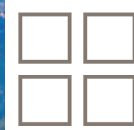


The report present FARAD Group's strategy, its progress throughout the years and what the future holds.

This report sets out to shine light on what the concepts of sustainability, corporate social responsibility (CSR) and ESG mean to FARAD Group.



FARAD
GROUP



FARAD Group

CSR Report 2022

Founded in 2001 in Luxembourg, FARAD Group is a private and independent company acting as impact incubator and venture investor for sustainable projects.

Key Features

54 Charities supported since inception

19 Charities in 2022

€308.000+ Donated to charities since inception

€58.086 in 2022

90+ Students invited at the FARAD Finance Forum events

2 Active projects with VMS 5 (Uni Lux)

90+ Points B-corp certification 2023*

780+ Participants at 5 charity dinners since 2017

130+ Participants in 2022

1250+ Participants at 10th editions of FARAD Finance Forum since 2012

+260 Participants in 2022

450+ Participants at charity Lunch since 2015

90+ Participants in 2022

2 ASBL incubated

*To be confirmed

Letter from the Founder

■ At last, we have come to the point where mere economic achievement is no longer sufficient to convey the long-term sustainability of a company. While financial performance is still important to keep the business running, the impact of the company has come to stand front and centre. It is fundamental to understand that the company is part of an ecosystem and that it must operate in harmony with it.



This ecosystem lives internally through employees and externally through society and the environment. Increasing positive impact on both should be a top priority for any company. This does not imply forgoing profit, much rather it means making use of that profit in a sustainable fashion. Earning money is not the problem, it is how and for what you use that money that makes the difference.

I have always worked with the belief that economic achievement is important only if it has been realized by delicately combining meritocracy and social inclusion. We must overcome the stark contrast between for-profit and not-for-profit and arrive at a point where financial success and social inclusion are inherently intertwined. Social inclusion cannot be achieved without the economic profitability; however, you cannot build a company on the simple pretence of long-term financial profit without operating in a socially inclusive manner, taking into consideration both internal and external stakeholders. Only when you consider both aspects and you successfully marry them into one strategy can you become truly sustainable.

I started my entrepreneurial career with the vision that job creation and the redistribution of part of the

result of my hard work were fundamental to be able to envision a future where my companies and subsidiaries would come to be an international group. Being a B Corporation does not mean conducting business with a non-profit approach, quite the opposite, it means being able to follow strategic indications in a way that will allow the sustainable development of the company, where both financial sustainability as well as social and environmental sustainability are deliberated.

Over the last 20 years, I have refined this concept with the help of the B Corp certification but above all through the awareness of the gift of vision entrepreneurship gives and how this gift can and should be shared with others to help them find their way. This ability to ‘see’ encompasses an abundance of horizons, which should be explored with those who do not have this ability and rely on the entrepreneur to lead the way. This allows the entrepreneur to work for a purpose that must be for the benefit of both.

I would like to leave you with a quote by E.M. Dodd that appeared in the Harvard Law Review in 1932: *“Business activities are permitted and encouraged by law because they are a service to society rather than a (mere) source of profit for its owners”.*

Being a passionate social entrepreneur today means looking beyond the confines of shareholder profit to find a world of opportunities that allows both business, society and the planet to thrive. “Economic achievement is important only if it has been realized by delicately combining meritocracy and social inclusion.”

Who are we?



- Founded in 2001, FARAD group is a private and independent group specialised in the creation, promotion and development of entrepreneurial projects with a specific focus on inclusion, sustainability and participation issues. The group aims to be a relevant impact incubator and venture investor and for sustainable projects. It also stands out as a frontrunner in the environment, social and governance (ESG) movement and achieved the internationally renowned B Corp certification in 2017, making it the second B-certified company in Luxembourg.

With this nature of B Corp and ESG integrated into the company culture, the goal of FARAD Group is to bring together the for-profit market and the not-for-profit market and above all work on inclusion in both markets.

The Group wants to share its philosophy with other people and companies and collectively have strong positive impacts on its surroundings, be it society or the environment. This path to being truly sustainable, on the inside as well as on the outside, is a journey of continuously improving how we think, act and do business.

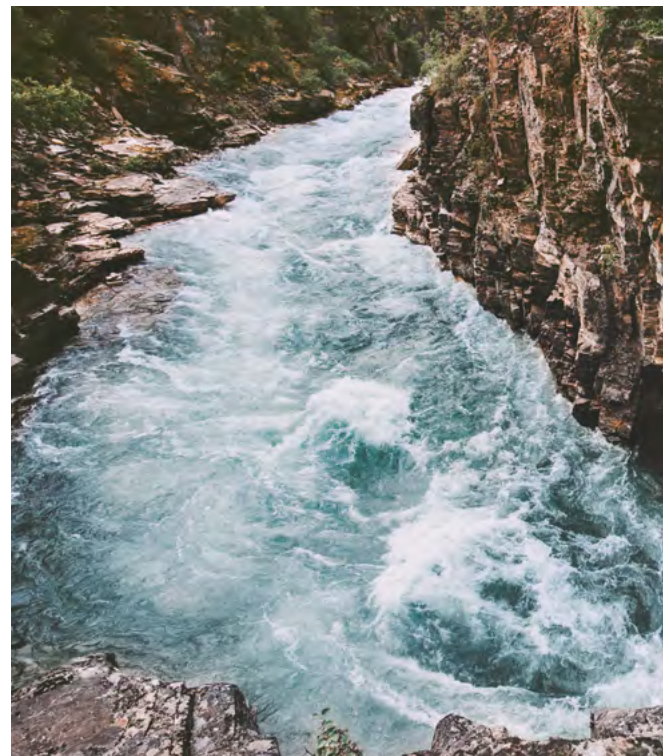
Since the beginning in 2001, it has been important to FARAD Group to make sure the holistic approach to sustainability is implemented and respected in all sub-companies. Whereas the commitment to sustainability and ESG comes from the top, it is inherently part of the subsidiaries as well. As such, it is the holding company that oversees the effective implementation of CSR committees and policies as well as the respect of the environment.

The group's drive promoted the birth and growth of independent ASBLs such as EFPA Luxembourg, The Charity Incubator and the evolution of the GreenEthica business unit.

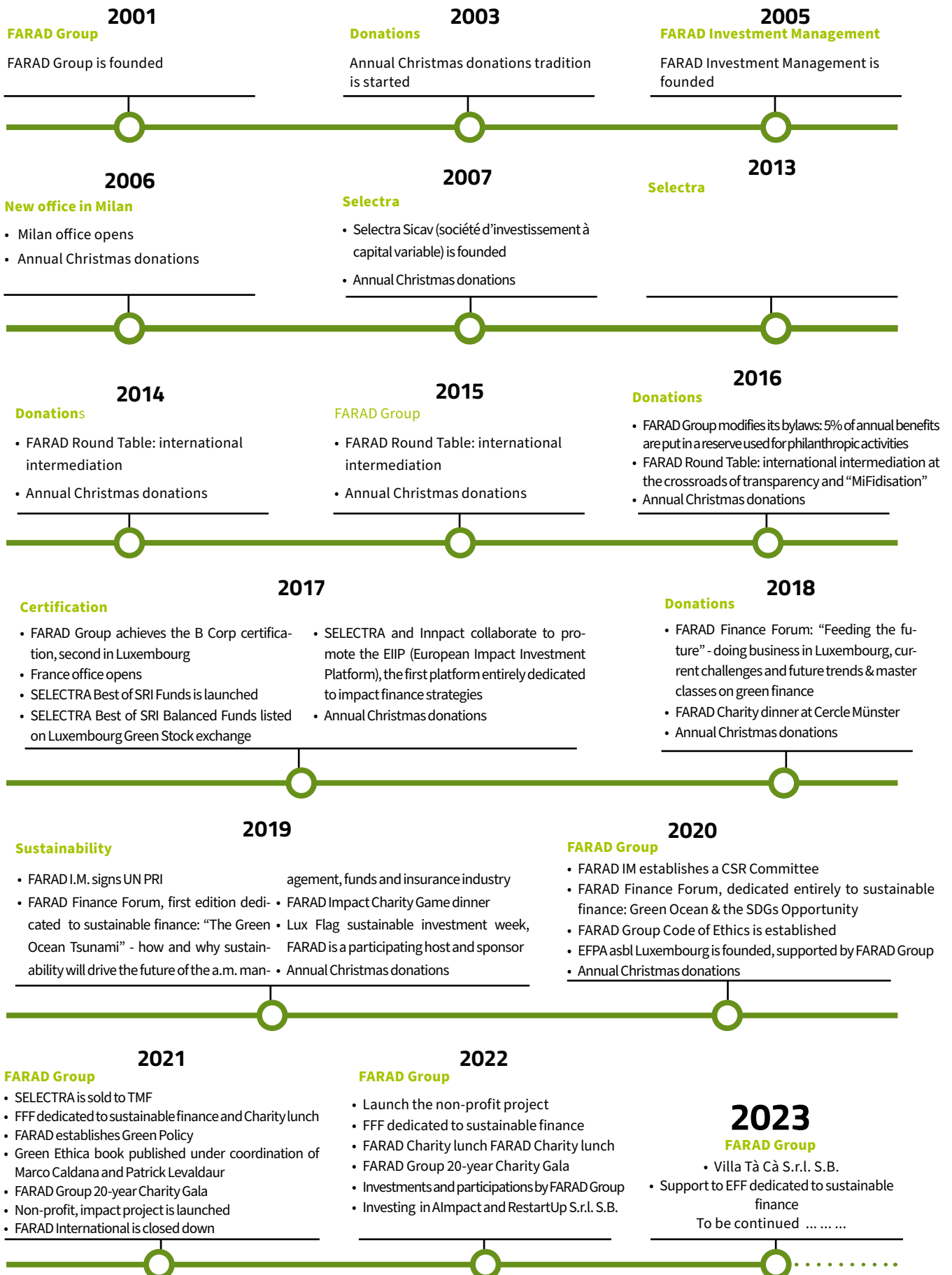
EFPA Luxembourg ASBL (www.EFPA.lu) is a non-profit organization committed to train young people and unemployed building a solid career within the sustainable finance world.

The Charity Incubator ASBL (www.Charity.lu) born in 2022 thanks to an idea of our chairman Marco Caldana is a group of individuals believing in the strengthening of deserving causes by developing, facilitating, and nourishing encounters and collaborations between charities and engaged enterprises.

GreenEthica is the business unit of FARAD Group that is entirely dedicated to sustainable and responsible finance and ESG criteria integration. While sustainability runs deep through the veins of all of FARAD Group's business units, the knowledge and expertise in sustainable finance



FARAD Group timeline



FARAD Group

CSR strategy



■ At FARAD Group, we believe in moving away from the classical shareholder approach, where solely the interest of the company shareholders is taken into account in decision-making processes, to a more inclusive stakeholder approach, where the company considers all stakeholders, both internal and external, that are impacted by and have an impact on company operations.

The SDGs

With this approach, FARAD Group takes into account the interest of shareholders as well as employees, clients, NGOs and associations, and society at large giving a primary importance to the “Responsible Governance”. Together with these stakeholders, FARAD Group shapes its perspectives and initiatives for the future.

On top of the previously mentioned common stakeholders, there are two more that are important to FARAD Group. The first is one that is often thought invisible or a tool to use as we please: the planet. However, the planet is a crucial stakeholder whose interests should be taken into consideration in all decision-making processes. Without a planet, there is no business.

At FARAD Group, the respect of the environment has been at center-stage since the beginning and no decisions are made that are potentially harmful to it. Hand-in-hand with the planet, the generations that will follow are also considered stakeholders by FARAD Group.

For it is they that will take over the world in the future, so ultimately, it is in our best interest, and theirs, that they should be taken into account when making decisions today. In line with FARAD Group’s mission of creating opportunities, future and current generations are always kept in the focus.

Contributing to a better today and tomorrow has been part of our DNA since day one. We strive to build an inclusive, diverse and sustainable future alongside ensuring success for our business. The 17 UN SDGs are at the core of our activities and serve as a guideline for our Corporate Social Responsibility strategy.

The group’s activities mainly focus on two important clusters: the first focus is on environmental issues (Covering SDGs 7,11,12,13) , while the second is on social issues (4,5,10,17).



Figure - 17 UN SDGs

While we believe that each and every one of the 17 goals carries a particular importance and value, we aim to focus on two important clusters: the first focus is on environmental issues (Covering SDGs 7,11,12,13) , while the second is on social issues (4,5,10,17). That gives us

the possibility to build a strong strategy pursuing Social projects through an Environmental approach. At FARAD Group, we aim to take into account this interdependency, that can be found in the sustainability movement on a more universal scale, and work with it.



Cluster E - How we do

A particular attention to the Environmental cluster is part of the company DNA. Both on operational side, where policies regarding the usage of single-use plastics, reducing paper usage and using 100% renewable energy is a given for FARAD Group, and have been put in place since its foundation, both on Business development & Acquisition side where each company that is acquired by the group is reprogrammed or adapted in order to align with the standards already in place and the statutory aims are often related to reducing waste and promoting sustainable activities.



Cluster S - What we do

The second cluster related to social issues is the primary target of businesses carried on by group’s 20 years of activity. Through a process that was initially isolated until it reached the current dimension of “*active & collective philanthropy*” represented by the strong impulse given to The Charity Incubator ASBL in order to make the process of community support continuous, structured and participatory. The group is also active on the education front, numerous collaborations and mentoring activities have been organised over the years with universities and working groups with **EFPA Luxembourg ASBL**, Venture Mentoring Services (VMS), Create Young Entrepreneur Luxembourg (CYEL) and Ideation Camp. At the end of 2022 the Group started its adventure within real estate the the creation of a benefit company **Villa Tà Cà**.

PRINCIPLE 1

WE WILL INCORPORATE ESG ISSUES INTO INVESTMENT, IMPACT ANALYSIS AND DECISION-MAKING PROCESSES.

PRINCIPLE 3

WE WILL SEEK APPROPRIATE DISCLOSURE ON ESG ISSUES BY THE ENTITIES IN WHICH WE INVEST.

PRINCIPLE 5

WE WILL WORK TOGETHER TO ENHANCE OUR EFFECTIVENESS IN IMPLEMENTING THE PRINCIPLES.

PRINCIPLE 2

WE WILL BE ACTIVE OWNERS AND INCORPORATE ESG ISSUES INTO OUR OWNERSHIP POLICIES AND PRACTICES.

PRINCIPLE 6

WE WILL EACH REPORT ON OUR ACTIVITIES AND PROGRESS TOWARDS IMPLEMENTING THE PRINCIPLES.

The 3 Pillars E S G



E - environmental

Respecting the environment is a given for FARAD Group. Since the beginning, certain things have been clear, like no single-use plastic or other toxic materials will be used and only renewable energy will be used to power all offices of the Group. This commitment has been strengthened over the years and several actions are taken to reduce FARAD Group's impact on the environment:

- Efficient use of water and energy
- Efficient use of other natural resources
- Recycling
- Minimizing waste
- Sustainable transport & no-car-policy
- Responsible purchasing/procurement
- Minimizing noise disturbance
- Use of non-toxic products (e.g. biodegradable cleaning products and VOC-free paints)
- Working with clients and suppliers to encourage high environmental standards
- Raising awareness and training employees on environmental issues



S – social

The social aspect of sustainability is incredibly important for FARAD Group's *active & collective philanthropy* has been part of the FARAD Group culture since day 1. FARAD Group has a dual social objective: the inside mission and the outside mission. On the one hand, the company strives to be socially just internally by creating jobs and offering existing and potential employees the possibility to develop both personally and professionally. On the other hand, the Group exerts its social nature by supporting external organizations through long-term partnerships.

Since its foundation in 2001, FARAD Group has worked with and donated to more than 50 charities and associations, both in Luxembourg and abroad. However, we don't define philanthropy by sending checks to charities each year upon which calling ourselves sustainable. It goes beyond donations for us. We want to actively collaborate with associations to create a real positive impact and long-lasting relationships, fruitful on both sides. While donations are made on a very regular basis, through charity events or to various organizations, the Group aims to diversify its social commitment.

The Group's dedication to the social cause was cemented into the bylaws in 2016 than adapted early 2023 to

be compliant to the new explicit requirements to be certified as a B-corp, Stating that 5% of the annual benefits are put in a reserve to support philanthropic and impact projects.

The Group's philanthropic activities have been primarily distributed between 3 themes. Health and wellbeing supporting the Italian Fondazione Piero e Lucille Corti and Luxembourgish Caritas, Médecins Sans Frontières and many more. Children have been supported for various causes, such as education and health, through organizations such as SOS Kannerduerf Letzebuerg and SOS Villages d'Enfants Monde as well as STEMM Vun Der Stroos. Lastly, education and inclusion philanthropies like Digital Inclusion, Handicap International and Unity Foundation support people with difficult circumstances with integration, inclusion and education. In 2022 with the foundation of The Charity Incubator, the group reaches the objective to build a structured and dynamic donors-charities open framework in which donations are not considered as a spot but seen with a partnership view. This would be, hopefully, the key of the medium-long term duration of the effective support given to charities.



G – governance

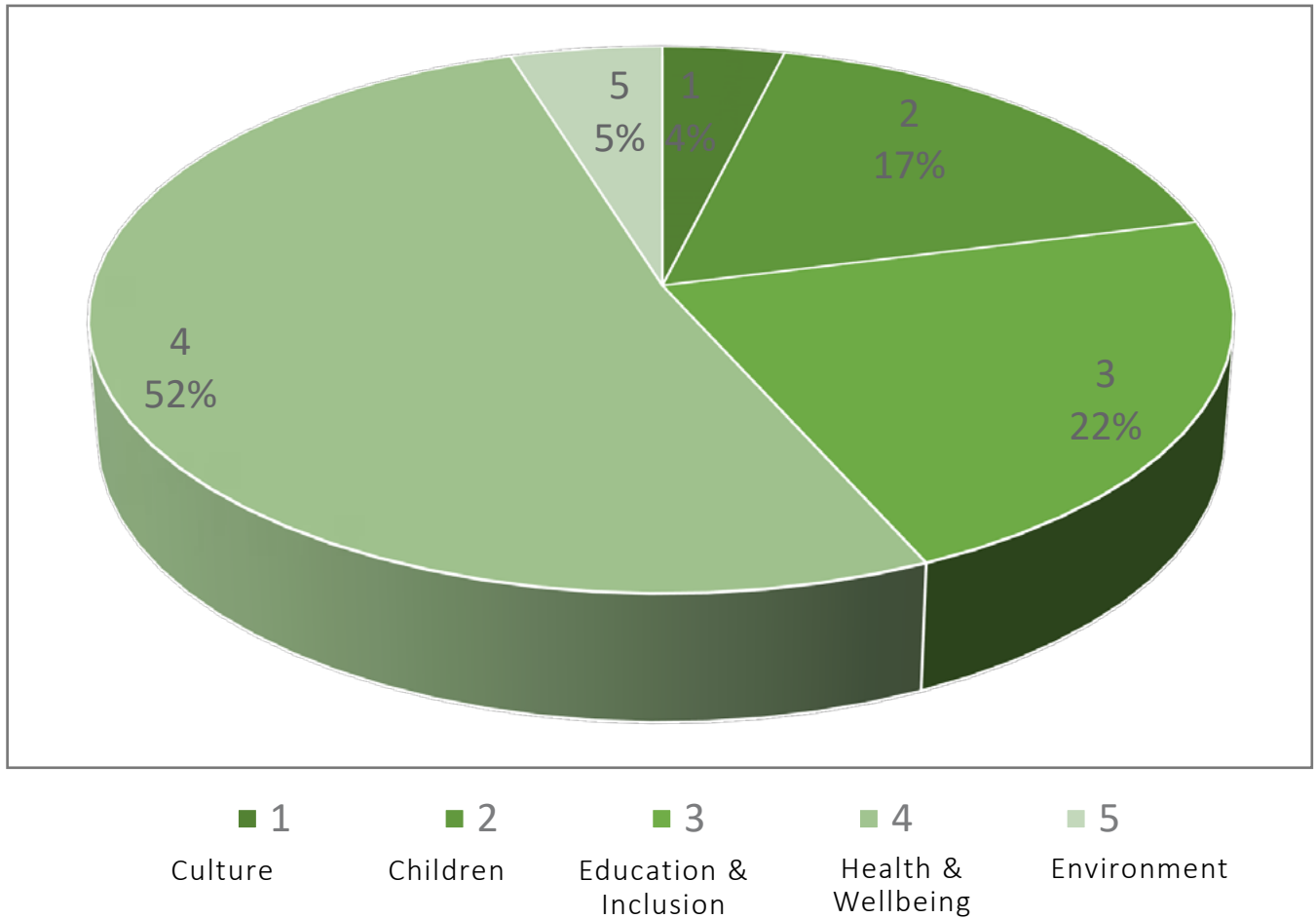
For FARAD Group, sustainability does not end with the environment, nor with society. As already mentioned, a responsible corporate governance is part of DNA of the group. Diversity, inclusion, and equality are the driving mottos both at group and subsidiaries level.

The various subsidiaries have their own independent governance structures. Nevertheless, the pertinent governance culture is introduced from the top starting from the Board of Directors level.

The fact that we are a B Corp company binds us to the commitment of ensuring these values are part of the legal DNA of the company and cannot be disregarded through a change in management. The B Corp gene is inherently part of every corner of FARAD Group.

FARAD Group's Code of Ethics is shared with everyone to make sure all employees are aware of the guidelines. During talent acquisition processes, every applicant is treated with respect, always with the notions of diversity and inclusion in the background. Creating jobs and opportunities is our mission statement and our *raison-d'être* individuals are offered trainings and support in developing their careers and helping them find their way in the professional world.

All donations



From the beginning of the foundation of FARAD Group, approximately 308.000 euros of donations have been made covering various aspects with a particular focus on health & wellbeing and children.

Below you can discover some of the organisations that have received donations from the FARAD Group.



What we have done so far



- Within more than 20 years of FARAD Group’s existence, a lot has happened and much has been achieved. As has been mentioned, sustainability is a constant journey of improvement and with it, the Group has developed and grown and the company culture along with it.

The environment has always been held in high regard and has been respected, the communities in which we operate likewise, and our employees have been treated fairly. However, our philanthropic and impact activities have been done without a clear strategy and aim. So, during the past 20 years, we have been focused on forming our CSR strategy and making it holistically part of the company culture. We want to continue to develop our social part of the business and go further beyond simple donations to charities. We want to collaborate actively with philanthropies to achieve positive impact. That is why the group committed himself with 54 charities over the years adding 19 of them into The Charity Incubator framework just in 2022. In this perspective more than 308k have been donated over the years for charities purposes and in 2022 we reached an important first milestone touching 58k in a single year.

In line with this culture, we made the commitment to become B Corp certified in 2017. While the B Corp culture has indirectly been part of FARAD culture, the certification in 2017 officially testified it. We believe that you don’t get a B Corp, you are a B Corp. You benefit your clients, your employees and your environment. It is a culture that the company inherently believes in and wants to promote. The group’s commitment to the B-corp movement is not limited to certification where we are closing the third recertification with a score 90+, but we also have collaborated over the years promoting the movement on a large scale throughout Luxembourg and, in particu-

lar in 2022, with the entry of IMS Luxembourg acting as a single point of contact for B-corp within the country we became an active part of the roundtable of members, promoting always available to promote and host each initiative.

FARAD Group’s mission changed over the years moving from a financial view to a new one, committed to pursue results through an economic growth across a broader spectrum matching profit and non-profit. Living up to the B Corp motto of “using business as a force for good”, the Group is constantly seeking the creation of opportunities and jobs, both inside the company and outside, by supporting start-up projects and other organizations: 2 ASBLs has already been Incubated, 2 projects with VMS of Uni Lux are in the pipeline but the group’s vision is constantly projected into the future and towards the new opportunities that social and regulatory developments offer.

Jobs are ultimately what make society work, and FARAD Group works hard on finding and creating possibilities for people to be part of this, especially for young people. Starting its journey in 2001 with one employee, over the years this number has multiplied. A couple of hundreds of people have worked at or with FARAD Group and have gotten the opportunity of furthering their professional careers through and/or with the Group.

What are we doing next

Our most important goal for the future accurately represents the mentality and concreteness that have characterized the group since 2001: The will to make our investment model unique, cementing the direct correlation between economic growth to be achieved through the consolidation of the group’s current activities and sustainable growth through existing projects and new opportunities to be discovered, while maintaining a strong entrepreneurship and propensity for the challenges, albeit complicated, that the current environment offers us.

Consolidation of existing realities is therefore crucial for the development of directional and targeted entrepreneurship. The consolidation of the ASBLs EFPA Luxembourg and The Charity Incubator for example started in 2022 and will continue in 2023, when two of the group’s major events will be entirely lead by these two entities. FARAD Finance Forum leaves the baton to EFPA Finance Forum while the traditional Gala Charity Dinner in mid-October will be under the

auspices of The Charity Incubator. This will enhance again the focus of the group on the *“active and collective philanthropy”*.

If the consolidation is the first phase, the second phase is our main challenge: the objective to create a solid investment chain, which aims to develop new social impact projects through the consolidation of existing ones, while maintaining the economic stability as well as the environmental orientation typical of our investment model.

Several projects are already at an embryonic stage, both in Luxembourg and Italy, projects ranging from social renewal real estate operations to operations totally focused on renewable energy or regenerative finance. FARAD Group is proud supporters of A|Impact. It is an AIF (Alternative Investment Fund), aimed at institutional investors. Moreover FARAD Group is investing with impact in MyRestarup by helping entrepreneurs and SMEs to relaunch their businesses.



Improving our B Corp nature

“ The shareholders wish that, in the performance of its duties, the Board of Directors takes into account the social, environmental, economic and legal effects of its actions. More precisely, the Board of Directors shall take into consideration, in addition to the interests of the shareholders, the interests of the company’s employees, customers, communities affected by the company, and the local and global environment, as well as the short-term and long-term interests of the company. ”

Art. 05

“ Five percent (5.00%) which is made available to the Board of Directors to be used for charitable, volunteer, social impact investment or Socially Responsible Investing (S.R.I.) activities. ”

Art. 17

“ The Company aims to operate its business in a responsible, sustainable and transparent manner towards people, the environment and other stakeholders. The Company is further committed to promoting an inclusive working environment and does not discriminate against employees or applicants on the grounds of race, colour, religion, gender identity, sex, sexual preference or identity, maternity status, national origin, ancestry, citizenship, marital status, physical disability, medical condition, military status or any other characteristic protected by law or the European Court of Human Rights. The Company is also committed to the highest standards of corporate governance, which means doing so in a transparent, independent and ethical manner. ”



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