the nature of our financial service activities, which generally have a limited impact on the environment



Although Generalfinance is a business services company with a limited environmental impact, we have undertaken several initiatives to **promote the sustainability of our business**, such as increasing the use of renewable energy sources to reduce emissions and developing a car policy that incentivises the use of hybrid or electric cars. We have also devoted significant efforts to reducing the use of paper within the organisation, most recently by replacing the use of ordinary mail for sending communications to customers with new digital solutions, as reported in paragraph 5.3. In addition, we have implemented green data servers, which have allowed us to reduce the energy consumption required to manage company data.

In line with our **plan to gradually address ESG issues**, in 2020 we renovated the Biella office, taking an energy redesign approach and adopting solutions aimed at improving the building's energy efficiency. Several solutions have been implemented, including window and door replacement and the installation of a condensing boiler.

To conclude, while Generalfinance certainly cannot qualify as an energy-intensive company with significant environmental impacts, we believe that **environmental protection is a long-term value** for society and for our stakeholders.

Responsible environmental management demonstrates our **commitment to a sustainable future**.



5.2 ENERGY EFFICIENCY AND ATMOSPHERIC EMISSIONS

5.2.1 Energy consumption

Our direct energy consumption is limited to the two offices in Milan and Biella and to vehicles in the company fleet. Although Generalfinance is not an energy intensive company, we have undertaken a number of initiatives **to improve our Company's energy efficiency**.

We have adopted important measures, such as the use of a "Tier 4" data centre located in Milan and 100% powered by renewable energy, in order to reduce the impact of our digital operations. Furthermore, we have taken important steps, including the use of a second data centre in Rome that also has a low energy impact.

THE ENERGY EFFICIENCY OF OUR OFFICES

In 2020, we launched an energy efficiency project at our Milan office, completing it in 2022. Despite it being a rented office where the works we can undertake are limited, we decided in any event to replace and upgrade the electrical systems.

In addition, in 2020 the building in Biella - which we own - was renovated taking an energy redevelopment approach, starting by replacing windows and doors with high tech materials capable of reducing heat loss, then installing a high-efficiency condensing boiler and replacing the building's flooring. At this office, the lights are also now managed automatically, making it possible to programme on-off timing based on working hours, reducing energy waste.

In recent years we also decided to switch from our previous electricity supplier to a greener solution, so that our facilities are powered by energy that partially comes from renewable sources. **In 2023, we also signed a contract with CVA Energie for the supply of electricity produced exclusively from renewable sources to the Milan and Biella offices.**

	unit of measurement	2023	2022	2021
Total electricity consumption	GJ ¹	452	433	447
Renewable energy	GJ	208	185	191
Non-renewable energy	GJ	244	248	256
% Renewable energy out of total	%	46%	43%	43%

In 2023, the Company's total energy consumption increased to 452 GJ, up on the 433 GJ of 2022, due to the expansion of workspace

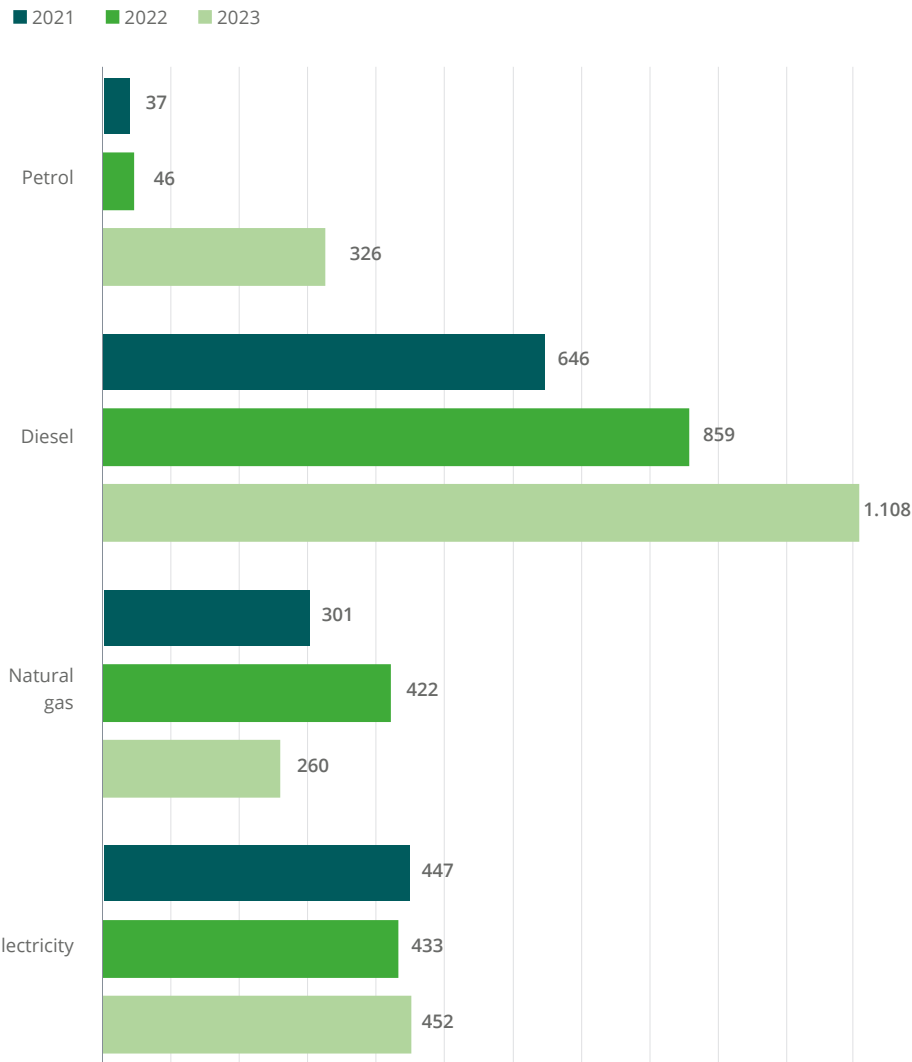
at the Milan office, necessary due to the growth in the number of employees in the period. This increase was accompanied by a higher percentage of renewable energy, which rose from 43% to 46% of the total, reaching 208 GJ. Despite the overall increase in consumption, non-renewable energy decreased slightly to 244 GJ compared to 248 GJ in the previous year. These figures highlight our growing commitment to the use of sustainable energy sources.

¹ The Gigajoule (GJ) is a multiple of the unit of measurement of the joule (whose symbol is J) and, according to parameters defined by the International System of Units, is equivalent to one billion joules. Its use makes it possible to equate and compare consumption from different energy sources.



The decision to **replace conventional light bulbs with energy-saving bulbs** in all our offices also contributed to this result.

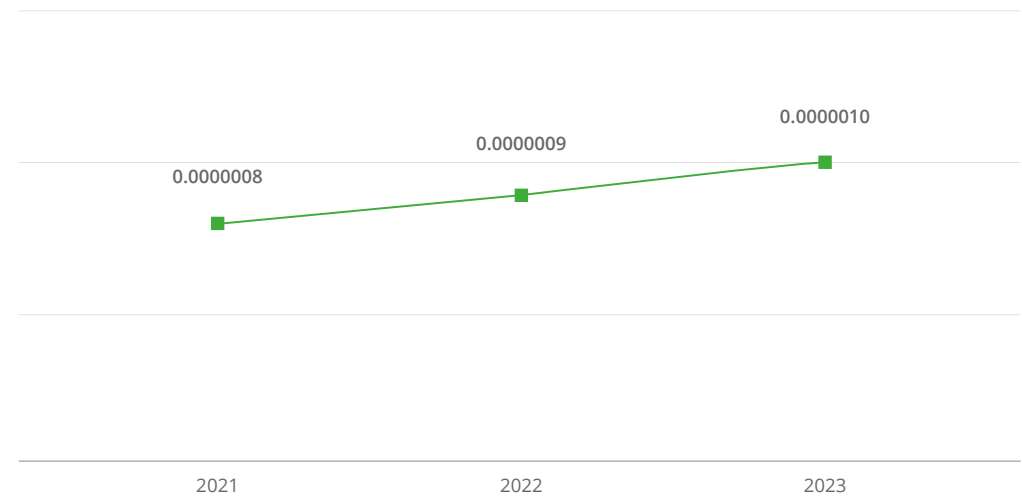
ENERGY CONSUMPTION (GJ)



The table summarises the company's energy consumption from 2021 to 2023, broken down by type. Note that natural gas consumption for heating decreased significantly in 2023 compared to 2022. As regards the fuel used for the **company fleet**, there is a constant increase in diesel consumption from 2021 to 2023, while petrol consumption rises drastically in 2023 compared to previous years. This increase in fuel consumption is due to the increase in the number of company cars, also because of the gradual increase in human resources. However, to more fully represent our organisation's energy performance, it is important to analyse the consumption data re-benchmarked on the basis of our turnover.

In fact, although there has been a slight increase in consumption in recent years, the **Energy Intensity Index² between 2023 and 2022 decreased by 5%**, thanks to a substantial increase in turnover in recent years.

ENERGY INTENSITY



² The Energy Intensity index is calculated as the ratio between the total energy consumption of an organisation, expressed in Gigajoules (GJ), and the total turnover value, expressed in millions of euro.



5.2.2 Atmospheric emissions

With regard to emissions, closely related to office energy consumption and fuel consumption, over the last three years, there has been a net **increase in Scope 1 emissions** - related to the direct consumption of fuels and energy sources within the organisation - and a slight increase in Scope 2 emissions - related to indirect energy consumption, which in our case includes electricity.

	unit of measurement	2023	2022	2021
Total Scope 1 emissions ³	tonCO ₂ eq ⁴	121.039	74.788	56.640
Total Scope 2 emissions location based	tonCO ₂ eq	25.979	23.250	26.388
Total Scope 2 emissions market based	tonCO ₂ eq	30.929	31.445	32.646
Total emissions (Scope 1 + Scope 2 location based)	tonCO ₂ eq	147.018	98.038	83.028
Total emissions (Scope 1 + Scope 2 market based)	tonCO ₂ eq	151.968	106.232	89.286

For the next few years, we would like to gradually shift to buying only certified renewable energy, as a result of which we expect a significant reduction in market-based emissions⁵, thanks to the elimination of Scope 2 emissions linked to the purchase of electricity.

³ Note that for the first year of reporting it was not possible to collect data relating to refrigerant gas consumption.

⁴ The CO₂eq indicator expresses the sum of the impacts of greenhouse gases (GHG), including carbon dioxide (CO₂), methane gas (CH₄) and nitrous oxide (N₂O), weighted according to their Global Warming Potential (GWP).

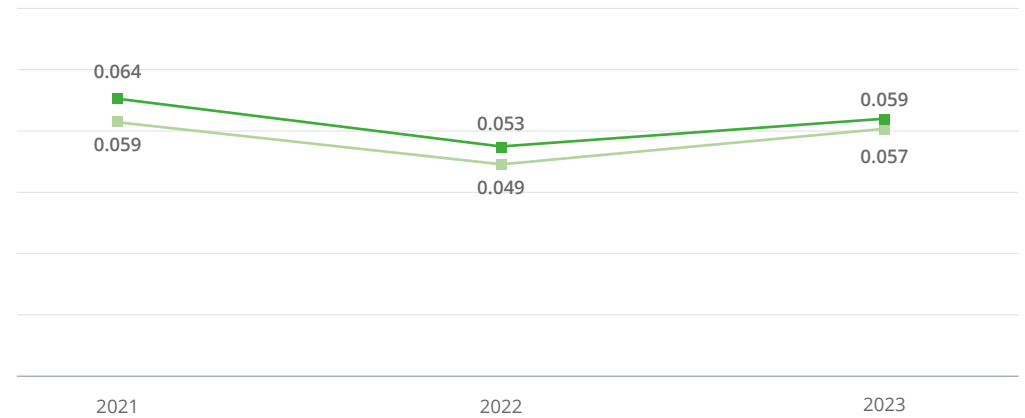
⁵ The market-based method requires determining GHG emissions linked to indirect consumption and therefore to the purchase of electricity and heat, considering the specific emission factors of suppliers, attributing an emission factor of zero for purchases of electricity from renewable sources. The location-based method, on the other hand, calls for applying the national average emission factors of the various countries in which electricity and heat are purchased to their indirect consumption.

Looking at the **greenhouse gas (GHG) emission intensity** index⁶ one can see that from 2022 to 2023 there was a significant increase, probably related to the increase in fuel consumption.

In fact, as a result of the growth recorded in recent years, overall consumption has increased and consequently also emissions, which however, if compared to the specific values of the activity carried out by the Company (in this case to turnover), show an **overall increase in efficiency in the use of energy resources and emissions released into the atmosphere.**

EMISSION INTENSITY INDEX (2021-2023)

■ Scope 1+2 location based ■ Scope 1+2 market based



⁶ The GHG emission intensity index is calculated as the ratio between an organisation's emissions in tonnes of CO₂ equivalent (tCO₂eq) and its turnover in millions of Euro. The index can be calculated using location-based or market-based emissions as the numerator and can also be broken down into Scope 1, Scope 2 and Scope 3 emissions.



5.3 MATERIALS USED AND WASTE MANAGEMENT

Although ours is not an impactful activity in terms of material consumption and waste production, we also pay careful attention to waste management. Indeed, we have implemented **separate waste collection** at the offices in Milan and Biella, ensuring the correct disposal of materials and resource recycling. We also make sure that printer toners are recycled to reduce the environmental impact of our printing devices, and, if this is not possible, that they are disposed of properly.

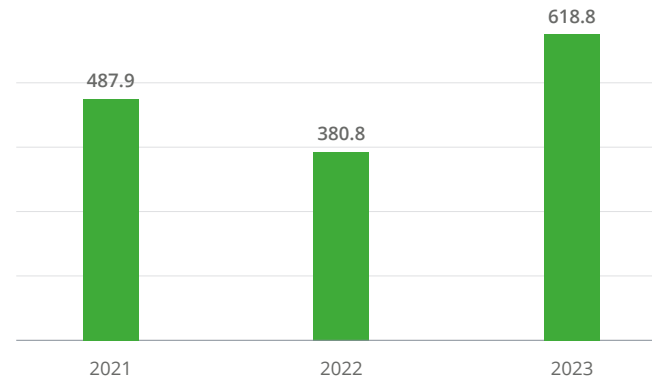
Through a number of internal initiatives, we promote **awareness amongst our employees** of the importance of reducing the use of paper and printouts of electronic documents, seeking to encourage the adoption of substitute digital methods that, in addition to reducing environmental impact, improve operational efficiency.

The chart to the right shows the **quantities of office paper used during the 2021-23 three-year period**.

As shown, paper consumption increased from 487.9 kg to 618.8 kg. This development is correlated with a growth in business activity and headcount over the period under consideration, in particular turnover increased from EUR 1.4 billion (2021) to EUR 2.6 billion (2023) while the number of employees rose from 53 (2021) to 71 (2023).

Lastly, we have also adopted sustainable solutions in our coffee break areas. We only use compostable pods and have adopted a drinking water dispenser service for each office in Milan and Biella, helping to eliminate the use of disposable water bottles.

PAPER CONSUMPTION AT THE OFFICES (Kg)





6 Economic and governance performance



SDG



GRI Standards

201-1



GENERAL
FINANCE



6.1 MARKET PERFORMANCE AND GENERALFINANCE PERFORMANCE

The macroeconomic scenario of recent years has been characterised by the continuation of an economic crisis initially triggered by the Covid-19 pandemic.

Covid-19 contributed decisively during 2020 to a 6.6% decrease in the factoring market globally, 6.8% at European level¹ and a turnover change of -11% in the **Italian market**². However, during 2021 and 2022, the market recorded a significant change in trend: the transaction volume in 2022 was approximately EUR 287 billion, marking an increase of 14.6% compared to the previous year. In 2023, the factoring market remained stable compared to the previous year, recording **growth of +1%**.

Contrary to the Italian macro-economic environment, Generalfinance closed 2023 with a net profit of EUR 15.1 million (+38% compared to 2022), recording further growth in the area of distressed financing.

Our turnover reached EUR 2.560 billion (+27%) with EUR 2.161 billion disbursed (+29%).

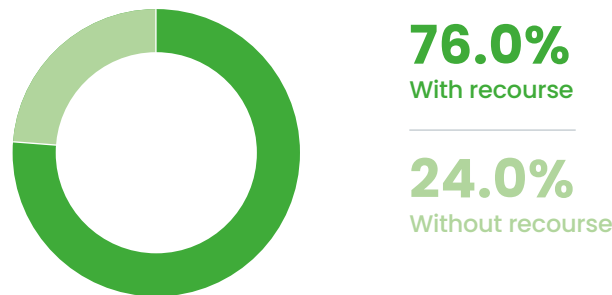
This performance confirms that our organisation's core business is anti-cyclical: if the Italian economy suffers a negative macroeconomic trend, our turnover dynamics **are positively affected**, by virtue of the **increase in the number of companies involved in a turnaround and debt restructuring process**.

From this point of view, it is important to consider the 2023 geopolitical context, characterised by tensions triggered by Russia's invasion of Ukraine and the resulting impacts also on the Italian economy. The persistent financial market volatility caused by the conflict in Ukraine has had a **particular impact on the most vulnerable Italian SMEs** which thus suffered **reduced access to credit** from the banks.

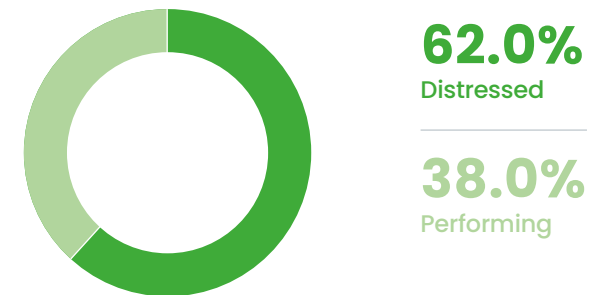
In addition, the crisis affected the cost of raw materials, causing companies to **need more liquidity** to meet their working capital requirements and thus generating an increase in our turnover.

Again with reference to the Russia-Ukraine conflict, it is important to highlight that our company has factoring relationships exclusively with assignors operating in Italy and therefore we have no direct presence in the Russian, Ukrainian or Belarusian markets primarily affected by the conflict. As at 31 December 2023, Generalfinance had zero exposure to assigned debtors based in Russia, Ukraine and Belarus.

TURNOVER BY PRODUCT, 2023



TURNOVER BY COUNTERPARTY STATUS, 2023



¹ Source: Assifact.

² Source: Assifact.



Since the invasion of Ukraine, Generalfinance has suspended the credit lines relating to assigned debtors operating in countries directly involved in the conflict.

As anticipated at the beginning of the chapter, our turnover has shown constant growth in recent years, with a significant increase of 27% in the last year.

Our main performance derives from factoring with recourse, which represents approximately 76% of our business volumes, while factoring without recourse accounts for approximately 24% of total activities. In addition, around 62% of our turnover is generated by assignors in situations of financial weakness or difficulty, i.e. distressed businesses.

2023 saw growth in sales activities, generating a positive financial and economic outlook for the company in 2024. We expect the company to record an even stronger growth than in the previous year, remaining aligned with the objectives stated in the current Strategic Plan.

6.2 ECONOMIC VALUE GENERATED AND DISTRIBUTED³

Generating constant economic value is of fundamental importance, as it represents the prerequisite for every business to keep fuelling its growth, competitiveness and sustainability over time.

We believe that the creation of value does not only concern the financial aspect, but also - and above all - the ability to **generate well-being, services and wealth for all stakeholders** involved. We believe it is essential for the company to distribute a part of that value to its stakeholders, particularly in its own local area.

The distribution of value among stakeholders not only strengthens the **connection between company and local area**, but also contributes to creating a favourable environment for socio-economic development: investing in employee training and development means improving skills and productivity, creating opportunities for professional growth and development; collaborating with local suppliers promotes the creation of a stronger and more connected local economic system; offering quality products and services meets customer needs and contributes to maintaining and expanding the customer base.

Furthermore, the distribution to local communities of part of the value generated, through social and environmental sustainability initiatives, contributes to the construction of a healthy environment that not only improves the company's reputation, but also generates a **long-term positive impact** on the local area, creating a virtuous cycle of economic and social development.

	2023	2022	2021
Economic value generated	€ 37,323,972	€ 30,792,840	€ 23,644,831
Economic value distributed	€ 28,384,311	€ 24,242,800	€ 17,984,626
Suppliers	€ 6,471,458	€ 6,120,360	€ 3,287,838
Personnel	€ 7,196,181	€ 6,748,499	€ 5,235,531
Public Administration	€ 7,120,223	€ 5,760,302	€ 4,621,881
Local community	€ 141,760	€ 180,561	€ 112,694
Shareholders	€ 7,454,689	€ 5,433,078	€ 4,726,682
Economic value retained	€ 8,939,661	€ 6,550,040	€ 5,660,205

³ The calculation of the economic value generated and distributed is based on specific instructions provided by the GRI Standards and measures our contribution to the creation of overall economic value - summarised as revenues less items not generated directly by us (e.g. a PA grant) - and the reclassification of costs by ultimate recipient, instead of by cost, in order to define the percentages of value distributed to our stakeholders. The difference between the two values indicates the value retained internally for self-financing and future investments.

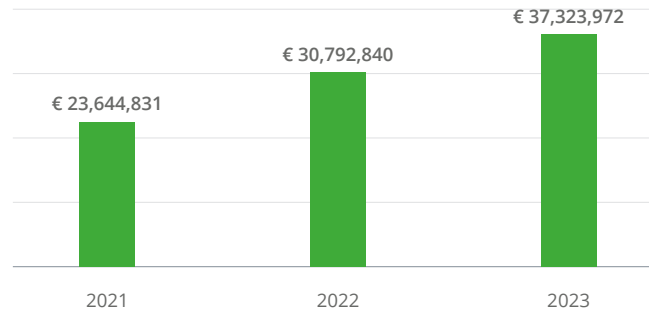


As seen from the previous table and the side chart, the economic value we generate has increased over the last three years, from a total of almost EUR 23.7 million in 2021 to over EUR 37.3 million in 2023, in line with the increase in turnover, which rose to EUR 2.6 billion.

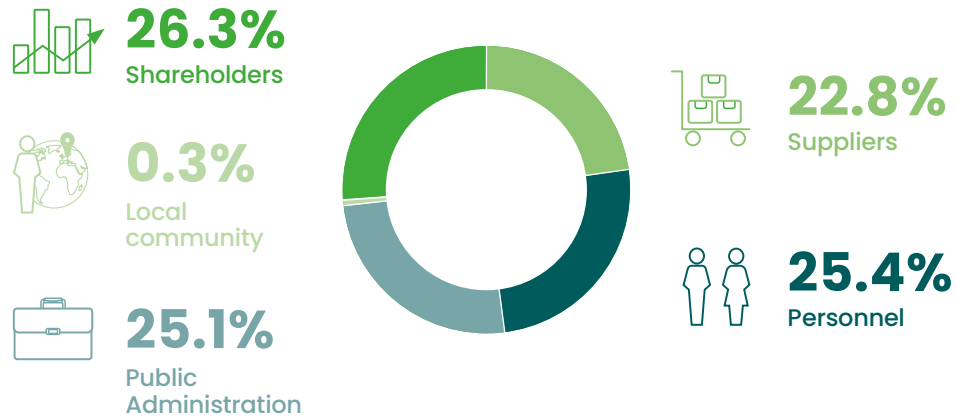
This increase was made possible by the shift of part of the portfolio from retail to corporate customers, which led to an increase in the average ticket of receivables assigned, allowing a growth in turnover in increasing the importance of our organisation in the areas in which we operate, while the value retained internally recorded an increase of +34% (since 2021).

In particular, note that most of the value distributed referred to personnel (25.4%), suppliers (22.8%), Public Administration (25.1%) and shareholders (26.3%). The remainder is intended for local communities in the areas in which our company has historically operated, through charitable contributions and donations to local associations and entities.

ECONOMIC VALUE GENERATED



ECONOMIC VALUE DISTRIBUTED, 2023





6.3 RISK MANAGEMENT

Risk management is an essential process for our work, which is why over the years we have developed and constantly updated tools suitable for risk identification and management.

The risk analysis is aimed at mapping and classifying the types of risk to which the Company is or could be exposed. More specifically, the analysis is divided into the following main activities:

- **survey of company processes:** identification of the main processes and macro-activities existing in each area or organisational unit, identified on the basis of direct interviews with each manager and on the basis of the analysis of company documentation, for example the organisational chart, manuals and company procedures;
- **mapping of gross risks:** for each business process or macro-activity surveyed, identification of the associated risks, with resulting assessment of the probability, frequency of occurrence and gross impact of each risk;
- **estimate of net risks:** identification and assessment of controls and oversight mechanisms in place to mitigate gross risks, and assessment of their degree of effectiveness with resulting definition of the degree of risk without such controls.

The following pages provide a summary of the main macro-risks inherent in our business.

The know-how developed today guarantees a **high degree of efficiency for customers**, particularly with reference to collection performance. The tools we have developed also make it possible to monitor the main risks thanks to full control of the operating and credit processes of the companies we work with.

We have also adopted a system consistent with the characteristics, size and complexity of our activities to manage the relevant risks to which we may be exposed. The process management guidelines are defined and approved by the Board of Directors, supported by the Control, Risk and Sustainability Committee in managing risks in line with our strategies, as well as in assessing the adequacy of the internal control system and in relation to the business characteristics and the risk profile assumed.

Responsibility for implementation of the process, once approved, is assigned by the Chief Executive Officer, who guarantees the **monitoring of all material risks** through suitable forward-looking assessments and methodologies and ensures that this process is known, shared and formalised within the company structures.

The **Risk Management Office**, with the support of the Chief Financial Officer (CFO), contributes to defining governance policies and the risk management process and is **responsible for monitoring them**.

The Anti-Money Laundering (AML) and Compliance Office verifies regulatory compliance. Lastly, the activities are audited by the Internal Audit Function.

The Risk Management Office also defines the risk map, i.e. the document in which - as described above - identifies the risks to which the Company is exposed based on their degree of materiality.

Below is a representation of our main risks, classified according to the system defined by the Basel Accords into two pillars: Pillar I, which defines the capital requirements suitable to manage the risks typical of banking and financial activities; Pillar II, which requires entities to adopt a strategy and a process for self-assessment and capital adequacy control, leaving the Supervisory Authority to verify processes and make any requests for corrective measures.



Risk Trends Key

↔ Stable ↘ Reduction ↗ Increase + New Risk

Degree of Materiality Key

■ High ■ Medium-High ■ Medium-Low ■ Low ■ Immaterial

Risk	Degree of Materiality as at 31.12.2022	Risk Trend compared to 31.12.2021	Management Principles	Risk Controls
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Pillar I

Credit/Counterparty Credit	■	↔	measurable	Capital and Organisational Controls
Market	■			
Operational	■	↔	measurable	Capital and Organisational Controls

Pillar II

Concentration	■	↔	measurable	Capital and Organisational Controls
Country	■	↔	measurable	Capital and Organisational Controls
Transfer	■	↔	assessable	Capital and Organisational Controls
Interest rate	■	↔	measurable	Capital and Organisational Controls
Liquidity	■	↔	assessable	Indicators / Organisational Controls
Residual	■	↔	assessable	Organisational Controls
Securitisation	■	↔	assessable	Organisational Controls
Financial leverage	■	↔	measurable	Indicators / Organisational Controls
Basic	■			
Strategic	■	↔	assessable	Organisational Controls
Reputational	■	↔	assessable	Organisational Controls
Compliance	■	↔	assessable	Organisational Controls
IT	■	↔	assessable	Organisational Controls
Deriving from outsourcing arrangements	■	↔	assessable	Organisational Controls



Below we specify and describe the risks identified as having the highest materiality.

CREDIT RISK

One of the main risks to which our organisation is exposed is credit risk, specific to factoring activities. To manage this risk, the assignors and assigned debtors are assessed by processing internal information taken from the company databases and by using data from third parties and specialised public and private bodies. Assessment of the assignors aims to ensure that loan applications comply with the Company's credit policy. Specific controls are also carried out by the Legal Support Office, which constantly monitors changes and updates to the legal aspects of assignors. For assigned debtors, on the other hand, overall portfolio risk is defined following an assessment carried out for each individual debtor, monitoring their credit quality.

Before the loan is disbursed, the level of risk of the loan transaction is assessed through a detailed analysis of each individual credit facility requested, with reference to both assignor and assigned debtor assessments.

Once the credit line is approved, the Risk Management Office constantly monitors and measures the level of credit risk of the performing portfolio and the problem portfolio, among other things verifying payment regularity of the assigned debtors and the level of portfolio diversification.

OPERATIONAL RISK

We are constantly committed at every level to mitigating operational risk, which may result in losses deriving from malfunctions in procedures, personnel and internal systems, as well as external events. The objective is to simplify and streamline internal interactions to improve the efficiency and effectiveness of information and management flows between the various company areas.

We are exposed to multiple operational risks, including the risk of unauthorised transactions, risks relating to failure to store transaction-related documentation, the risk of sanctions deriving from the violation of regulations applicable to the Company, and risks connected to the inadequacy or incorrect functioning of company procedures relating to the identification, management and monitoring of its business risks.



LIQUIDITY RISK

Liquidity risk refers to the possibility of being unable to meet present portfolio obligations as they fall due because of difficulty in obtaining the necessary funds (funding liquidity risk) or limits on the disposal of certain assets (market liquidity risk). Over the years, we have adopted a careful receivables acquisition policy, as well as constant monitoring of their due dates, which have guaranteed us an average asset duration of less than 80 days and limited default levels, thus generating structural liquidity benefits.

REPUTATIONAL RISK

Potential financial or capital losses may derive from a negative perception of our Company by third parties. Although our reputational risk is currently limited, we are committed to managing it on a daily basis through timely adaptation of the company regulations adopted, the implementation of adequate control systems and accurate counterparty selection.



COMPLIANCE RISK

We adopt specific procedures that are promptly updated in relation to regulatory changes, in order to ensure efficient monitoring and mitigation of compliance risks, on compliance and transparency issues identified as a result of changes in regulations.

With specific reference to compliance risk associated with money laundering and international terrorist financing, we have adopted an ad hoc regulation that establishes procedures and obligations that the Company must follow in compliance with applicable regulations.

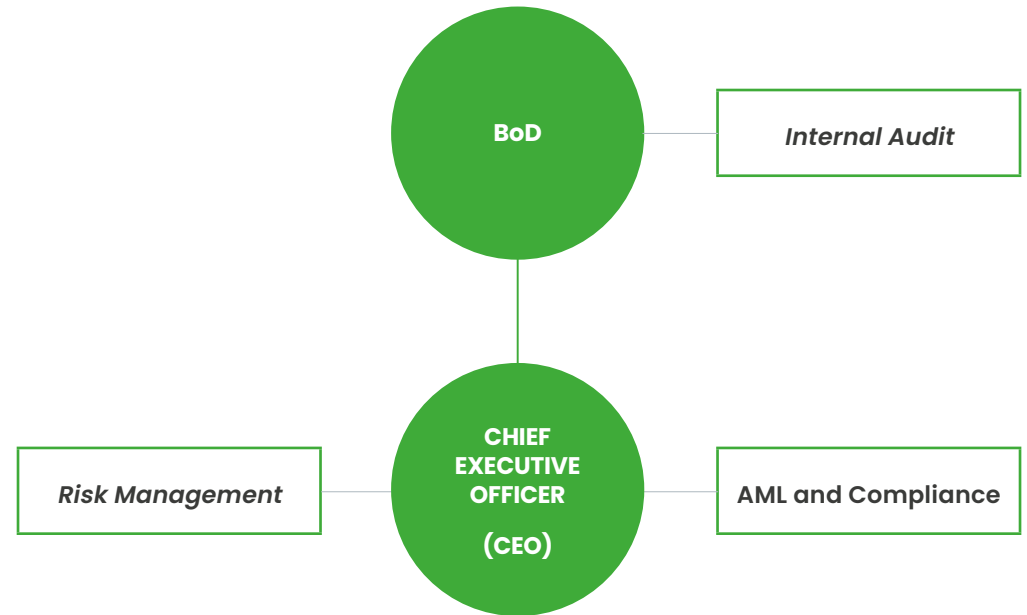
IT RISK

Another decisive aspect is the monitoring of IT security risks, since the incorrect identification and assessment of risks associated with the use of information technology could lead to significant economic, reputational and market share losses. In this regard, the role of ICT Security Manager was established, aimed at updating company systems with new technological solutions, implementing processes that guarantee client and server security and managing any emergency situations following confirmed violations.

During 2023, we also made some **organisational changes** to strengthen the internal control system. In particular:

- **Centralisation of anti-money laundering (AML) and compliance activities** in a dedicated structure, reporting directly to the CEO and carrying out the following activities:
 - monitoring of compliance risk, sanction risk, financial or reputational losses;
 - anti-money laundering function and relative regulatory oversight;
 - reporting of suspicious transactions.
- **Specialisation of the Risk Management Function.**
- **Introduction of a new Internal Audit unit**, reporting to the Board of Directors, with specific responsibility for internal auditing, as a further evolution of the previous structure based on the assignment of third-level control activities within the Board of Directors to a board member.

The control system is defined and represented as follows:



In addition, the Internal Control System is supplemented by:

- **Control, Risk and Sustainability Committee**
- **Board of Statutory Auditors** which, in addition to carrying out a **legality check**, verifies the **adequacy of the administrative and accounting organisation and the proper management of the company**.
- **Supervisory Body**, which is responsible **for supervising the operations**, effectiveness and observance **of the Organisation, Management and Control Model** adopted by the Company pursuant to Legislative Decree 231/01.



6.4 INNOVATION AND DIGITALISATION

Innovation plays a decisive role for a Company like ours operating in the factoring market.

In a context characterised by continuous **technological evolution and increasing competitiveness**, the adoption of cutting-edge solutions allows a company like ours to improve process efficiency from multiple perspectives: offering more personalised services, responding promptly to customer needs and more effectively mapping and minimising the risks associated with core activities.

Our **digital transformation process** began in 2019 with the definition of a Digital Business Plan, approved by the Board of Directors, which laid the foundations for the transition from traditional to hyper-convergent technology that would allow us to transfer the information until then held at the data centre located between Milan and Biella to the cloud. Consequently we updated the architecture of our databases by modelling our information assets on two complementary tools.

As **digital innovation** represents one of the pillars of our Strategic Plan, we developed a project with the B Corp Reti S.p.A. to improve our decision-making process by using distinctive keys preparatory to business growth, such as data analytics, machine learning and artificial intelligence.

In 2022 we launched a data-driven digital innovation project, with the aim of transforming the previous database infrastructure into one that is more efficient, convenient

and secure. The **new digital platform EFintech** - supported by Reti - has allowed the creation of a data-driven architecture permitting migration from file system management to the centralised Integration Services management of SQL Server Management Studio. This made it possible to reduce database maintenance costs, manage data more efficiently, enhance the decision-making process by using proprietary data and therefore increase the quality of services offered to customers.

EFintech

E: refers to the concept of ESG (Environmental, Social, Governance), as - thanks to the launch of the project - we have chosen green data centres and encouraged the option of remote working, supporting a good work-life balance.

Fintec: refers to the digital transformation until now developed in-house.

H: refers to the concept of Human Intelligence and human decision-making possibilities and to the relational exchange promoted by using the new digital architecture proposed.

The data-driven strategy developed enables a decision-making approach based on the analysis and use of available data in order to guide company choices in decisions based on concrete evidence and statistical analysis. Data analysis was implemented through three pillars:

- Data wrangling
- Data visualisation
- Location analytics.

The goal was to gather, analyse and optimise data from different sources, provide a graphical representation of it and expand its geographical origin in order to extract the clearest and **most accurate information possible**. The architecture is also the basis for future implementations of predictive analytics and machine learning, which will help to model predictive forecasts of potential future results and automate analytical models through interactive algorithms.

Thanks to this construction, we have given users the opportunity to work with greater precision and timeliness on data by reducing the time spent on manual activities, without detracting from human work, as the user continues to play a central role and is the final decision-maker, albeit with the support of the digital platform.



The process of standardising data and information in a single database has involved about 3 years of work, from 2019 to 2022, and currently the digitalisation process has been reignited thanks to an allocation of EUR 3 million in the 2022-2024 Business Plan, with the aim of implementing the software, digitalising the assessment of assignors and assigned debtors, monitoring their risks and integrating an electronic digital credit facility.

Lastly, we began to develop a project relating to the computerisation of online meetings of the corporate bodies. Thanks to an external provider, we have improved the management of virtual meetings, such as board meetings, by increasing the level of protection of and accessibility to the data and documents used at these meetings





6.5 PRIVACY AND DATA AND INFORMATION SECURITY

The cybersecurity and privacy that we guarantee to our customers are essential elements to guarantee their protection and business sustainability.

Firstly, we aim to offer customers the best possible service, aware that the value of data and the right to confidentiality should be safeguarded throughout the entire value chain; secondly, also aware of the possible impact that penalties could have on us, we constantly monitor compliance risk with regard to privacy.

For this reason, **we collect and process personal data relating to the personnel management and administration of employees and the exercise of factoring activities on behalf of our customers, fully in line with regulations in force on the protection and processing of personal data**, including Regulation (EU) 2016/679 (GDPR) and Legislative Decree no. 196/2003, amended by Legislative Decree no. 101/2018, as well as the provisions of the Data Protection Authority. Since 2022, in particular, we have refined our GDPR framework through a dedicated project with the support of an external consulting firm – LTA Advisory– which was also engaged as Data Protection Officer (DPO). The activities carried out within the project included the preparation of an extensive

set of documents on privacy, including the implementation of procedures for risk analysis and impact assessment (DPIA) relating to personal data processing, the data breach procedure, the procedure on the rights of data subjects, the privacy by design and by default procedure⁴, the revision of various privacy policies, letters of appointment for employees and collaborators of the Company and letters of appointment of external processors that process data on behalf of the Company.

In addition, since 2022, to mitigate the risk that the personal data of customers and other parties involved may be damaged, lost, stolen, disclosed or used for unauthorised purposes, we launched a project supported by the company Reti through **which solutions were implemented for the auditing and logging of activities relating to our data**, with the aim of monitoring data access and modification by tracking and controlling the actions performed by users through differentiation of the levels of control based on the person's role and responsibility for the data.

In the cybersecurity area, an in-depth assessment is being carried out with HWG, a company with in-house compliance expertise, especially with reference to data breach-incident response plans.

Lastly, as we do not consider it sufficient to limit our actions and activities purely to the scope of our organisation, we decided it was essential to raise the awareness of assignors and assigned debtors to these issues by organising a specific conference held at the University of Verona, **in order to define together the guidelines to be adopted and communicate to them the importance of careful data and information management.**

⁴ Privacy by design is an approach that places the user at the centre and aims to integrate data protection from the initial stages of designing a system or service, preventing risks from occurring and ensuring that privacy is considered in a proactive manner. Privacy by default instead refers to the default setting of a system, which should only process personal data to the extent necessary and sufficient for predefined purposes and for the period strictly necessary for these purposes, thanks to a configuration designed to guarantee the maximum level of privacy from first use, requiring the user to make changes only if this level is to be reduced.



Appendix



ANNEX

Chapter 1 - About us

MEMBERS OF THE HIGHEST GOVERNING BODY

Name and surname	Executive or non-executive role	Independence	Term of office of the governance body	Number of each other position held, individual significant commitments, nature of those commitments	Gender	Member of under-represented social groups	Skills regarding economic, environmental and social issues
Maurizio Dallochio	Chairman of the Board of Directors	Independent	Shareholders' Meeting of 8 March 2022	Director in office in 3 positions Chairman of the Board of Statutory Auditors in office in 13 positions Chairman of the Board of Directors in office in 2 positions Member of the Supervisory Board in office in 1 position Shareholder in office in 3 positions	Male	Information not available	Yes
Mauro Selvetti	Deputy Chairman of the Board of Directors	Independent	Shareholders' Meeting of 8 March 2022	Director in office in 1 position	Male	Information not available	Yes
Massimo Gianolli	Chief Executive Officer	Non-independent	Shareholders' Meeting of 8 March 2022	Chairman in office in 1 position CEO in office in 5 positions Deputy Chairman of the Board of Directors in office in 1 position Chairman of the Board of Directors in office in 2 positions	Male	Information not available	Yes
Gabriele Albertini	Director	Independent	Shareholders' Meeting of 5 April 2023	-	Male	Information not available	Yes
Marta Bavasso	Director	Independent	Shareholders' Meeting of 30 March 2023	Independent director in office in 2 positions	Female	Information not available	Yes
Federica Casalvolone	Director	Independent	Shareholders' Meeting of 5 April 2023		Female	Information not available	Yes
Annalisa Raffaella Donesana	Director	Independent	Shareholders' Meeting of 8 March 2022	Standing Auditor in office in 7 positions Director in office in 1 position Independent Director in office in 1 position Shareholder in 4 positions	Female	Information not available	Yes



Name and surname	Executive or non-executive role	Independence	Term of office of the governance body	Number of each other position held, individual significant commitments, nature of those commitments	Gender	Member of under-represented social groups	Skills regarding economic, environmental and social issues
Leonardo Luca Etro	Director	Independent	Shareholders' Meeting of 8 March 2022	Independent Director in office in 4 positions Sole Director in office in 1 position Chairman of the Board of Directors in office in 2 positions Chairman of the Control, Risk and Sustainability Committee in office in 1 position Director and Shareholder in office in 1 position	Male	Information not available	Yes
Maria Luisa Mosconi	Director	Independent	Shareholders' Meeting of 8 March 2022	Director in office in 2 positions Standing Auditor in office in 5 positions Chairman of the Board of Auditors in office in 1 position Chairman of the Board of Statutory Auditors in office in 4 positions Director in office in 1 position	Female	Information not available	Yes

GRI 2-9 Governance structure and composition

MEMBERS OF THE CONTROL, RISK AND SUSTAINABILITY COMMITTEE

Name and surname	Executive or non-executive role	Independence	Term of office of the governance body	Number of each other position held, individual significant commitments, nature of those commitments	Gender	Member of under-represented social groups	Skills regarding economic, environmental and social issues
Maria Luisa Mosconi	Committee Chairman	Independent	Shareholders' Meeting of 8 March 2022	Director in office in 2 positions Standing Auditor in office in 5 positions Chairman of the Board of Auditors in office in 1 position Chairman of the Board of Statutory Auditors in office in 4 positions Director in office in 1 position	Female	Information not available	Yes
Annalisa Raffaella Donesana	Committee Member	Independent	Shareholders' Meeting of 8 March 2022	Standing Auditor in office in 7 positions Director in office in 1 position Independent Director in office in 1 position Shareholder in 4 positions	Female	Information not available	Yes
Mauro Selvetti	Committee Member	Independent	Shareholders' Meeting of 8 March 2022	Director in office in 1 position	Male	Information not available	Yes

GRI 2-9 Governance structure and composition



MEMBERS OF THE APPOINTMENTS AND REMUNERATION COMMITTEE

Name and surname	Executive or non-executive role	Independence	Term of office of the governance body	Number of each other position held, individual significant commitments, nature of those commitments	Gender	Member of under-represented social groups	Skills regarding economic, environmental and social issues
Maria Luisa Mosconi	Committee Chairman	-	-	Director in office in 2 positions Standing Auditor in office in 5 positions Chairman of the Board of Auditors in office in 1 position Chairman of the Board of Statutory Auditors in office in 4 positions Director in office in 1 position	Female	Information not available	-
Annalisa Raffaella Donesana	Committee Member	-	-	Standing Auditor in office in 7 positions Director in office in 1 position Independent Director in office in 1 position Shareholder in 4 positions	Female	Information not available	-
Mauro Selvetti	Committee Member	-	-	Director in office in 1 position	Male	Information not available	-

GRI 2-9 Governance structure and composition



MEMBERS OF THE BOARD OF STATUTORY AUDITORS

Name and surname	Executive or non-executive role	Independence	Term of office of the governance body	Number of each other position held, individual significant commitments, nature of those commitments	Gender	Member of under-represented social groups	Skills regarding economic, environmental and social issues
Paolo Francesco Maria Lazzati	Chairman of the Board of Statutory Auditors	Independent	Shareholders' Meeting of 8 March 2022	Standing Auditor in office in 20 positions Sole Director in office in 6 positions Chairman of the Board of Statutory Auditors in office in 23 positions Auditor in office in 6 positions Director in office in 5 positions Chief Executive Officer in office in 3 positions Sole Auditor in office in 4 positions Shareholder in office in 3 positions Chairman of the Board of Directors in office in 1 position	Male	Information not available	Yes
Marco Carrelli	Standing Auditor	Independent	Shareholders' Meeting of 8 March 2022	Standing Auditor in office in 5 positions Alternate Auditor in office in 2 positions Chairman of the Board of Statutory Auditors in office in 1 position Shareholder in office in 1 position	Male	Information not available	Yes
Maria Enrica Spinardi	Standing Auditor	Independent	Shareholders' Meeting of 8 March 2022	Standing Auditor in office in 12 positions Chairman of the Board of Statutory Auditors in office in 1 position	Female	Information not available	Yes
Andrea di Giuseppe Cafà	Alternate Auditor	Independent	Shareholders' Meeting of 8 March 2022	Chairman of the Board of Statutory Auditors in office in 5 positions Sole Auditor in office in 4 positions Standing Auditor in office in 2 positions Shareholder in office in 3 positions	Male	Information not available	Yes
Luca Zambanini	Alternate Auditor	Independent	Shareholders' Meeting of 8 March 2022	Chairman of the Board of Statutory Auditors in office in 1 position CEO in office in 2 positions Alternate Auditor in office in 6 positions Standing Auditor in office in 12 positions Receiver in office in 1 position Chairman of the Board of Directors in office in 1 position Shareholder in office in 2 positions	Male	Information not available	Yes

GRI 2-9 Governance structure and composition



MEMBERS OF THE HIGHEST GOVERNANCE BODY TO WHOM ANTI-CORRUPTION POLICIES AND PROCEDURES HAVE BEEN COMMUNICATED

Unit of measurement	2023	2022	2021
No.	9	9	5
% of total members	100%	100%	100%

GRI 205-2: Communication and training about anti-corruption policies and procedures

MEMBERS OF THE HIGHEST GOVERNANCE BODY WHO HAVE RECEIVED ANTI-CORRUPTION TRAINING

Unit of measurement	2023	2022	2021
No.	0	0	0
% of total members	0%	0%	0%

GRI 205-2: Communication and training about anti-corruption policies and procedures

EMPLOYEES TO WHOM ANTI-CORRUPTION POLICIES AND PROCEDURES HAVE BEEN COMMUNICATED

Employee categories <i>(number)</i>	2023	2022	2021
Executives and middle managers	12	9	9
% of total employees in the category	100%	100%	100%
Office workers	59	52	46
% of total employees in the category	100%	100%	100%
Blue-collar workers	0	0	0
% of total employees in the category	0%	0%	0%

GRI 205-2: Communication and training about anti-corruption policies and procedures

EMPLOYEES WHO HAVE RECEIVED ANTI-CORRUPTION TRAINING

Employee categories <i>(number)</i>	2023	2022	2021
Executives and middle managers	12	9	9
% of total employees in the category	100%	100%	100%
Office workers	59	52	46
% of total employees in the category	100%	100%	100%
Blue-collar workers	0	0	0
% of total employees in the category	0%	0%	0%

GRI 205-2: Communication and training about anti-corruption policies and procedures

BUSINESS PARTNERS TO WHOM ANTI-CORRUPTION POLICIES AND PROCEDURES HAVE BEEN COMMUNICATED

Employee categories <i>(number)</i>	2023	2022	2021
Specify the type of business partner	0	0	0
% of total business partners	0%	0%	0%
Specify the type of business partner	0	0	0
% of total business partners	0%	0%	0%

GRI 205-2: Communication and training about anti-corruption policies and procedures



Chapter 3 – Our people

TYPE OF CONTRACT

	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
Permanent contract	37	33	32	30	28	25
Fixed-term contract	1	0	1	0	0	0
Non-guaranteed hours contracts	0	0	0	0	0	0
Total by gender	38	33	33	30	28	25
Total employees	71		63		53	

GRI 2-7: Employees

EMPLOYMENT TYPE

	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
Full time	37	32	32	30	28	25
Part time	1	1	1	0	0	0
Total by gender	38	33	33	30	28	25
Total employees	71		63		53	

GRI 2-7: Employees



NEW HIRES, BY AGE AND GENDER

	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
< 30 years	3	1	1	0	1	2
	75%	25%	100%	0%	33%	67%
	4		1		3	
30 ≤ x ≤ 50 years	4	2	5	6	5	2
	67%	33%	45%	55%	71%	29%
	6		11		7	
> 50 years	0	1	0	0	0	1
	0%	100%	0%	0%	0%	100%
	1		0		1	
Total new hires, by gender	7	4	6	6	6	6
Total new hires	11		12		11	

GRI 401-1 New employee hires and employee turnover

NUMBER OF TERMINATIONS, BY AGE AND GENDER

	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
< 30 years	0	0	0	0	0	0
	0%	0%	0%	0%	0%	0%
	0		0		0	
30 ≤ x ≤ 50 years	2	1	1	0	5	1
	67%	33%	100%	0%	83%	17%
	3		1		6	
> 50 years	0	0	0	0	1	1
	0%	0%	0%	0%	50%	50%
	0		0		2	
Total employee turnover, by gender	2	1	1	0	6	2
Total employee turnover	3		1		8	

GRI 401-1 New employee hires and employee turnover



TYPE OF BENEFIT (EMPLOYEES)

	2023
Executives	
Life insurance	no
Health care	as per the National Collective Labour Agreement
Disability and invalidity coverage	yes for the two executives
Parental leave	as per the National Collective Labour Agreement
Retirement provision	as per the National Collective Labour Agreement
Stock ownership	no
Others	
Office workers	
Life insurance	no
Health care	as per the National Collective Labour Agreement
Disability and invalidity coverage	no
Parental leave	as per the National Collective Labour Agreement
Retirement provision	as per the National Collective Labour Agreement
Stock ownership	no
Others	
Blue-collar workers	
Life insurance	no
Health care	as per the National Collective Labour Agreement
Disability and invalidity coverage	no
Parental leave	as per the National Collective Labour Agreement
Retirement provision	as per the National Collective Labour Agreement
Stock ownership	no
Others	no
GRI 401-2: Benefits provided to full-time employees	



EMPLOYEE CATEGORIES

	2023	2022	2021
Total number of employees that were entitled to parental leave, by gender¹			
Men	38	34	N/A
Women	33	30	N/A
Total	71	64	N/A
Total number of employees that took parental leave, by gender			
Men	3	1	N/A
Women	0	1	N/A
Total	3	2	N/A
Total number of employees that returned to work in the reporting period after parental leave ended, by gender			
Men	3	1	N/A
Women	0	1	N/A
Total	3	2	N/A
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender			
Men	1	0	N/A
Women	1	1	N/A
Total	2	1	N/A
Rate of return to work of employees that took parental leave, by gender			
Men	100%	100%	N/A
Women	0%	100%	N/A
Retention rate of employees that took parental leave, by gender			
Men	100%	0%	N/A
Women	0%	0%	N/A
GRI 401-3: Parental leave			

¹ In this category, the number of employees as at 31 December 2022 was taken into consideration, plus 1 employee who resigned during the year.



MINIMUM NUMBER OF WEEKS' NOTICE TYPICALLY PROVIDED TO EMPLOYEES AND THEIR REPRESENTATIVES PRIOR TO THE IMPLEMENTATION OF SIGNIFICANT OPERATIONAL CHANGES THAT COULD SUBSTANTIALLY AFFECT THEM

	2023	2022	2021
no.	4	4	4

GRI 402-1: Minimum notice periods regarding operational changes²

HOURS OF TRAINING

	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
Total employees	38	33	33	30	28	25
Total hours of training by gender	1623.0	1668.0	493	298	582.0	497
Average hours of training	41.6	50.5	14.9	9.9	20.8	19.9

GRI 404-1 Average hours of training per year per employee

EMPLOYEE CATEGORIES

	2023	2022	2021
Executives and Middle Managers			
Men	100%	100%	100%
Women	100%	N/A	N/A
Office workers			
Men	100%	100%	100%
Women	100%	100%	100%
Blue-collar workers			
Men	N/A	N/A	N/A
Women	100%	100%	100%

GRI 404-3 Percentage of employees receiving regular performance and career development reviews

² This policy was not formalised within the company. The customary notice period is taken into consideration.



PROFESSIONAL CATEGORIES

	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
Members of the highest governance body, by age						
< 30 years	0	0	0	0	0	0
30 ≤ x ≤ 50 years	1	0	2	1	1	0
> 50 years	4	4	3	3	4	0
Total, by gender	5	4	5	4	5	0
Total	9		9		5	
Employees						
< 30 years	6	4	3	3	2	3
30 ≤ x ≤ 50 years	26	22	24	21	20	15
> 50 years	6	7	6	6	6	7
Total, by gender	38	33	33	30	28	25
Total	71		63		53	
GRI 405-1 Diversity of governance bodies and employees						

	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
Members of the highest governance body, by gender						
Vulnerable groups	0	0	0	0	0	0
Total	0		0		0	
% of total members, by gender	0%	0%	0%	0%	0%	0%
Employees						
Vulnerable groups	1	2	0	2	0	2
Total	3		2		2	
% of total members, by gender	3%	6%	0%	7%	0%	8%
GRI 405-1 Diversity of governance bodies and employees						



RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN ³

	2023		2022		2021	
	Basic salary	Remuneration	Basic salary	Remuneration	Basic salary	Remuneration
Employee categories, by gender						
Executives and Middle Managers	68%	69%	N/A	N/A	N/A	N/A
Office workers	76%	74%	73%	71%	71%	70%
Blue-collar workers	N/A	N/A	N/A	N/A	N/A	N/A
GRI 405-2 Ratio of basic salary and remuneration of women to men						

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS, BY PROFESSIONAL CATEGORY

	2023	2022	2021
Executives and middle managers	3%	3%	4%
Office workers	97%	97%	96%
Total employees covered by collective bargaining agreements	100%	100%	100%
GRI 2-30: Collective bargaining agreements			

³ It was not possible to apply the calculation to the executives and blue-collar categories as in the former case there are no females and in the latter case there are no males.



Chapter 5 – Our environmental impact

MATERIALS USED

	Renewable or non-renewable	Unit of measurement	2023	2022	2021
Reams of paper	Renewable	Qty [Kg]	618	380	487
Total materials used		Qty [Kg]	619	381	488

GRI 301-1: Materials used by weight or volume

ENERGY CONSUMPTION, BY ENERGY SOURCE (GJ)

	2023	2022	2021
Electricity purchased	452	433	447
of which from traditional sources (non-renewable)	244	248	256
of which from renewable sources	208	185	191
Self-generated electricity	0	0	0
Natural gas	260	422	301
for heating	260	422	301
<i>Fuel used for the company fleet</i>			
Diesel (100% mineral diesel)	1108	859	646
Petrol	325	46	37
Methane	0	0	0
LPG	0	0	0
Energy intensity	0.831	0.875	1.021

GRI 302-1: Energy consumption within the organisation

GRI 302-3: Energy intensity



DIRECT AND INDIRECT CO₂ EMISSIONS (tCO₂eq)

	2023	2022	2021
Total direct (Scope 1) CO ₂ emissions	121.039	74.788	56.640
Natural gas	0.013	0.021	0.015
Diesel	91.712	70.64	53.25
Petrol	29.314	4.13	3.37
Intensity of direct (Scope 1) CO ₂ emissions	0.047	0.037	0.040
Total indirect (Scope 2) CO ₂ emissions - location based	25.979	23.250	26.388
Intensity of indirect (Scope 2) CO ₂ emissions - location based	0.010	0.012	0.019
Total indirect (Scope 2) CO ₂ emissions - market based	30.929	31.445	32.646
Intensity of indirect (Scope 2) CO ₂ emissions - market based	0.012	0.016	0.023
Total direct and indirect (Scope 1 + Scope 2) CO ₂ emissions - location based	147.018	98.038	83.028
Intensity of direct and indirect (Scope 2) CO ₂ emissions - location based	0.057	0.049	0.059
Total direct and indirect (Scope 1 + Scope 2) CO ₂ emissions - market based	151.968	106.232	89.286
Intensity of direct and indirect (Scope 2) CO ₂ emissions - market based	0.059	0.053	0.064

GRI 305-1: Direct (Scope 1) GHG emissions
GRI 305-2: Energy indirect (Scope 2) GHG emissions
GRI 305-4: GHG emission intensity



Chapter 6 – Our economic and governance performance

ECONOMIC VALUE GENERATED AND DISTRIBUTED

	2023	2022	2021
Economic value generated	€ 37,323,972	€ 30,792,840	€ 23,644,831
Economic value distributed	€ 28,384,311	€ 24,242,800	€ 17,984,626
Suppliers	€ 6,471,458	€ 6,120,360	€ 3,287,838
Personnel	€ 7,196,181	€ 6,748,499	€ 5,235,531
Public Administration	€ 7,120,223	€ 5,760,302	€ 4,621,881
Local community	€ 141,760	€ 180,561	€ 112,694
Shareholders	€ 7,454,789	€ 5,433,078	€ 4,726,682
Economic value retained	€ 8,939,661	€ 6,550,040	€ 5,885,593
GRI 201-1 Direct economic value generated and distributed			



TAX MANAGEMENT

	2023	2022	2021
Names of the resident entities	Generalfinance S.p.a.	Generalfinance S.p.a.	Generalfinance S.p.a.
Main activities	Financing activities in the form of factoring, purchase of receivables of companies with and without recourse, advances against assignment of receivables, ancillary services		
Number of employees	71	63	53
Revenues from sales to third parties	62,301,343	41,300,395	29,897,268
Revenues from intra-group transactions with other tax jurisdictions	-	-	-
Profit/loss before taxes	22,001,629	16,470,356	13,926,103
Property, plant and equipment other than cash and cash equivalents	4,993,230	4,865,994	4,992,460
Income taxes of companies paid on a cash basis	5,563,845	5,390,355	3,809,663
Income taxes of companies accrued on profits/losses	6,943,236	5,584,969	4,472,739
Reasons for the difference between corporate income tax accrued on profits/losses and the tax due, if the legal tax rate is applied to pre-tax profits/losses	From a regulatory point of view, the taxes due from the company are determined by applying the tax rate to pre-tax profits/losses and accordingly to the accounting results, in compliance with and taking into account the rules set forth in Italian Presidential Decree 917/1986 and Legislative Decree 446/1997. Any differences between the company's income taxes, accrued on profits/losses, and the tax due are attributable to the valuation of the various accounting items according to tax rules and available information depending on when the tax calculation is performed. In addition, further differences are attributable to the use of tax credits by the company, in accordance with access conditions		

GRI 207-4 Country-by-country reporting



METHODOLOGICAL NOTE

In 2022, Generalfinance started to collect ESG information and to prepare a Sustainability Report, which will be published annually.

The information contained in this document refers to the period from 1 January 2023 to 31 December 2023. The topics covered are also presented along with, where possible, a comparison with the previous two-year period to allow stakeholders to understand the Company's overall performance and compare performance over time.

This document was prepared in accordance with the GRI Sustainability Reporting Standards, 2021 version, which entered into force from 1 January 2023, according to the "With reference to" reporting option.

In terms of document content and quality, its drafting is inspired by the principles defined by GRI Standard 1: Foundation 2021:

- **Accuracy** in reporting information that is correct and sufficiently detailed to allow assessment of the Company's impacts.
- **Balance** in reporting information in an unbiased way, fairly representing both negative and positive impacts.

- **Clarity** in the presentation of information in a way that is understandable and accessible, making the content accessible even to those with limited knowledge of Generalfinance.
- **Comparability**, thanks to the consistent selection and reporting of information to enable analysis of the impacts over time and a comparison with those of other organisations.
- **Completeness** in providing sufficient information to enable an assessment of all aspects of the Company during the reporting period.
- **Sustainability context**, reporting information that raises awareness of how the organisation contributes to achieving sustainable development.
- **Timeliness** - reporting information on a regular basis, making it available in time for information users to make decisions.
- **Verifiability** – gathering, recording, compilation and analysis of data in such a way that the information can be examined to establish its quality.

Materiality analysis and identification of material topics

Consistent with GRI Standard 3: Material topics 2021, the following were considered in order to carry out the materiality analysis:

- **The context of the sector** in which Generalfinance operates, through an analysis of internal documentation, sector peers, Standard Setters and the main regulatory and financial market references.
- **The requests of internal and external stakeholders** that the Company has mapped by engaging management during individual interviews; during these interviews, management expressed a degree of materiality of the issues emerging from the context analysis, expressing a dual assessment for each of them, concerning both the perspective of Generalfinance and that of the reference stakeholders.

At the end of this process, the outcome of the materiality analysis was shared with the Chief Executive Officer, who validated topics emerging as material.



Reporting scope and calculation methods

The reporting scope coincides with that of the 2023 Financial Statements and the company referred to is Generalfinance S.p.A.

Note that until 15 February 2022, Generalfinance was part of GFG Gruppo Finanziario General ("GFG"), the scope of which included Generalfinance S.p.A. and GGH - Gruppo General Holding S.r.l. ("GGH"), the latter as parent company.

On 23 December 2021, GGH filed a formal request with the Bank of Italy to strike GFG from the register of financial groups and for the resulting exemption of GGH from the role of parent company of a financial group, pursuant to Article 109 of the Consolidated Law on Banking and to Bank of Italy Circular no. 288/2015, Title I, Chapter 2, Section IV. On 1 February 2022, the Bank of Italy accepted the request made by GGH and on 15 February 2022, GFG was struck from the register of financial groups.

From the date of GFG's removal from the register of financial groups (i.e. 15 February 2022), Generalfinance S.p.A. is no longer part of GFG Gruppo Finanziario General and GGH no longer holds the role of parent company of a financial group, nor does it carry out management and coordination activities pursuant to article 2497 et seq. of the Italian Civil Code for Generalfinance S.p.A.

Fattori di conversione ed emissioni utilizzati

Note that the following factors were used to calculate the environmental indicators:

- *DEFRA GHG - UK Government GHG conversion factors for company reporting, 2023, 2022 and 2021* - for the conversion of electricity into GJ ("Conversions" sheet), for the conversion of fuels and other direct energy sources into GJ ("Fuel Properties" sheet), for the calculation of direct emissions from fuels and other direct energy sources ("Fuels" sheet) and for the calculation of location-based indirect emissions ("UK electricity" sheet)
- *A/B - European Residual Mixes 2022, 2021 and 2020* - for the calculation of market-based indirect emissions



GLOSSARY

Assignor

Refers to the business customer of the Factor, i.e. its counterparty in the Factoring Contract or in the Assignments.

Assigned Debtor

Refers to the natural person or legal entity - Italian or foreign - required to arrange payment of one or more assigned Receivables.

Disbursement

Refers to the transaction whereby, within the approved Credit Limit, the Factor executes the request for advance payment – in full or in part – of the Consideration, after which the Factor makes available to the Assignor the net revenue resulting from the difference between the portion of the Consideration paid in advance and the amount retained in application of the agreed conditions or to settle amounts due to the Factor.

Factor

In addition to Generalfinance S.p.A., this also refers to the foreign Factor or corresponding company that it uses or will make use of for the performance of its services internationally.

Distressed businesses

Refers to companies in financial difficulty, involved in corporate crisis recovery procedures, characterised by a low credit rating and with resulting difficulty in accessing traditional lending channels because, based on the assessment criteria commonly used by banks and financial intermediaries, they have a low credit rating (“default” or “non-investment grade”).

Performing companies

Refers to companies that are not involved in business crisis recovery procedures but in any event have limited access to traditional lending channels due to their situation of financial difficulty or their financial statement ratios are generally incompatible with banking sector lending policies.

Outstanding

Refers to the nominal amount of the receivables assigned but not collected at a certain date.

Without recourse

Form of factoring by virtue of which the assignor is required to guarantee to the assignee the existence of the assigned receivable, but not the solvency of the assigned debtor.

With recourse

Form of factoring by virtue of which the assignor is required to guarantee to the assignee the existence of the assigned receivable as well as the solvency of the assigned debtor.

Turnover

The amount of nominal receivables assigned to the factor by all assignors in a given period of time (for example, one year), constituting an indicator of business size, commonly used to assess the activity of factoring companies, including the Company, also on an international scale.

GRI Standards

The GRI Standards represent best practices for public reporting on a range of economic, environmental and social impacts. Sustainability reporting based on these standards provides information on an organisation's positive or negative contributions to sustainable development.



GRI CONTENT INDEX

GRI Standards/	Disclosure	Reference
General disclosures		
GRI 2 - General Disclosures 2021	2-1 Organisational details	page 10, Joint-stock company, registered office in Milan
	2-2 Entities included in the organisation's sustainability reporting	pages 82-83
	2-3 Reporting period, frequency and contact point	pages 82-83
	2-4 Restatements of information	N/A
	2-5 External assurance	No assurance was arranged for the 2023 Sustainability Report
	2-6 Activities, value chain and other business relationships	pages 12-13
	2-7 Employees	pages 31, 32, 71
	2-8 Workers who are not employees	There are no workers who are not employees in the three-year period 2021-2023
	2-9 Governance structure and composition	pages 66-69
	2-10 Nomination and selection of the highest governance body	page 14
	2-11 Chair of the highest governance body	page 14
	2-12 Role of the highest governance body in overseeing the management of impacts	page 14
	2-14 Role of the highest governance body in sustainability reporting	page 16
	2-17 Collective knowledge of the highest governance body	page 14
	2-22 Statement on sustainable development strategy	page 5
	2-23 Policy commitments	page 22
	2-27 Compliance with laws and regulations	There were no cases of non-compliance during the entire reporting period
	2-28 Membership associations	pages 35, 46-47
2-29 Approach to stakeholder engagement	page 24	
2-30 Collective bargaining agreements	page 77	



GRI Standards/	Disclosure	Reference
Material topics		
GRI 3 - Material topics 2021	3-1 Process to determine material topics	pages 26-27
	3-2 List of material topics	page 27
Economic performance		
GRI 3 - Material topics 2021	3-3 Management of material topics	page 56
GRI 201 - Economic performance 2016	201-1 Direct economic value generated and distributed	pages 56-57
Anti-corruption		
GRI 205 - Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	page 70
	205-3 Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption in the three-year period 2021-2023
Tax		
GRI 207 - Tax 2019	207-1 Approach to tax	page 81
	207-2 Tax governance, control and risk management	page 81
	207-4 Country-by-country reporting	page 81
Materials		
GRI 3 - Material topics 2021	3-3 Management of material topics	page 49
GRI 301 - Materials 2016	301-1 Materials used by weight or volume	pages 49, 53, 78
Energy		
GRI 3 - Material topics 2021	3-3 Management of material topics	page 50
GRI 302 - Energy 2016	302-1 Energy consumption within the organisation	pages 50, 78
	302-3 Energy intensity	pages 51, 78



GRI Standards/	Disclosure	Reference
Emissions		
GRI 3 - Material topics 2021	3-3 Management of material topics	page 52
GRI 305 - Emissions 2016	305-1 Direct (Scope 1) GHG emissions	pages 52, 79
	305-2 Energy indirect (Scope 2) GHG emissions	pages 52, 79
	305-4 GHG emissions intensity	pages 52, 79
Waste		
GRI 3 - Material topics 2021	3-3 Management of material topics	page 53
GRI 306 - Waste 2020	306-1 Waste generation and significant waste-related impacts	page 53
	306-2 Management of significant waste-related impacts	page 53
Employment		
GRI 3 - Material topics 2021	3-3 Management of material topics	pages 31-32
GRI 401 - Employment 2016	401-1 New employee hires and employee turnover	pages 34, 72
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	pages 32, 73
	401-3 Parental leave	pages 32, 74
Labour/management relations		
GRI 402 - Labour/management relations 2016	402-1: Minimum notice periods regarding operational changes	page 75



GRI Standards/	Disclosure	Reference
Occupational health and safety		
GRI 3 - Material topics 2021	3-3 Management of material topics	page 37
GRI 403 - Occupational health and safety 2018	403-1 Occupational health and safety management system	page 37
	403-2 Hazard identification, risk assessment and incident investigation	page 37
	403-3 Occupational health services	page 37
	403-4 Worker participation, consultation and related communication on occupational health and safety	page 37
	403-5 Worker training on occupational health and safety	page 35
	403-9 Work-related injuries	There were no work-related injuries in the three-year period 2021-2023
403-10 Work-related ill health	There were no deaths or work-related ill health in the three-year period 2021-2023	
Training and education		
GRI 3 - Material topics 2021	3-3 Management of material topics	pages 34-36
GRI 404 - Training and education 2016	404-1 Average hours of training per year per employee	pages 35, 75
	404-2 Programs for upgrading employee skills and transition assistance programs	pages 34-35
	404-3 Percentage of employees receiving regular performance and career development reviews	page 75
Diversity and equal opportunity		
GRI 3 - Material topics 2021	3-3 Management of material topics	page 33
GRI 405 - Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	page 76
	405-2 Ratio of basic salary and remuneration of women to men	pages 33, 77
Local communities		
GRI 3 - Material topics 2021	3-3 Management of material topics	page 46
GRI 413 - Local communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	pages 46-47
Customer privacy		
GRI 418 - Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no complaints regarding violations of privacy in the three-year period 2021-2023