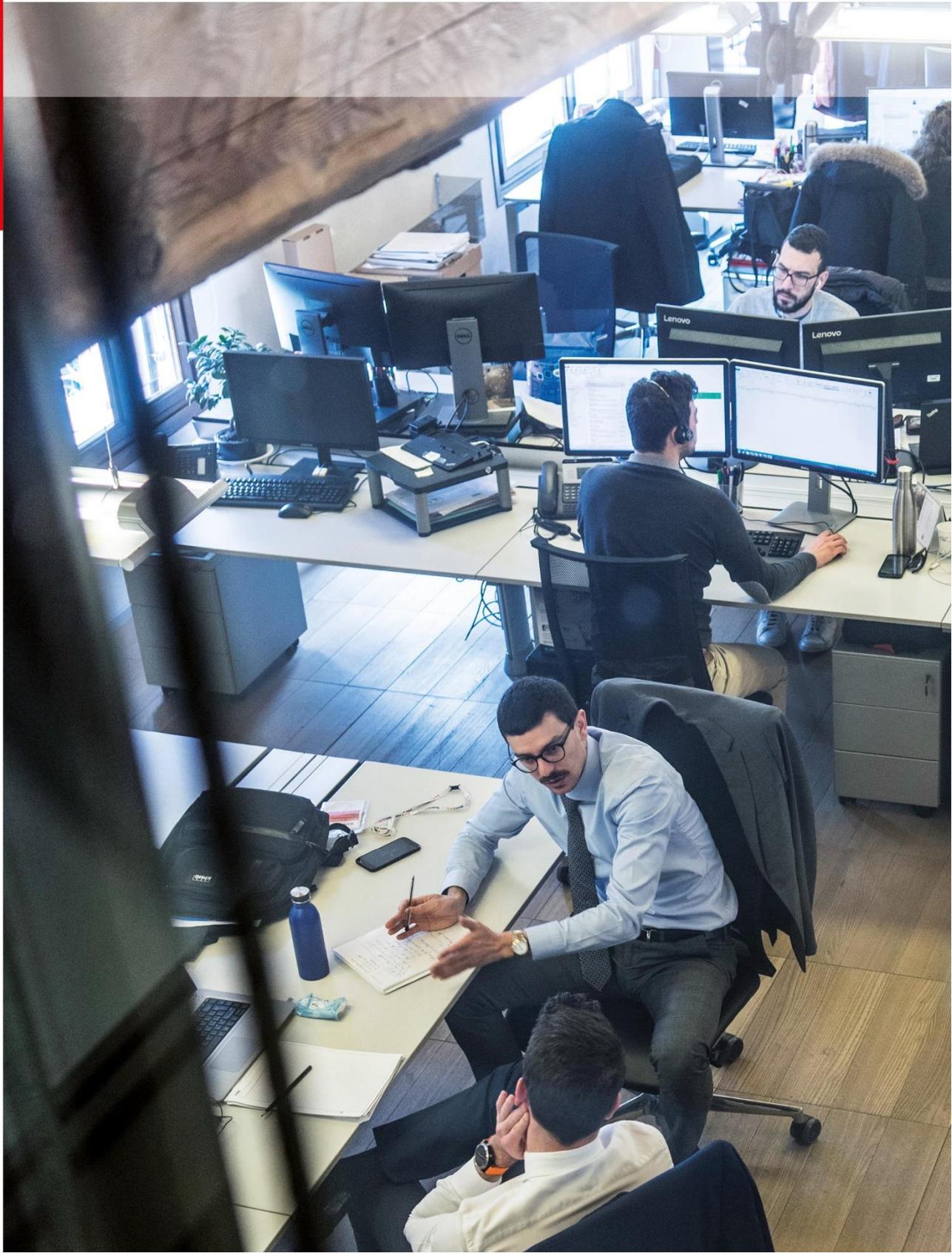


6.

Ifis Responsibility



6.1 Commitment to local communities

Policies and other reference documentation

- Code of Ethics

[GRI 413-1]

The Banca Ifis Group places special emphasis on strengthening its relationship with the communities in which it operates as well as regional and national stakeholders—evidence of its commitment to not only promoting entrepreneurship and a business culture, but also supporting charitable entities and associations, working on projects with schools and Universities, and hosting initiatives and events for the public or the business community on its premises.

The Communication, Marketing and External Relations Department plans and organises the Group's events, initiatives and charitable donations in these areas, ensuring compliance with the principles and rules of conducts set out in the Code of Ethics as far as transparency, compliance with the law, the selection of recipients, and the accounting for the payments made are concerned.

Here below are the main initiatives carried out during 2019.

Suspension of mortgage and lease instalments in the event of a natural disaster

In 2019, Banca Ifis suspended payment of lease and mortgage instalments when natural disasters and earthquakes struck. The suspensions, implemented in fulfilment of the relevant Council of Ministers' resolutions, involved contracts stipulated on properties that had been cleared or the management of commercial and economic business carried out in cleared properties, as well as buildings that had been destroyed or made unusable by the natural events that, during the year, struck:

- the municipalities of Zafferana Etnea, Viagrande, Trecastagni, Santa Venerina, Acireale, Aci Sant'Antonio, Aci Bonaccorsi, Milo, Aci Catena of the province of Catania (earthquake of 26 December 2018);
- the territories of the Provinces of Brescia, Lecco and Sondrio (exceptional weather of 11 and 12 June 2019);
- the territories of the province of Alessandria (exceptional weather from 19 to 22 October 2019);
- the territories of the municipality of Venice (exceptional weather starting 12 November 2019).

#RaccontamItalia

In 2019, Banca Ifis celebrated the beauty of Italy and its cities through the new initiative #RaccontamItalia. The project aimed to promote Italy by placing emphasis on the local businesses that represent one of the strengths of its economy through storytelling. More specifically, footage was filmed using a drone and the videos were published on the Bank's social channels. #RaccontamItalia then revealed the secrets of the Italian territory through the work, typical products, beauty, traditions and local language. The project involved 19 cities and have received over 200.000 views as well as extensive coverage in local media.

Donations and Sponsorships

Team-building activities for charity	During the internal meeting dedicated to the debt collection companies used by IFIS NPL and held in Rome in February, a team-building activity was organised in collaboration with UNICEF, involving the creation of “ <i>Pigotte</i> ”, the UNICEF patchwork dolls. Each “ <i>Pigotta</i> ” supports UNICEF in its important task of reaching all children in danger, wherever they may be, bringing vaccines, therapeutic items, building wells and schools and generally offering assistance. Additionally, during the Ifis NPL agents and call centres’ meeting held in Rome in October, a team-building activity was organised precisely for aggregation purposes. The activity involved the creation of boxed vegetable gardens, which were then donated to various schools in and around Rome.
Social goal	Banca Ifis takes part in the 5-a-side “Social goal” football championship, a company sports championship with a sports social and other mission, the takings from which go to help organise various different social sports programmes for children in difficulty.
“Riempi la ciotola” (Fill the bowl) contest	“Riempi la ciotola” is a solidarity project for animals in difficulty, housed by various associations across Italy; it is based on a community vote. By registering (free of charge) with the Dogalize website, you can vote for your favourite association. The five associations that receive the most votes obtained food for the dogs and cats. The prize was offered by Rendimax Assicurazioni - Banca Ifis Group.
Don Gino Rigoldi Foundation Christmas dinner	Banca Ifis took part in the charity event organised by the Don Gino Rigoldi Foundation of Milan, involved in social activities, to help children, families and disadvantaged youths. Part of the takings from the dinner is given to the Foundation to help fund its projects.
Charitable Christmas gifts	Banca Ifis has decided to transform the annual company Christmas festivities into a chance to do good. More specifically, Christmas 2019, Banca Ifis chose to have its Christmas gifts packaged by a local association, Advax - Casa dei Gelsi, which supports terminal patients at an advanced stage of illness, and their families, with free treatment and care within the hospice.

Relationships with schools, universities, and the public

Banca Ifis and Universities

Banca Ifis sponsored the “Democrazia e bilancio pubblico - Il Convegno Nazionale di Contabilità Pubblica” (Democracy and public budgets - the National Congress on Public Accounting) congress organised by Ca’ Foscari University of Venice in collaboration with the University of Pisa, held on 28 and 29 November 2019.

Festival of Politics

Once again in September 2019, Banca Ifis sponsored Mestre's “Festival of Politics”, organised by the Pellicani Foundation, which seeks to promote a discussion about the main Italian and international political, economic and social issues.

[GRI 413-1]

For 2019, 17%²² (5,2% in 2018) of total events organised, in which the Bank played an active part or indeed which it sponsored, involved the local communities of the territories involved each time. This engagement was purely for beneficial, social, informative or educational purpose.

The incidence of sponsorship on the communities was 66%²³, for a total of 171.000 Euro.

²² The percentage was calculated taking into account all activities carried out in 2019 for charity/social/information/educational purposes - without, therefore, entailing direct business objectives - targeting a broad, general public representing the local communities of the territories involved each time, specifically 58 events out of a total of 350 organised, participated in or sponsored by the Group.

²³ Out of a total of 260.000 Euro in sponsorship, 171.000 come under this category.

6.2 Sustainable finance

[FS2]

Policies and other reference documentation

- Group policy for managing significant transactions
- NO 112 – Leasing BU - Leasing preparation process (Banca IFIS)

The Banca Ifis Group pursues a sustainable finance model through measures aiming to mitigate potential negative impacts on the environment and society and by developing products that foster sustainable conduct on the part of customers.

The Banca Ifis Group is sensitive to the indirect social and environmental impacts that may be generated by the business. Therefore, it addresses the indirect social and environmental impacts associated with lending by regulating the sectors in which it operates with reference to the type of products and services it offers through its Business Areas, considering also the potential reputational repercussions of any negative events on the Group.

As for leases, which involve providing assets to several industrial sectors, some of which have potentially negative social and environmental impacts, the Group has counterparty and by type of assets criteria in place governing its operations as part of the creditworthiness assessment process, such as:

- counterparty criteria: sectors in which the Group has decided not to operate or to carefully examine each individual case, according to processes involving the competent structures within Banca Ifis Impresa (e.g. transportation of hazardous materials and asbestos, nuclear waste disposal, gambling, etc.);
- criteria by type of assets: specific assets that the Group has decided to exclude from its operations because they negatively impact the environment (e.g. Production machinery and equipment such as treatment plants).

Starting 2018, the Banca Ifis Group has also expanded the scope of the operations subject to mechanisms for managing social and environmental impacts to include the so-called significant transactions, i.e. transactions whose intrinsic characteristics may modify the structure or risk profile of the Group companies.

Specifically, it defined a list of sectors applicable to all transactions carried out by the Group's entities with potential environmental or social impacts that qualify as significant transactions. The financing arrangements with counterparties that operate in such sectors are subject to a more stringent assessment process that involves an assessment of their creditworthiness by the competent bodies as well as an analysis by Risk Management, which expresses its opinion.

The Group policy for managing significant transactions came into force in September 2018 and, therefore, for 2018 only a single transaction was submitted to Risk Management, for which a positive opinion was given. In 2019, 7 Significant Transactions (“OMR”) were analysed in relation to economic segments entailing high reputational risk; for all of these, the Risk Management Department expressed an opinion in favour.

In 2019, Banca Ifis Impresa embarked on a major project to promote sustainable mobility.

IFIS Leasing Green is a package of services entirely dedicated to those wishing to opt for a green vehicle, which combines various models of electric and hybrid plug-in cars with the flexibility of leasing, tax benefits like the Ecobonus and a package of services that range from consultancy/car insurance through to the assignment of bonus vouchers, to be used to recharge at active and on-demand stations, or as discounts for the purchase of public or domestic recharging stations. In order to structure the offer, Banca Ifis has chosen to partner up with some of the leading electric mobility players in Italy: Enel X, E-GAP and E-Station.

[FS8]

Legal Entity/ Business Line	Environmental Leasing product/service	Operations for 2019			Stock at end 2019	
		Number of cases	Amount financed (mln Euro)	% vs total proceedings	Number of cases	Residual capital (mln Euro)
Banca Ifis/Leasing	Leasing Green - electric vehicle leasing (data from October 2019)	673	33,2	1,75	938	47,46

The future of mobility is also tied to the capacity of businesses like ours to introduce new environmental variables into credit policies, supporting the investment strategies adopted by private individuals and businesses.

We aim to raise awareness amongst public opinion in helping them embrace the new technologies.

Electric mobility is not the only solution by far, there are also new generation hybrids and a whole range of more sustainable vehicles that make up the future.

Together, these vehicles will generate a new, ecological mobility for the whole Country and we want to do our part in guiding and facilitating the change.

Massimo Macciocchi – Leasing Manager of Banca Ifis Impresa.

6.3 Direct environmental impacts

Policies and other reference documentation

- Group Environmental Policy
- Code of Ethics
- Integrated Safety and Environment Manual

The Banca Ifis Group endeavours to disseminate and consolidate a culture of environmental protection, raising awareness of environmental issues and promoting responsible practices, providing adequate information and training, and requiring employees to report any deficiencies or failures to comply with applicable regulations in a timely manner.

All employees must fully and substantially comply with legal provisions concerning the environment, as set out in the Code of Ethics and the Group Environmental Policy. To this end, each employee shall carefully assess the environmental consequences of how they conduct themselves in the discharge of their duties in terms of resources consumed as well as emissions and waste generated.

As part of the implementation of the Organisational Model pursuant to Italian Legislative Decree no. 231/01 and in order to prevent criminal offences, Banca Ifis, and all the Group subsidiaries, have adopted the “Integrated Safety and Environment Manual” (originally issued in 2009 and most recently updated in 2019), as approved by the respective Board of Directors. The Manual is regularly updated by incorporating:

- changes to applicable laws;
- changes in the Group's structure and the positions responsible for the environment and safety.

The Manual brings together all the procedures for managing environmental (as per Italian Legislative Decree no. 152 of 3 April 2006), health and safety impacts. The Employer is responsible for setting out, communicating and promoting the fundamental principles and criteria that guide decisions related to protecting the environment so as to prevent environmental offences, published through the Environmental Policy—which is regularly updated. Meanwhile, the Environment and Safety Office, which is part of the Tier-1 Organisational Unit General Services, is responsible for monitoring compliance with the Policy's principles as far as the environment is concerned through the implementation of the procedures in Manual. The Group manages the impacts generated by its operations in accordance with the Integrated Manual and applicable laws.

The most material direct environmental impacts are the electricity consumed for air-conditioning and to power office equipment, the natural gas consumed for heating, and the emissions generated by the Group's vehicle fleet.

[GRI 302-1]

Breakdown of energy consumption by source²⁴ (GJ)	2019	2018
Total	41.791	40.433
Natural gas consumption for central heating	6.005	5.887
Gasoline consumption for the vehicle fleet	-	146
Diesel consumption for the vehicle fleet	21.903	20.420
Total fuel consumption	27.908	26.453
Consumption of purchased electricity (non-renewable)	13.433	13.711
Consumption of energy from solar panels (renewable)	450	269
Total electricity consumption	13.882	13.980

[GRI 305-1]

[GRI 305-2]

Greenhouse gas emissions²⁵ (Ton. CO2 eq.)	2019	2018
Scope 1	1.977	1.855
Scope 2 (location based)	1.204	1.229
	1.166	1.155

The Banca Ifis Group has declared its commitment, as confirmation of the close attention paid to the environment, through a series of projects designed to ensure a reduction of the direct environmental impacts connected with its business.

The **#IFISGREEN** environmental sustainability projects constitute the Group's environmentally-sustainable growth path, as it thus commits to achieving the European goal of reducing emissions by 40% by 2030.

#IFISGREEN is therefore a series of initiatives in support of the environment and sustainable development: electric mobility, reduction of CO2 emissions, reduced use of plastic. In 2019, the Bank launched the following initiatives:

- **Partnership with Seclan for Skywell**

Banca Ifis has partnered up with SECLAN to hire Skywell, a new technology that generates drinking water from the atmosphere. Distributed exclusively in Italy by Sharp Electronics Italia S.p.A., Skywell generators collect the humidity naturally present in the air through condensation. It is an advanced monitoring system that, combined with six filters, two ultraviolet lights and the ozone treatment, guarantees the purity of each and every drop of water, assuring its quality, clarity and flavour.

- **Initiatives for an ever-greener bank**

Banca Ifis has chosen to grow by reducing its environmental impact and it does so starting from the workplace.

- In order to reduce its carbon dioxide emissions, the Bank has chosen clean electricity. Thanks to a contract stipulated with Enel Energia, starting 1 January 2020, the Bank will be using only green energy obtained 100% from renewable sources (wind, photovoltaic, geothermal, hydroelectric, biogas and biomass) in all its offices and branches throughout Italy (for a total of 41 property units). On the basis of consumption, equal to 3,7 million kWh for 2020, we should obtain a reduction of more than a thousand tonnes of CO2.

24 See the section on "Notes for the collection and calculation of energy consumption data [GRI 302-1]" at the end of the chapter

25 For the conversion and emission factors, see the section on "Notes for emissions calculation - Scope 1 and Scope 2 - [GRI 305-1 and 305-2]" at the end of the chapter.

- During the early months of 2020, work will begin on the new office at Via Gatta 11. The building will in fact incorporate high energy efficiency plants, using heating and air-conditioning systems that are also powered by renewable sources. On this occasion, Banca Ifis has committed to replant around 4 thousand square metres of public soil in the province of Venice.
- With the aim of reducing use of plastic by 80% in all its offices, during the Christmas festivities, each employee received a stainless steel thermal flask marked #IFISGREEN. Changes starts with the small things and with this gift, Banca Ifis sought to raise awareness amongst its employees as to the importance of reducing plastic in the workplace.

Notes for the collection and calculation of energy consumption data [GRI 302-1]

Petrol consumption for the company vehicle fleet: for 2019, the figure is not considered significant insofar as there were no petrol-driven cars in the company fleet.

Notes for emissions calculation – Scope 1 and Scope 2 – [GRI 305-1] and [GRI 305-2]

The reporting perimeter of consumption and related emissions is based on the concept of control. The reference year is 2018.

The conversion factor is taken from the Italian Banking Association's guidelines on the application of the GRI (Global Reporting Initiative) Environmental Indicators, version GRI standards - December 2018, for banks.

The Gases included in the calculation—and specified in the guidance—are CO₂, CH₄, and N₂O.

The source of the emission factors used to calculate the CO₂ equivalent emissions, according to the “location based” method, is the ISPRA 2016 register. For the GWP (Global Warming Potential), used for CH₄ and N₂O, the source is the report by IPCC “Climate Change 2013: The Physical Science Basis”. The references were chosen according to the indications defined by the ABI - Italian banking association - in the document “Guidelines to the application of GRI (Global Reporting Initiative) Environmental indicators in the bank” [GRI Standards - December 2018 version].

For the calculation of the emissions according to the “market based” method were considered the residual emissions attributable to the energy purchased from non-renewable sources. The conversion factors present in the European Residual Mixes 2018 of AIB (Association of Issuing Bodies) in version 1.1 of 2019 were used.