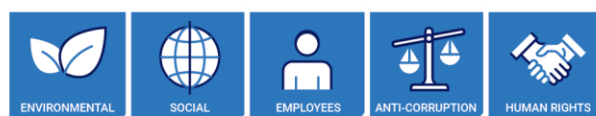


## Topics as per Leg. Decree 254/16



## MATERIAL TOPICS

		ENVIRONMENTAL	SOCIAL	EMPLOYEES	ANTI-CORRUPTION	HUMAN RIGHTS
Ifis Integrity	1. CORPORATE INTERGITY AND ANTI-CORRUPTION				●	
	2. CREDIT QUALITY*					
	3. DATA PROTECTION		●			
	4. BRAND REPUTATION*					
Ifis Customers	5. SUPPORT TO ENTREPRENEURSHIP AND FINANACIAL INCLUSION		●			
	6. DIGITAL INNOVATION		●			
	7. QUALITY OF PRODUCTS AND SERVICES		●			
	8. TRASPARENCY OF INFORMATION ON PRODUCTS AND SERVICES		●			
Ifis People	9. EMPLOYEE WELL-BEING			●		
	10. PROMOTION AND DEVELOPMENT OF EMPLOYEES			●		
	11. DIVERSITY AND INCLUSION			●		●
Ifis Responsibility	12 SUSTAINABLE FINANCE	●	●			●
	13 COMMITMENT FOR LOCAL COMMUNITIES		●			
	14 DIRECT ENVIRONMENTAL IMPACTS	●				

\* Business Topics

## Validating the materiality matrix

The resulting materiality matrix was submitted to the Chief Executive Officer and subsequently **approved by the Board of Directors on 21<sup>st</sup> December 2020.**

## Sustainability goals and priority actions

[GRI 102-12]

The Banca Ifis Group is highly committed to achieving goals that help ensure the Institute's growth, that of its stakeholders and the country, firmly convinced that sustainability is an alternative way of doing business, paying equal attention to economic development and its impact on the environment, stakeholders and communities.

This is why **the same materiality analysis highlights a series of topics already featured on the list of 17 Sustainable Development Goals (SDGs)** of the 2030 UN Agenda, as "core" to the Bank. And the Bank already pursues these commitments through specific projects, programmes and products.

SDG	Material Topic	Priority actions
SDG 6: Clean water and sanitation	Sustainable finance	SDG 6.4: contribution towards reducing the problem of the scarcity of drinking water through the hire of Skywell technology used to produce drinking water through condensation from the atmosphere
SDG 7: Clean energy	Sustainable finance	SDG 7.2: range of sustainable mobility products with the Ifis Leasing Green programme
	Direct environmental impacts	SDG 7.2: use of renewable energy in all the group's operative branches and offices (#Ifisgreen programme)
SDG 8: Decent work and economic growth	Support to enterprises and financial inclusion	SDG 8.3: support to the growth of small and medium enterprises through access to financial services, both in routine operations and through special projects such as #CoraggioImprese
SDG 9: Industry, innovation and infrastructure	Support to enterprises and financial inclusion	SDG 9.3: aid to SMEs in accessing financial services, their integration into the value markets and chains SDG 9.2: "Factor I" programme to promote inclusive, sustainable industrialisation
SDG 10: Reduced inequalities	Support to enterprises and financial inclusion	SDG 10.2: commitment to strengthening and promoting the social and economic inclusion of entrepreneurs
SDG 11: Sustainable cities and communities	Commitment to local communities	SDG 11.5: in cases of disaster, substantial reduction of direct economic losses through beneficial-rate loans to the businesses of Veneto struck by the consequences of the COVID-19 epidemic
	Sustainable finance	SDG 11.6: reduction of the negative environmental impact on the quality of air in cities with Ifis Leasing Green
SDG 16: Peace, justice and strong institutions	Fight against corruption	SDG 16.5: commitment to the fight against corruption
SDG 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development	Digital innovation	Commitment to digital innovation to offer all stakeholders facilitated access to products, services and information

## 2.2 Main risks associated with non-financial topics

[GRI 102-15]

For each material topic, the Banca Ifis Group has identified the nature of the relevant risks as well as the main risks and how they are currently managed. The findings are summarised in the following table.

Banca Ifis topics	Nature of risk	Main risks	Main safeguards/mitigating actions
Corporate integrity and anti-corruption	Reputational; Compliance/Operational	<ul style="list-style-type: none"> <li>Internal fraud, perpetrated by the Group's employees and Agents that work together with the Group</li> <li>Aggressive debt collection practices and/or instances of abnormal conduct on the part of external collectors and agents</li> <li>Involving, even unwittingly, the Group in money-laundering and terrorist financing</li> </ul>	<ul style="list-style-type: none"> <li>Code of Ethics</li> <li>Organisational, Management and Control Model as per Italian Legislative Decree no. 231/2001</li> <li>Whistleblowing</li> <li>Specific safeguards for the Group's agents</li> <li>Systematic anti-money laundering and terrorist financing monitoring</li> <li>Employee training</li> </ul>
Credit quality	Credit	<ul style="list-style-type: none"> <li>Insolvency or deteriorating creditworthiness of the counterparties the Group is exposed to</li> <li>Failure to collect receivables due from counterparties in default</li> </ul>	<ul style="list-style-type: none"> <li>Individual creditworthiness assessment processes and system for the delegation of risk-taking</li> <li>Systems for scoring prospective lessees (leasing)</li> <li>Systems for verifying the collection potential of the positions on a portfolio level and per individual counterparty (Npl)</li> <li>Credit monitoring procedures</li> </ul>
Data protection	Reputational; Compliance/Operational	<ul style="list-style-type: none"> <li>Loss or misuse of the Group's data deriving from internal or external threats involving employees or IT systems</li> </ul>	<ul style="list-style-type: none"> <li>Centralised organisational structure to manage the Group's Privacy and Security</li> <li>Organisational measures to handle personal data</li> <li>Organisational measures to ensure business continuity</li> <li>Procedures for dealing with IT incidents</li> <li>Employee training</li> </ul>
Brand reputation	Reputational	<ul style="list-style-type: none"> <li>Negative coverage in local, national, or international media; negative comments on social networks</li> <li>Customer dissatisfaction and negative turnover</li> <li>Loss of market share and decline in the share price</li> <li>Complaints, legal disputes, administrative/civil/criminal penalties</li> </ul>	<ul style="list-style-type: none"> <li>Corporate information handling policy and relevant organisational control units</li> <li>Listening to and engaging with key stakeholders</li> <li>Timely communication to the markets and the press</li> <li>Monitoring reputational risk indicators</li> </ul>
Support to enterprises and financial inclusion	Reputational; Compliance/Operational; Credit	<ul style="list-style-type: none"> <li>Failures and mistakes in operations related to financial inclusion initiatives, giving rise to reputational impacts or credit risk</li> </ul>	<ul style="list-style-type: none"> <li>Credit management policy and subsidised financing procedures</li> <li>Local information/training initiatives</li> </ul>
Digital innovation	Reputational	<ul style="list-style-type: none"> <li>Malfunctioning or non-operational new technology</li> <li>Customer dissatisfaction, potentially leading to customer complaints or loss</li> </ul>	<ul style="list-style-type: none"> <li>ICT strategic planning policy</li> <li>Digital solutions to improve the customer experience and monitoring</li> </ul>
Quality of products and services	Reputational	<ul style="list-style-type: none"> <li>Rising customer dissatisfaction, leading to negative turnover</li> <li>Lower perceived reliability and security of the Bank and the services it provides</li> </ul>	<ul style="list-style-type: none"> <li>Process for approving new products and services, starting new operations, and entering new markets</li> <li>Products committee</li> <li>Constant efforts to make operational processes more efficient in order to</li> </ul>

Banca Ifis topics	Nature of risk	Main risks	Main safeguards/mitigating actions
			reduce customer service response times
Transparency of information on products and services	Reputational; Compliance/Operational	<ul style="list-style-type: none"> <li>Operational risks and ensuing reputational impacts in terms of transparency, eligibility, disclosure, and fiduciary relationship with customers</li> </ul>	<ul style="list-style-type: none"> <li>Centralised organisational structure to manage communications with customers</li> <li>Grievance mechanisms</li> </ul>
Employee well-being	Reputational; Compliance/Operational	<ul style="list-style-type: none"> <li>Employee workplace injury</li> <li>Occupational diseases</li> <li>Injuries attributable to insufficient safety and/or health of work places and tools</li> <li>Complaints, objections and negative staff turnover following the new remote working procedures introduced by the Bank following the COVID-19 health emergency</li> </ul>	<ul style="list-style-type: none"> <li>Integrated Safety and Environment Manual</li> <li>Training on health and safety practices and procedures</li> <li>Risk assessment document (DVR)</li> <li>Smart working – Agile working guidelines</li> </ul>
Promotion and development of employees	Reputational	<ul style="list-style-type: none"> <li>Lawsuits against the Group related to the handling of the employment relationship or recruitment and concerning remuneration, job levels</li> </ul>	<ul style="list-style-type: none"> <li>Group employee management policy</li> <li>Occupational welfare system</li> </ul>
Diversity and Inclusion	Compliance/Operational; Reputational	<ul style="list-style-type: none"> <li>Claims for all kinds of discrimination based on gender identity, disability, age, religion, nationality, race, personal beliefs, etc.</li> <li>Defamation disputes with employees</li> <li>Harassment and mobbing disputes with employees</li> </ul>	<ul style="list-style-type: none"> <li>Code of Ethics</li> <li>Whistleblowing</li> </ul>
Sustainable finance	Reputational; Credit	<ul style="list-style-type: none"> <li>Reputational consequences of negative events concerning the company (operating in sectors with high environmental and/or social impacts) financed by the Group</li> <li>Insolvency or deteriorating creditworthiness of the counterparties the Group is exposed to</li> </ul>	<ul style="list-style-type: none"> <li>Leasing: excluded business sectors</li> <li>Identifying the sectors that pose the greatest reputational risk as part of the policy for Significant Transactions</li> </ul>
Commitment to local communities	Reputational	<ul style="list-style-type: none"> <li>Reputational consequences of negative events that generate social impacts and concern beneficiaries of donations made by the Group</li> </ul>	<ul style="list-style-type: none"> <li>Code of Ethics</li> <li>Centralised organisational structure to manage initiatives</li> </ul>
Direct environmental impacts	Reputational; Compliance/Operational	<ul style="list-style-type: none"> <li>Environmental damages caused by failure to comply with environmental management standards or the adoption of inappropriate operations and practices</li> <li>Negative perception of the Group image and reputation as a result of the above negative events</li> </ul>	<ul style="list-style-type: none"> <li>Integrated Safety and Environment Manual</li> <li>Group Environmental Policy</li> </ul>