



Consolidated  
non-financial  
statement  
2021



# Consolidated Non-Financial Statement

## 2021

[GRI 102-1] [GRI 102-3] [GRI 102-5]

Banca Ifis S.p.A - Registered office in Via Terraglio 63  
30174 Venice - Mestre - Italy - Venice Companies Register  
Number and Tax Code 02505630109

VAT No. 04570150278 - Economic and Administrative  
Index (REA) number: VE - 247118

Fully paid-up share capital: 53.811.095 Euro - Registered  
with the Official List of banks under no. 5508 Parent  
Company of the Banca Ifis S.p.A. banking group - Member  
of the National Guarantee Fund, the National Deposit  
Protection Fund, the Italian Factoring Association and  
Factors Chain International.





# Letter to the Stakeholders of the Banca Ifis Group

[GRI 102-14]



In the year that has just ended, characterised by signs of a recovery and the acceleration of phenomena such as the ecological transition and the digitalisation of the banking sector, Banca Ifis launched concrete initiatives in all areas of sustainability – environmental, economic and social – in line with the UN Agenda 2030 and the 17 Sustainable Development Goals. These initiatives enabled us to obtain an "A" rating from MSCI, confirming our Bank's ESG commitment.



We are the first Italian bank to join the Net-Zero Banking Alliance (NZBA), the initiative promoted by the United Nations to speed up the sustainable transition of the international banking segment. Banca Ifis is committed to achieving the goal of zero net emissions from its loan portfolio by 2050 and to setting interim targets on priority emission-intensive sectors by 2030. In order to support the energy transition of small and medium-sized enterprises, the Bank has launched the "Change PMI" project, which provides for the offer of dedicated products and services, such as subsidised loans and scoring services on the ESG performance

of its customers. Last December, strengthening its partnership with the European Investment Bank (EIB), Banca Ifis made 100 million Euro available to Italian SMEs to invest in new sustainable transition projects.

Significant initiatives were also launched in the Social pillar of the ESG framework, particularly in the NPL area, with the strengthening of the Bank's ethical and sustainable recovery model to facilitate the financial re-inclusion of individuals and families, with a particular focus on the most fragile categories. Banca Ifis also established a Social Impact Lab focused on three areas – culture, community and health – to develop and promote projects that have a positive social impact both within and outside the company. During the year, the Bank continued to invest in the training and well-being of its people, becoming the first bank in Italy to obtain gender equality certification from the Women Winning Institute.

Finally, the Sustainability Committee, chaired by Deputy Chairman Ernesto Fürstenberg Fassio, was set up to support strategic planning activities and plan the most important projects in the field of sustainability/ESG, ensuring that the achievement of objectives is monitored.

We are proud of these achievements, which fit into the long-term sustainability roadmap already integrated into the new 2022-2024 business plan. We will continue down this path with even greater determination, aware that achieving a sustainable development model is the key to success for all our stakeholders.

Sebastien Egon Fürstenberg  
Chairman of Banca Ifis

Frederik Geertman  
CEO of Banca Ifis

# Contents

<b>Contents</b>	<b>VI</b>
<b>Methodological background</b>	<b>VIII</b>
<b>1. The Banca Ifis Group</b>	<b>1</b>
<i>1.1 Group Profile</i>	<i>2</i>
Group highlights	2
About us	3
Group History	4
Corporate structure	5
<i>1.2 Business model and values</i>	<i>6</i>
Vision, mission and values	6
Sustainability in Banca Ifis	7
Business model	8
Competitive positioning	10
Main awards	12
Stakeholder engagement	13
<i>1.3 Governance and risk management</i>	<i>14</i>
Internal control and risk management system	16
The supply chain	21
<b>2. Materiality analysis</b>	<b>23</b>
<i>2.1 The 2021 materiality analysis</i>	<i>24</i>
Definition of the materiality matrix	26
Validating the materiality matrix	27
<i>2.2 Main risks associated with non-financial topics</i>	<i>28</i>
<b>3. Ifis Integrity</b>	<b>31</b>
<i>3.1 Corporate integrity and anti-corruption</i>	<i>33</i>
Policies and other reference documentation	33
Anti-corruption	34
Anti-money laundering and terrorist financing	37
Whistleblowing	39
<i>3.2 Credit quality</i>	<i>40</i>
Policies and other reference documentation	40
<i>3.3 Data protection</i>	<i>43</i>
Policies and other reference documentation	43
Information security	43
Personal data protection	44
<b>4. Ifis Customers</b>	<b>47</b>
Support to customers in the COVID-19 health emergency	48
<i>4.1 Support to enterprises and financial inclusion of customers</i>	<i>50</i>
Policies and other reference documentation	50
<i>4.2 Digital innovation</i>	<i>56</i>
Policies and other reference documentation	56
<i>4.3 Quality of products and services</i>	<i>58</i>
Policies and other reference documentation	58

<i>4.4 Transparency of information on products and services</i>	<i>60</i>
Policies and other reference documentation	60
Grievance and claim mechanisms	61
Handling of complaints	61
<b>5. Ifis People</b>	<b>63</b>
Support to employees in the COVID-19 health emergency	64
<i>5.1 Employee well-being</i>	<i>66</i>
Policies and other reference documentation	66
Occupational health and safety	66
Workplace health and comfort	69
Occupational welfare policies	69
<i>5.2 Promotion and development of employees</i>	<i>71</i>
Policies and other reference documentation	71
Training	71
Performance review	74
Employee engagement	75
<i>5.3 Diversity and Inclusion</i>	<i>77</i>
Policies and other reference documentation	77
Remuneration and incentives	78
<b>6. Ifis Responsibility</b>	<b>85</b>
<i>6.1 Direct environmental impacts</i>	<i>87</i>
Policies and other reference documentation	87
<i>6.2 Sustainable finance</i>	<i>91</i>
Policies and other reference documentation	91
<i>6.3 Commitment to the community</i>	<i>93</i>
Policies and other reference documentation	93
Economy of beauty	93
Reforestation projects on the territory	94
Donations and Sponsorships	94
Relationships with schools, universities, and the public	95
<b>Methodological note</b>	<b>97</b>
Reporting method	98
GRI content index	98
Reporting process and calculation methods	103
Materiality analysis method	103
<b>Information according to the EU Taxonomy Regulation</b>	<b>107</b>
<i>The European Taxonomy of Sustainable Activities</i>	<i>108</i>
Approach taken	108
Results	110
<b>Independent auditors' report on the Non-Financial Statement</b>	<b>113</b>

# Methodological background

Italian Legislative Decree no. 254/2016, which transposed Directive 2014/95/EU<sup>1</sup> into Italian law, introduced the requirement for large companies or groups and public-interest entities<sup>2</sup> in Italy to disclose information relating to environmental, social and employee-related matters, respect for human rights, and anti-corruption and bribery matters that are material to each entity based on its business and characteristics.

These entities are required to prepare a Non-Financial Statement if they had more than five hundred employees on average during the financial year and, at the reporting date, exceeded at least one of the following limits: total balance sheet exceeding 20 million Euro and/or total net revenue from sales and services exceeding 40 million Euro.

As a public-interest entity of a size that falls under the scope of said legislation, starting from the year 2017, the Banca Ifis Group publishes a Consolidated Non-Financial Statement in accordance with Italian Legislative Decree no. 254/16.

This commitment represents the natural evolution of the route that led to the voluntary integration, starting with the introduction to the 2016 Consolidated Financial Statements, of the corporate disclosure containing information on the Group's approach to sustainability.

The Non-Financial Statement for the year 2021 is prepared at a consolidated level by the Parent Company Banca Ifis S.p.A. and includes all companies consolidated<sup>3</sup> on a line-by-line basis. In particular, with respect to the previous year, Farbanca S.p.A., which was not included in the 2020 Statement as it was acquired in November 2020 and therefore included for the first time in 2021 in the reporting perimeter of the Non-Financial Statement.

This document considers what is stated in ESMA's Public Statement<sup>4</sup> of October 2021, reported by Consob<sup>5</sup> in its November newsletter, about the impacts of COVID-19; the safeguards adopted in relation to climate issues; and the focus on disclosure requirements under Article 8 of the "Taxonomy Regulation", effective 1 January 2022.

In the document, the terms "Banca Ifis", "Bank" or "Parent Company" all refer to the company Banca Ifis alone, whilst the terms "Banca Ifis Group" or "Group" refer to the entire scope of consolidation.

Any exceptions to the foregoing criteria shall be specified in the individual sections of the document and the GRI content index.

Please see the Methodological Note in this document for more information on the reporting method, how indicators were calculated, any assumptions made, and the preparation process for the 2021 Non-Financial Statement.

<sup>1</sup> Directive 2014/95/EU, amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.

<sup>2</sup> "Public-Interest Entities" means the entities set out in Article 16, paragraph 1, of Italian Legislative Decree no. 39 of 27 January 2010, that is: Italian issuers of securities admitted to trading on regulated markets in Italy and the European Union; banks, insurance undertakings as per Article 1, paragraph 1, letter u) of the Italian Code of Private Insurance; reinsurance undertakings as per Article 1, paragraph 1, letter cc) of the Italian Code of Private Insurance with registered office in Italy, and the Italian branch offices of non-EU reinsurance undertakings as per Article 1, paragraph 1, letter cc-ter) of the Italian Code of Private Insurance.

<sup>3</sup> For a detailed list of the entities included in the scope of consolidation, please see part A - Accounting Policies in the Notes to the Consolidated Financial Statements.

<sup>4</sup> [Public Statement ESMA](#)

<sup>5</sup> [Consob Newsletter](#) - November 2021



1.

The Banca Ifis Group



## 1.1 Group Profile

### Group highlights

[GRI 102-7]



\* Net impairment losses/reversals on receivables of the Npl Segment were reclassified to interest receivable and similar income to the extent to which they represent the operations of this business and are an integral part of the return on the investment.)

## About us

[GRI 102-2]

[GRI 102-6]

Banca Ifis is a challenger bank made up of people, experience and technology, developing specialised solutions for the world of business and private customers, with the aim of creating lasting, sustainable value. It meets the needs of individuals and Small Medium Enterprises, thanks to a unique specialised and diversified business model.

A smart, flexible and effective bank, with a strategy that leverages expertise and vision. A continuous work made of innovation, study and observation of market dynamics to be able to generate the **best possible impact on the community and the environment**.

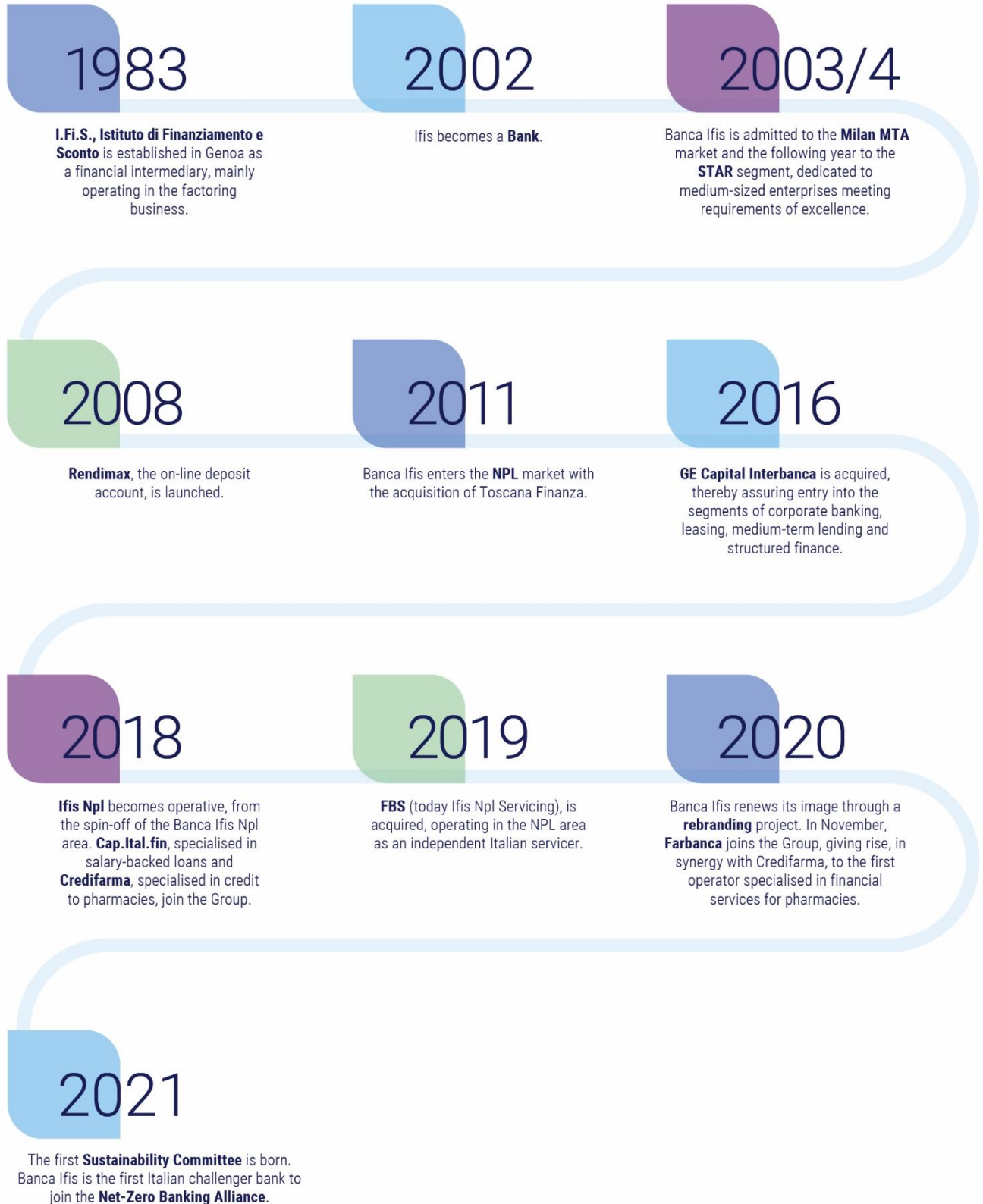
It holds a unique position on the Italian banking scene. Established in 1983 as a specialised factoring operator and listed on the Milan Stock Exchange (in the Star segment) since 2003, it has successfully evolved, quickly and flexibly making the most of new market opportunities in speciality finance as they have arisen.

The Group meets the financial needs of companies offering an **increasingly diversified, structured range of commercial and corporate banking services**. Supporting small and medium enterprises has always been an integral part of the Bank's very DNA, as it operates serving the real economy and assisting businesses with all their financial needs.

One of Italy's first companies to enter the **NPL (Non-Performing Loans) market**, Banca Ifis operates as primary investor and proprietor of one of the best servicers today operating nationwide, uniquely combining a capacity to acquire and manage NPL portfolios, with an ethical collection model.

## Group History

[GRI 102-10]

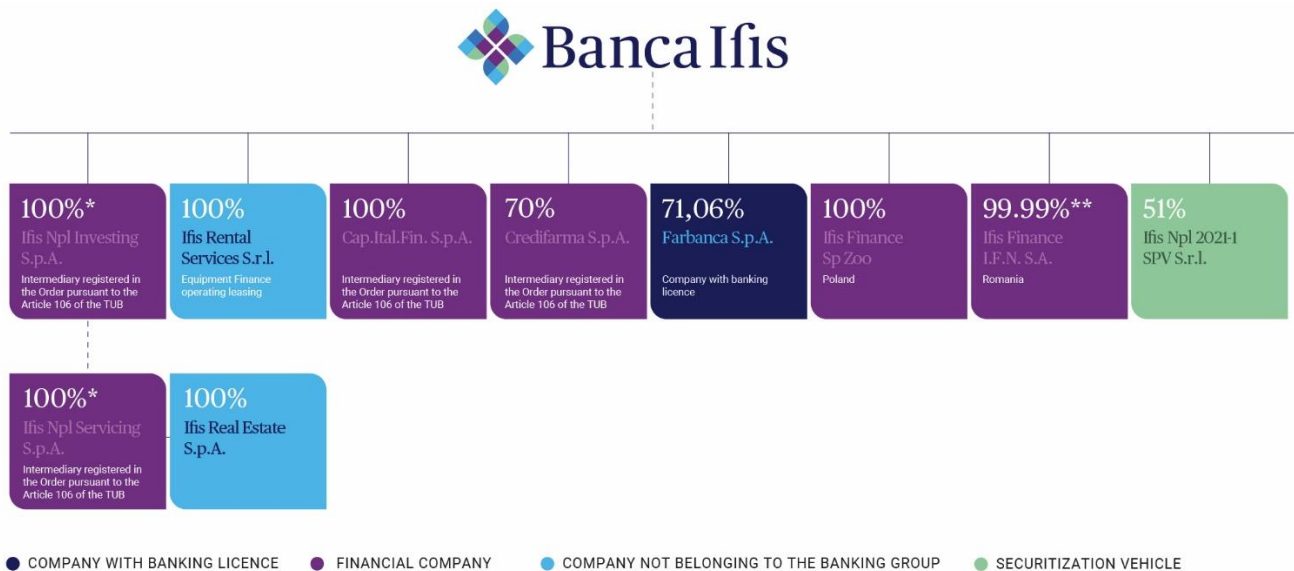


Corporate structure<sup>6</sup>

[GRI 102-2]

[GRI 102-6]

[GRI 102-45]



On 23 May 2021, Banca Ifis carried out the acquisition of the business unit of the former Aigis Banca, placed in compulsory administrative liquidation by the Ministry of Economy and Finance. The Bank of Italy, which appointed the Liquidators of the former Aigis Banca, has approved the sale of its assets, liabilities and contracts to Banca Ifis.

\* As of 1 January 2021, also with a view to better process development, the NPL sector within the Group was reorganised. In particular:

- Ifis Npl Servicing S.p.A. (formerly FBS S.p.A.) was merged by incorporation into Ifis Npl S.p.A. (acquiring company);
- at the same time, Ifis Npl S.p.A. changed its name to Ifis Npl Investing S.p.A.;
- Ifis Npl Investing S.p.A. (which had already incorporated the previous Ifis Npl Servicing S.p.A., formerly FBS S.p.A.) contributed to the newly-formed company Ifis Npl Servicing S.p.A. (formerly named Gemini S.p.A.), a full subsidiary of Ifis Npl Investing S.p.A., the business unit relating to credit servicing and management activities. Ownership of the NPL receivables remains with Ifis Npl Investing S.p.A..

\*\* Ifis Finance IFN SA began operating in March 2021, following the closure of the Representative Office of Banca Ifis and its subsequent registration in the Special Register.

The Company started operating on the reference market on 1 March 2021.

<sup>6</sup> The corporate structure shown here refers to 31 December 2021



## 1.2 Business model and values

### Vision, mission and values

The Banca Ifis Group identifies itself as a digital, sustainable, and authentic bank, based on solid principles of integrity, transparency, and competence, in a constant search for improvement and excellence, to provide concrete support to businesses.

[GRI 102-16]

**Practicality and excellence, closeness to the real economy, integrity, transparency and expertise: we have a unique way of doing business.**



## Sustainability in Banca Ifis

### Environment, inclusion, ethics and transparency





We take care of the projects of small and medium-sized enterprises and our customers. We want our work to create value for people and communities, generating tangible, positive impact. To build a more sustainable and inclusive future.

[GRI 102-12]

Banca Ifis has embarked on an important journey to increasingly integrate ESG criteria into its business model. With a clear vision: sustainability, in all its forms, represents a lever for creating value and a fundamental driver of development, which looks at the tangible impacts on people, the environment and the community. For this reason, the new Business Plan has defined a Sustainable Bank project that sets precise objectives and commitments on the three ESG dimensions - Environment, Social and Governance - with direct connections to the business. Some actions have already been implemented: the Group has set up a Sustainability Committee, to guide the strategy and consolidate the corporate culture, based on inclusion and diversity. In addition, in 2021 Banca Ifis joined the Net Zero Banking Alliance (NZBA), the initiative promoted by the United Nations to accelerate the sustainable transition of the international banking sector. As proof of the Group's great commitment to sustainability, Banca Ifis has been awarded an "A" rating by MSCI. These are the lines of action that will guide the Bank's work in the period 2022-2024 to contribute to the achievement of the Sustainable Development Goals (SDGs) set by the UN 2030 Agenda.

Pillar	Business Plan Objective	SDG
<b>Environment</b> 	<b>Net-Zero Banking Alliance</b> First Italian bank to join the Net-Zero Banking Alliance to reduce net emissions on the loan portfolio to zero by 2050, setting intermediate targets on priority sectors by 2030	  
	<b>Change SME</b> Support SME energy transition through subsidised loans, consulting services, and ESG scoring (including with other partners)	 
<b>Social</b> 	<b>Social impact lab</b> Diversity and social inclusion projects through a Social Impact Lab focused on Culture, Community and Health	  
	<b>Financial re-inclusion</b> Define the new market standard in supporting the financial re-inclusion of debtors: ethical model of recovery, access to credit, support for fragile families	
	<b>Ifis People</b> Investing in the growth and development of a young, dynamic workforce: training, inclusion programs, smart working and flexible work schedules	 

Pillar	Business Plan Objective	SDG
<b>Governance</b> 	<b>ESG governance</b> Further strengthen inclusion and diversity (nationality/heritage and gender) and enhance ESG governance through the Sustainability Committee  <b>ESG Rating</b> Improve the level of rating already achieved during the course of the Plan	 

## Business model

[GRI 102-2]

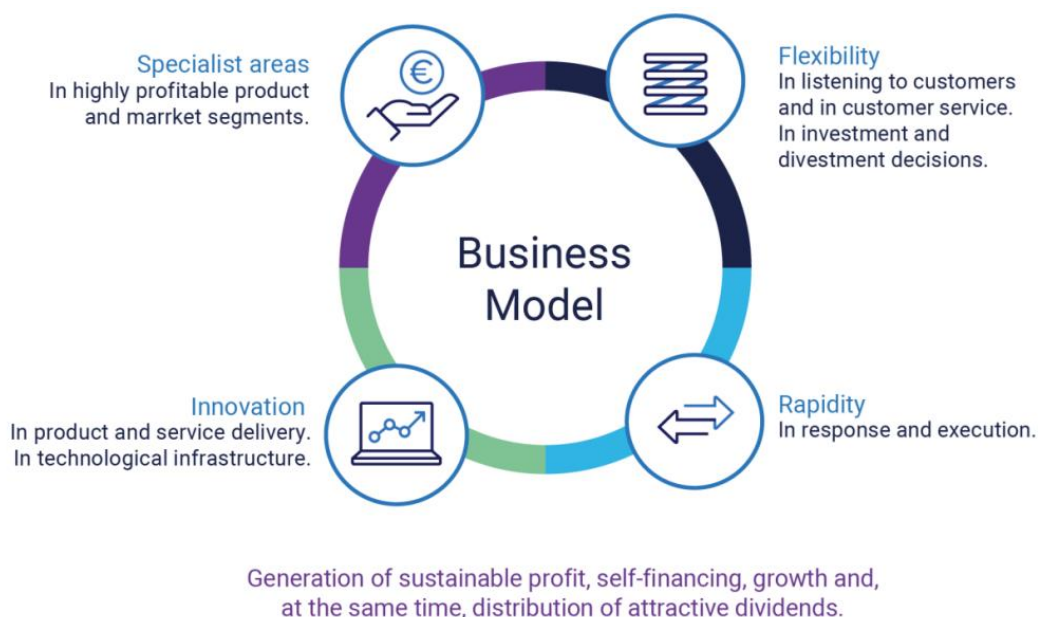
[GRI 102-6]

Banca Ifis operates on the Italian banking scene as **speciality finance player**.

The Group operates in highly profitable business segments, with proven managerial skills, exclusive know-how and acknowledged good standing. It boasts a solid business model that is sustainable over time and is hinged on specialisation and diversification.

**Specialisation** in financial services for businesses and the acquisition and management of non-performing loans secures a competitive advantage: the strength to be able to play a forefront role, thanks to a positive track record. **Diversification** also ensures stability and makes it possible to reduce the business risk. All this is supported by the **digital innovation of the business**, in order to improve the relationship with the customer, guaranteeing ease and immediacy in accessing services and carrying out operations, even in complete autonomy. A way of operating that allows Banca Ifis to offer increasingly personalised services, to be quick in disbursing short-term credit and careful in selecting customers and sectors. This makes it possible to expand its product offerings on a digital platform and improve the customer experience, with the aim of building a unique, distinctive and immediate relationship of trust with customers.

Below is a representation of the main characteristics of the business model:



Starting October 2020, the second wave of COVID-19 led the governments of a great many countries, including Italy, to once again restrict mobility or impose lockdowns to varying degrees, in a bid to limit the growth of contagion. These measures continued into the early months of 2021.

The economic situation related to the restrictions prescribed was very different from previous crises, both in terms of the immediate and relevant response of governments and central banks and its uneven impact on productive sectors. In 2021 the scenario remained uncertain also due to the impact, still to be defined in its entirety, of the increase in energy and raw material costs, blocks in global distribution chains and geopolitical tensions. In January 2022, the business confidence index slowed sharply with a marked decline in confidence in the services and manufacturing sectors. However, it should be pointed out that fiscal policies remain expansionary, and the Italian government has given priority to supporting growth, postponing the consolidation of accounts until after 2024. In addition, Italy is among the major beneficiaries of the PNRR (the "Italian National Recovery and Resilience Plan"), the special European fund aimed at encouraging economic recovery, which represents an opportunity to boost productivity and growth in Italy in a greener and more inclusive direction.

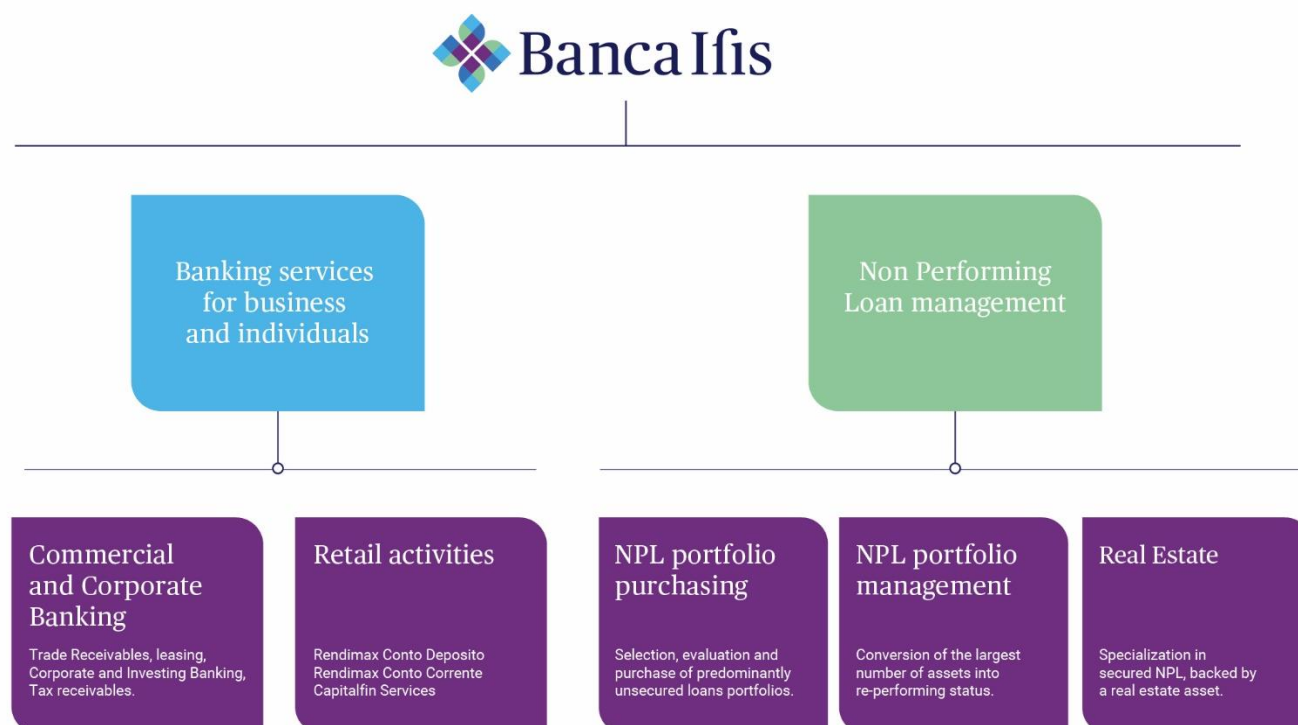
In this context, Banca Ifis is committed to implementing the **2022-24 Business Plan** presented in February 2022 and focused on digitisation, strategic partnerships, efficiency and sustainability. In addition, the initiatives continue aimed at protecting the quality of assets and recoveries of the NPL portfolio, as well as proceeding with the investments and projects seeking to innovate the business model in support of the Bank's growth over the coming years.

In respect of its business model, the technological innovation aims, in the commercial business, to develop a digital lending platform with a view to digitising all management processes and creating a specific marketplace for small and medium enterprises, with a technological service that extends to all stages of the application, assessment and disbursement of the loan. The early months of 2021 saw the launch of a new service that allows customers to request and obtain a loan backed by the MCC Guarantee Fund in an all-digital procedure implemented from a remote position. In addition, the entire factoring chain has been digitised as part of Ifis 4 Business. In the future, the digital platform will be progressively extended to also include other products and services.

At the same time, in the Npl business, technological innovation intends to minimise Npl onboarding, management and monitoring time. In 2021, also thanks to a reorganisation of the sector<sup>7</sup>, we have continued to seek out solutions aiming to reduce the time necessary for collecting on bad loans and limiting structural costs.

<sup>7</sup> For more information please refer to the corporate structure

## Competitive positioning



### Commercial and corporate banking

Banca Ifis has been created as a **specialised factoring operator**, with a solid competitive position in services **and support for small and medium enterprises**, which are offered tailor-made solutions. The Group is therefore the fifth most important Italian factoring operator in terms of turnover, with 5,0%<sup>8</sup> of the market and a market share of 1,7%<sup>9</sup> in financial leasing and operating leasing, a top leader in electric car leasing, with a market share of 16,1% in 2021. Also specialised in advisory on corporate acquisitions, M&As and medium and long-term loans, with or without guarantees, for industrial investments.

The Group has a division entirely dedicated to tax credits, with an important presence in the finance sector for pharmacies, through the companies **Credifarma** and **Farbanca**, and for which a repositioning of the business model is being carried out in order to review the commercial offer for the sector. With the entry of Farbanca into the Banca Ifis Group, a fundamental stage in the process of **creating a single large centre specialising in financial services to pharmacies** has been completed.<sup>10</sup>

In addition, the Banca Ifis Group has gained specific expertise in the recognition of the creditworthiness of SMEs and manages the advance payment of invoices to the Public Administration. In 2021, the Group boasted a total of approximately 100.000 business clients and freelancers.

<sup>8</sup> Source: Assifact - December 2021

<sup>9</sup> Source: Assilea - Cumulative outstanding value January-November 2021

<sup>10</sup> This path, in line with the initiatives of the 2022-24 Business Plan, is continuing through the merger by incorporation of Credifarma into Farbanca authorised by the Bank of Italy in February 2022. The reorganisation represents the completion of the project started with the acquisition of Farbanca in November 2020 and the starting point of a new reality equipped with the best skills in the provision of specialised credit to pharmacies thanks to the development of integrated digital services in a single large operator.



## Retail business

The Group flanks its corporate business with services for retail customers, with the **Rendimax Deposit Account**, an on-line deposit account for family and business savings, and the **Rendimax Current Account**. Since 2018, the Group operates in consumer credit with **Cap.Ital.Fin. S.p.A.**, a financial intermediation company specialised in salary- and pension-backed loans, also in payment delegations.

## NPL

The Banca Ifis Group is the fourth most important operator<sup>11</sup>, with 24,4 billion Euro in assets under management<sup>12</sup> and **leads the unsecured bad loans segment**. Having been operating on the market since 2011, it was **one of the very first companies to enter the non-performing loans market**.

It operates as leading investor and owns one of the very best servicers operating nationwide, with platforms for managing the collection of its own debt and that on behalf of third parties. Its main competitive advantage stems precisely from the combination of capacity to purchase and manage NPL portfolios and a proprietary database numbering more than 1,5 million debtors.

In the Italian market, Banca Ifis is considered a reference player in recovery activities, also thanks to the creation of a model for the recovery of NPEs centred on customer assistance, which aims to provide a concrete path to the financial re-inclusion of debtors. This model is based on:

- the personalisation of repayment plans, following careful screening of the financial and asset position of individual debtors;
- the offer, where necessary, of multi-year repayment plans with modest monthly payments;
- respecting the debtor's preferences in terms of contact hours and channels;
- investment in business structures (contact centre) and technological equipment to offer flexibility over time for the debtor.

The quality of portfolio management procedures is monitored with more than 60 thousand telephone calls per year to verify customer satisfaction. In addition, Banca Ifis is committed to ongoing training dedicated to credit professionals.

<sup>11</sup> Source: Market Watch NPL February 2022 of the Banca Ifis Study Office

<sup>12</sup> As at 31 December 2021

## Main awards

In 2021, Banca Ifis stood out in the challenger bank landscape for its commitment to digital communications and diversity and inclusion. This year, in fact, Banca Ifis has obtained the “Gender Equality” certification from the Winning Women Institute and has been identified as the first Italian Bank in digital communication by “Webranking by Comprend”. Below are the main awards obtained by Banca Ifis.

### The most climate-conscious companies in 2022



Banca Ifis ranks among the most climate-conscious Italian companies according to **Il Corriere della Sera** and **Statista**. The ranking gives recognition to companies that have best reduced their CO<sub>2</sub> emissions.

### Winning Women Institute



We are the first Italian Bank to be certified as having obtained **excellence in gender equality**. The **Winning Women Institute** is an organisation committed to Gender Equality, of which it is the first Italian certifying body.

### Best Star Company



We are the **first bank in Italy** in digital communication in the “Webranking by Comprend”, the ranking that evaluates the communication transparency of the digital channels of the largest companies listed on the stock exchange. We have also been recognized as the **best listed company in the Star Segment**.

### Digital Star 2021/2022 Finance



Banca Ifis is a company that stands out for its excellence in the world of digitalisation and innovation. This is attested by the third edition of the **“Digital Stars 2021/2022” study** drawn up by the **German Quality and Finance Institute ITQF** and its media partner **La Repubblica – Business & Finance**.

### Best Improver 2020-2021 for Webranking



We have been awarded the title of **“Best Improver 2020-2021”** in the Italian **“Webranking by Comprend” classification**, which rewards the transparent communication of digital channels of key listed companies.

### Banking Awards 2021



The Leasing division received an important recognition on the occasion of the **Banking Awards 2021**, an event held by **Milano Finanza** and **Class CNBC**. Banca Ifis was given the prestigious **Best Banks #1 award** for achieving the **best result as a player operating in the Leasing field**.

### Mediastars



We have received the “Mediastar – The Italian Advertising Technical Award”, obtaining **first place in the audio-visual theme song category** with the “Audio Brand” project and **two special “Special Star” awards for the Internet section**, for Creative Direction and Graphic design.

## Stakeholder engagement

[GRI 102-40]

[GRI 102-43]

**Transparency and dialogue** have always been the **hallmarks of the process for communicating** information about the Parent company and the other entities. The Group engages with customers, investors, shareholders, and employees, identifying their different needs through, for instance, customer care services on social networks, websites, projects, and events. In addition, it strives to do its best to provide the best possible experience to the parties it engages with as well as address doubts and requests for information as quickly as possible. Brand reputation is monitored also with dedicated tools. More specifically, maintaining a relationship and dialogue with the financial market is a strategic component for the Group. This is why the Parent Company's Investor Relations department maintains relationships with shareholders, investors, and analysts guided by the principles of fairness, transparency, collaboration, and absolute respect for the independence of their respective roles.

Below, the table sets out the main continuous stakeholder engagement activities:

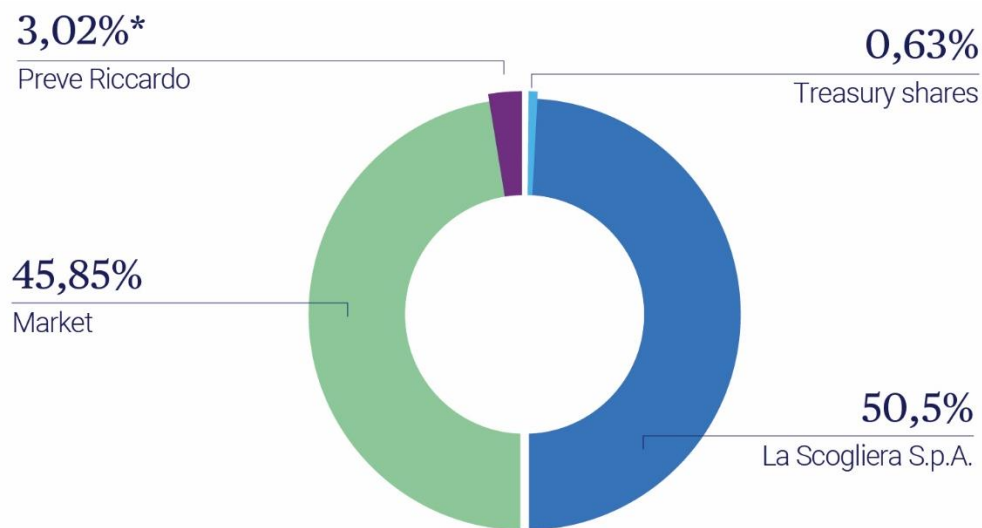
Stakeholder	Engagement activity
<b>Employees<sup>13</sup></b>	<ul style="list-style-type: none"> <li>Corporate intranet (Ifis4you) with dedicated preparation and editorial plan</li> <li>Internal storytelling with news dedicated to the bank's internal initiatives</li> <li>Internal live streaming</li> <li>Initiatives to involve employees in events and activities linked to sponsorships with the aim of involving them in the areas of value for the Bank and themselves: Sport, Sustainability, Art, Well-being and Health Assignment of premiums through interaction with intranet contents</li> <li>Sending of gift boxes to the homes of employees during the holiday periods and for birthdays</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Periodic quality surveys</li> <li>Events related to innovation, change and relationship also related to the presentation of the results of internal analysis</li> <li>Video tutorial and e-book of services and products</li> <li>Social channels in which the timeliness of response on each channel is assured</li> <li>Customer care web and social</li> <li>Research and analysis of the Italian market</li> <li>Continuous observatories on markets and production ecosystems</li> <li>Focus on sustainability and the digital transformation</li> </ul>
<b>Shareholders, Investors and analysts</b>	<ul style="list-style-type: none"> <li>Road shows and conferences in Italy, Europe and the USA, conference call with the management</li> <li>Events dedicated to networking of listed companies and the market</li> <li>Quarterly financial reports and annual financial statements</li> <li>Financial highlights on social networks</li> <li>Research and analysis of the Italian market</li> <li>Press releases</li> <li>Dedicated meetings with investors and analysts</li> </ul>
<b>Agents</b>	<ul style="list-style-type: none"> <li>Events and conventions</li> </ul>
<b>Institutions and regulators</b>	<ul style="list-style-type: none"> <li>Meetings with representatives of the institutions</li> <li>Participation in working party committees</li> </ul>
<b>Industry associations</b>	<ul style="list-style-type: none"> <li>Institutional meetings</li> <li>Group representatives on the association bodies</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Events (e.g., NPL meeting, press conferences)</li> <li>Dedicated meetings</li> <li>Press releases</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Support for social projects or interventions</li> <li>Local initiative partnerships</li> <li>Meetings and events on the territory</li> <li>Collaborations with the academic world</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Institutional website with dedicated area for information on invoicing and code of ethics</li> <li>Meetings scheduled as necessary and according to the type of supply</li> </ul>

<sup>13</sup> For more information on employee engagement activities, refer to the relevant section of chapter 5. *Ifis People*

## 1.3 Governance and risk management

[GRI 102-7]

The Share Capital of Banca Ifis is Euro 53.811.095 fully paid up, divided into 53.811.095 ordinary shares, each worth a nominal amount of Euro 1. Below are Banca Ifis's shareholders that, either directly or indirectly, own equity instruments with voting rights representing over 3% of Banca Ifis's share capital:



\* Through himself for 0,23% and through Preve Costruzioni for 2,79%

[GRI 102-18]

Banca Ifis is the parent company of the Banca Ifis Group and adopts the **traditional administration & control model**, considering it to be the most suited for ensuring the efficiency of operations and effectiveness of controls given its specific characteristics.

Under the model adopted by Banca Ifis:

- **strategic supervision** is performed by the Board of Directors;
- the CEO is responsible for the company's **operations**. The Chief Executive Officer implements the resolutions passed by the Board of Directors, with the assistance of the Joint General Managers identified as the Chief Commercial Officer and Chief Operating Officer;
- **control** is performed by the Board of Statutory Auditors.

Social, economic and environmental decisions are made by the Chief Executive Officer and the Board of Directors insofar as coming under each of their purviews.

The Group has also set up a Sustainability Committee, which is mainly responsible for investigating, proposing and advising on the evaluation and decision-making process of the Bank and the Group on ESG topics.

For more details on the composition and responsibilities of the corporate bodies and the relevant policies, please see the 2021 Report on Corporate Governance and Shareholding Structure.

[GRI 405-1]

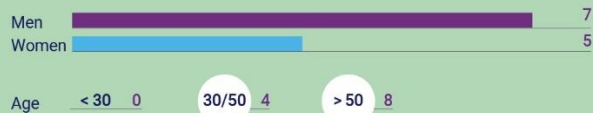
## BOARD OF DIRECTORS AND COMMITTEES



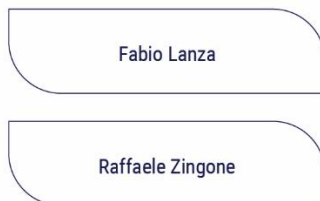
\* Lead Independent Director

● Control and Risk Committee
 ● Remuneration Committee
 ● Appointments Committee

## Breakdown of the board of directors by gender and age



## CO-GENERAL MANAGERS



## BOARD OF STATUTORY AUDITORS



## MANAGER CHARGED WITH PREPARING THE COMPANY'S FINANCIAL REPORTS



The 42% of the members of the governing body are women, with the remaining 58% being men. The 33% of the members are between the ages of 30 and 50, while the remaining 67% are over the age of 50.



## Internal control and risk management system

The Banca Ifis Group's internal control system consists of rules, procedures and organisational structures aimed at ensuring, among other things, adherence to the business strategies, the effectiveness and efficiency of processes, and compliance of operations with the law, supervisory regulations, and the policies, procedures and codes of conduct adopted by the Group. All business operations are subject to audits by the functions or business Areas that own the various processes and operations (line controls or first line of defence), as well as by second line of defence functions (Risk Management, Compliance and Anti-Money Laundering) and third line of defence functions (Internal Audit).

[GRI 102-11]

**Risk Management** identifies the risks the Parent and the Group companies are exposed to and measures and monitors them on a regular basis through specific risk indicators, planning potential actions to mitigate material risks. The goal is to provide a holistic and comprehensive view of the risks the Group is exposed to, ensuring an adequate reporting to governance bodies. Risk Management regularly reports to corporate bodies on its operations through the Dashboard - as well as, if required, to the Bank of Italy and Consob (Italy's stock market watchdog).

The Group's overall risk governance and management structure is governed by the **Risk Appetite Framework** and the relevant documents, which are constantly updated based on the evolution of the Group's strategic framework. Concerning the changes in the Group's scope, Banca Ifis promptly aligns and integrates risk governance and management methods while taking into account the peculiarities of each business.

Specifically, the Group has prepared a **Taxonomy of Risks** describing how it identifies the existing and/or potential risks the Group could be exposed to in pursuing its strategic goals as well as the tools for preventing and mitigating each type of risk.

The Parent carries out an initial identification of risks based on the list of the minimum risks laid down by supervisory regulations, adding any additional material risks emerged during the analysis of the business model and reference markets in which the Group's companies operate, the strategic outlook, operational methods, and the characteristics of loans and funding sources.

Identifying risks and regularly updating the relevant Taxonomy of Risks is the result of the joint work of second line of defence functions (Risk Management, Compliance, Anti-Money Laundering) and third line of defence functions (Internal Audit), which meet once a year to discuss whether to introduce new risk events and/or review the assessment of potential risks based on the risk management outcomes of the previous year. **The Supervisory Body is responsible for identifying and adequately monitoring the existing or potential risks as per Italian Legislative Decree no. 231/2001** relative to actual business processes, constantly updating the mapping of risk areas and "sensitive processes".

The **Control and Risks Committee**, composed of members of the Board of Directors selected from among non-executive Directors, most of whom are independent, is responsible for supporting the Board of Directors in making assessments and decisions concerning the internal control and risk management system based on preliminary analyses.

The audit work performed by the **Compliance function** (systematic audits and inspections) is based on the plans approved by the Board of Directors and seeks to evaluate the effectiveness of the required, proposed or implemented organisational measures intended to manage the risk of non-compliance. Therefore, these audits apply to all areas for which said risk exists. The audit findings are formally presented in reports shared with the relevant business structures, which must provide feedback on the remedial actions identified and the relevant implementation time line. The function monitors compliance with these requirements and regularly reports to the corporate bodies through the Dashboard - as well as, if required, to the Bank of Italy and Consob.

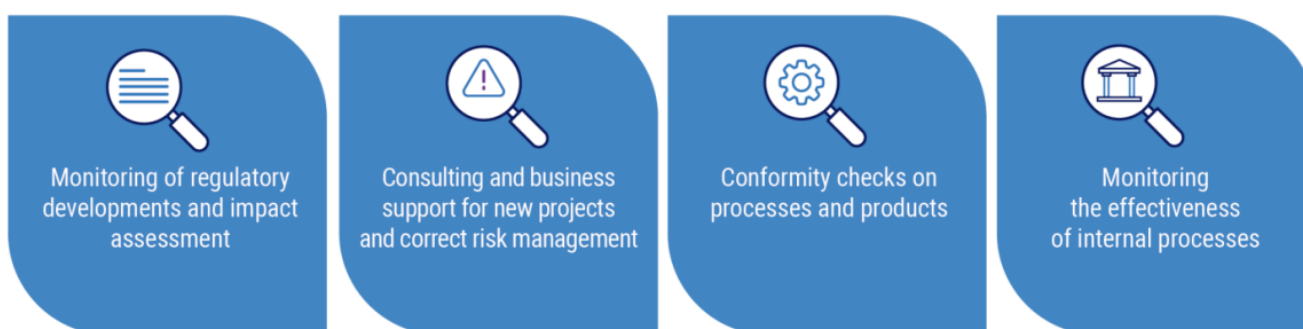
Concerning the regulations for which there is specialised supervision (e.g.: occupational safety or personal data processing), the responsibilities of the Compliance function can be adjusted, for instance by making the Organisational Unit responsible for coordinating methods, so that it can provide the Corporate Bodies with a comprehensive view of the exposure to the risk of non-compliance. In any case, Compliance, at a minimum and together with the relevant specialised

structures, is responsible for defining non-compliance risk assessment methods, identifying the relevant procedures, and reviewing whether these are adequate.

The Compliance function operates using two types of approaches:

- **ex ante:** the function provides advice to support the business either as planned on regulatory topics that are identified and updated under a risk-based approach and in line with the Group's Strategic Plan, or when called upon for specific needs (e.g., new products or operations);
- **ex post:** the function conducts compliance audits in accordance with the Annual Compliance Plan as well as systematic inspections, whose findings are shared with the functions concerned, reported to the BoD through the Dashboard, and notified to the Bank of Italy.

## COMPLIANCE FUNCTION



In addition, when starting a major project (such as acquisitions or the launch of new products or operations), the Compliance function actively participates by providing operational and other recommendations on how to properly manage the risk of non-compliance, for instance in terms of precautions and controls to be implemented, regulations to consider, and monitoring actions to be taken.

To promote a culture of respect for the law at all organisational levels, starting 2020 the Group provided **refresher** courses and **training programmes** to employees to make sure they acquire and develop the knowledge necessary to comply with the law, internal rules, and industry regulations. Training programmes have also been made available to Group employees throughout FY 2021. Compliance informs the structures concerned of any regulatory changes deemed significant, and either provides training or encourages more comprehensive training initiatives by involving Human Resources.

**Anti-Money Laundering** performs **systematic second line of defence audits** concerning the risk of **money-laundering and terrorist financing** to ensure the relevant procedures are properly applied to operational processes and develops Key Risk Indicators representing the most significant risk factors to be monitored. It also performs a self-assessment of the risk of money laundering and terrorist financing once a year. The function shares the audit findings and the action plan with the relevant Management. These audits and indicators are also displayed in the Dashboard on a quarterly basis and reported to the Board of Directors as well as, if required, to the Bank of Italy. Anti-Money Laundering also monitors the evolution of the relevant legislation, providing the structures impacted with information and taking action for the necessary adjustments. In order to guarantee an effective application of anti-money laundering legislation, the department also assures the delivery of **training programmes to staff**, guaranteeing a complete understanding of the purposes, principles of the obligations and corporate liability in terms of the fight against money laundering.

**Internal Audit** controls, with a view to assuring level three audits, the regular performance of operations and the evolution of business risks and assesses the completeness, adequacy, function and reliability of the organisational structure and the various components of the Internal Control System. The review carried out by Internal Audit is therefore transversal to all corporate processes.

In order to identify any abnormal performance or breach of internal regulations and assess the function of the Internal Control System as a whole, Internal Audit is specifically assigned **responsibility for verifying the correct application of internal provisions**.

Internal Audit operates on the schedule approved by the Board of Directors; in addition to this, it also performs unplanned audits as specifically necessary and/or required by the main corporate Bodies or external supervisory bodies. The results of the audits are shared with the reference organisational unit and with the level two audit departments and then sent to the Board of Statutory Auditors and the Control and Risks Committee. Internal Audit also reports back regularly to the corporate Bodies, also by presenting specific summary reports (Annual reports and Quarterly Dashboards) that, if required, are also submitted to the Bank of Italy or Consob.

[GRI 102-15]

## Reputational risk

Banca Ifis monitors and protects its reputation as well as that of the Group's companies.

To assess the level of reputational risk, the Group conducts an **annual Risk Self Assessment** taking into consideration both internal and external factors that could potentially negatively impact the reputation of the Group and the stakeholders concerned from time to time.

The main **internal factors** include the materialisation of operational risk or other risks (e.g., market, liquidity, legal, strategic risks), the violation of laws and regulations and corporate governance rules (such as the Code of Ethics), an ineffective or incorrect management of internal or external communication, and the conduct of management, employees, and collaborators.

**External factors** can refer to comments and discussions in the media and on social networks, blogs, or other digital communication tools concerning information or opinions detrimental to the reputation of the Group or its companies.

**Reputational risk can affect different kinds of stakeholders.** For instance:

- **Customers:** potential erosion of trust in the Bank and Group because of, for instance, inefficient operational practices or sales abuses;
- **Depositors:** potential erosion of trust in the Bank and Group, causing customers to withdraw part of their deposits;
- **Employees and collaborators:** decline or loss of trust in/respect for the company among employees and collaborators;
- **Shareholders and investors:** decline or loss of trust in/respect for the company among shareholders and market participants because of, for instance, the alleged inability to deliver satisfactory results, conduct inconsistent with ethical standards, perceived lack of managerial integrity, etc.;
- **Local community and society:** local community and society: decline or loss of trust in/respect for the company among local communities and opinion makers;
- **Supervisory Authorities:** decline or loss of trust in/respect for the company among Supervisory Authorities due to omissions or negligence deriving from the failure to comply with legal and regulatory obligations;
- **Suppliers and counterparties:** decline or loss of trust in/respect for the company among suppliers and counterparties.

In addition, the Group has defined a **set of indicators that can promptly identify the presence of vulnerabilities in the exposure of the Bank and its subsidiaries to reputational risks**, as well as the relevant warning and alarm thresholds where necessary. These indicators regard, for example, the percentage incidence of negative comments recorded on the various social accounts of Banca Ifis and the Subsidiaries, as well as articles with negative sentiment published by the press and on-line media; the number and change in the complaints received or lawsuits initiated by customers or employees against the Bank and other Group companies; the customer turnover rate, any commercial practices in conflict with the principle of professional diligence regarding agents and collectors of external networks.

Through constantly monitoring these aspects, if the predefined warning thresholds are violated or specific critical issues relative to the processes are revealed, it considers from time to time whether to take any mitigating action.

## The value of ethics: Code of Ethics

[GRI 102-16]

The Banca Ifis Group **conforms** to the purposes and guidelines of the **Corporate Governance Code**, and its governance system is aligned with the principles contained therein, the relevant recommendations issued by Consob, and, in general, best practices, which are intended to ensure an appropriate separation of responsibilities and powers by striking the right balance between operational and control functions.

Pursuant to Italian Legislative Decree no. 231/2001 on the "Rules for the administrative liability of legal entities, companies and associations, including those without legal status", the Banca Ifis Group makes the Code of Ethics and the Supervisory Body's Regulations publicly available.

The Group's **Code of Ethics** outlines the set of principles, values, rights, duties and responsibilities assumed and adopted in respect of all stakeholders with whom Group companies enter into relations in order to ensure the pursuit of their corporate purpose.

The Code of Ethics provides a set of rules of conduct based on principles of fairness, loyalty and consistency, aimed at continuously reinforcing the ethical-behavioural standards of its recipients and creating a common culture within the Group. Moreover, it represents a constantly updated tool, fundamental to preserve the reputation based on people's trust and reliability, to guarantee a sustainable creation of value over time and, when necessary, to recognise the new principles that the socio-cultural evolution imposes to consider. The values contained therein guide the choices and initiatives adopted by the Group, the definition of internal processes and the conduct of the people who work within it.

The Code of Ethics in force today was approved on 22 December 2016 and **updated constantly, most recently on 5 August 2021**. Specifically, in the context of an overall review of the document's form, which has given it greater clarity of presentation and graphics, as well as bringing it into line with the Group's new brand identity, the main changes concern:

- the provision that the Code of Ethics shall be binding on each Recipient and in particular on suppliers;
- the explanation of the ethical principles that characterise the Group (e.g., Correctness, Professionalism, Centrality of the person), in the light of the corporate values already formalised at the time of re-branding;
- the clarification of the obligation for employees to exercise powers of signature and representation within the limits set by internal regulations;
- the introduction of sections on: (i) the environmental, social and governance factors (so-called "ESG factors"); and (ii) the consequences for violations of the Code, including the relevant sanctions framework;
- the provision of specific "strike zones" valid for the entire Group, aimed at excluding the possibility of maintaining relations with clients operating in specific sectors in which a presence of the Group would be totally inappropriate from an ethical point of view.

With specific reference to ESG factors, the Banca Ifis Group intends to disseminate and consolidate a culture of respect for the environment and social correctness, 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. The Banca Ifis Group has therefore identified the Code of Ethics as a useful tool for the dissemination of these principles, as it asks recipients to consider the environmental and social consequences of all conduct adopted during their work activities, encouraging responsible actions.

In accordance with the principles laid down in the Code of Ethics, all Group employees must behave ethically in their relationships with employees and collaborators, customers, debtors, suppliers, the public administration, shareholders and the financial community. Illegal or unethical behaviour, including with reference to legal provisions, codes and regulations adopted by the Group, is not acceptable.

## Business model

The Banca Ifis Group seeks to ensure conditions of transparency and fairness in conducting its business, so as to safeguard its institutional role and image as well as meet the expectations of shareholders and of those who work for and with the Group: **to this end, it has decided to adopt the Organisational and Management Model as per Italian Legislative Decree no. 231/2001.**

This is a complex set of principles, rules, provisions, and organisational charts with the relevant duties and responsibilities allowing to establish and duly manage a system to control and monitor sensitive operations in order to prevent the risk of committing the offences set out in Italian Legislative Decree no. 231/2001. The Model – adopted in 2004 and constantly aligned with the latest regulatory changes – **is part of a broader control system that consists mainly of the Internal Control Systems and Corporate Governance rules of Banca Ifis.** The Group's companies adopt the same approach.

In addition, viewing its Model as a key company policy tool, Banca Ifis extends its internal organisational instruments to its subsidiaries as applicable. To this end, the Parent's Organisation Unit provides **specific methodological support to all the Group's Supervisory Bodies** in order to standardise the Models adopted by the subsidiaries, update or draft the Regulations of Supervisory Bodies and guarantee, with the help of the Compliance function, the monitoring of any significant regulatory changes, as well as assist the Parent's Supervisory Body in providing guidance and coordination on liability as per Italian Legislative Decree no. 231/2001 to the other companies of the Group.

Among other offences, the Model covers also crimes strictly related to non-financial topics, such as corporate offences (corruption and bribery), crimes of manslaughter and negligently causing serious or grievous bodily harm committed with breach of occupational health and safety regulations, as well as environmental offences and crimes associated with human trafficking and exploitation and the employment of illegal immigrants and tax crimes.

Faced with the regulatory updates applied in 2019, the Group's **Model has been revised** and the relevant changes submitted to the Parent Company's Supervisory Body and Board of Directors and respectively approved on 14 and 15 October 2020. The review meets the Bank's need for protection, first and foremost through information of the users, namely the Bank's employees, managers and collaborators called to ensure that their actions are compliant with the Model and, secondarily, of its potential readers, namely the Investigators called to assess its effectiveness and adequacy. During 2021, the Model was re-published when the Code of Ethics, attached to the document, was updated. The OMM, apart from updating the Annex and the respective references to it, has not undergone any further changes.

**Monitoring the functioning of, and compliance with,** the Organisational Models is the responsibility of the Parent's **Supervisory Body** and the Supervisory Bodies of the subsidiaries, if any, which have their own independent powers of initiative and control. The Banca Ifis Group's Head of Internal Audit is a member of all Supervisory Bodies and currently plays a crucial role in coordinating, integrating and maintaining the information flows required from the Supervisory Bodies of the Group's companies.



## The supply chain

[GRI 102-9]

The Banca Ifis Group regulates relations with the supply chain through internal procedures and policies like the Group Expenditure Cycle Management Policy and the Corporate Goods and Services Procurement Management Organisational Procedure, respectively updated in 2018 and 2019.

In 2021, the Group used **4.625 suppliers** (4.946 in 2020), mainly based in Italy, of which the main categories related to professional and non-professional services: in particular consultancy or legal services, outsourcing, customer information services and services related to software use or assistance.

[GRI 403-7]

In managing its relations with suppliers, in order to **minimise any negative impacts on health and safety** deriving from the interaction of its business with that of external suppliers<sup>14</sup>, the Banca Ifis Group implements various measures depending on the work/service agreed. More specifically, and if held to be necessary, the Group:

- as prescribed by Italian Legislative Decree no. 81/08, defines the best ways by which to manage interferences and drafts specific documents such as the Safety and Coordination Plan (PSC) and the Consolidated Document for the Assessment of Risks of Interference (DUVRI);
- demands that suppliers incorporate the Bank's Safety Policy, declaring that they will adopt and respect it;
- demands that suppliers produce any qualifications necessary to go about their business, self-certifying requirements of professional suitability and sending the client the Consolidated Document Attesting to Compliance with the Payment of Social Security and Welfare Contributions (DURC);
- takes additional protection measures, the costs of which are specified in the individual contracts (Safety Costs).

<sup>14</sup> This methodology is adopted for all interventions requiring the use of contractors, self-employed workers, services and supplies



# 2.

## Materiality analysis



## 2.1 The 2021 materiality analysis

According to the principle of “materiality”, the topics potentially relevant for the purposes of non-financial reporting are those that reflect the economic, social, and environmental impacts of an organisation and/or can substantively influence the decisions of its stakeholders<sup>15</sup>.

In 2020, given the **instability of the macroeconomic context resulting from the COVID-19 pandemic crisis, as well as the close correlation between the issues deemed material for the Group and the medium-term corporate strategy**, the Banca Ifis Group had confirmed the results that emerged from the 2019 materiality analysis. This choice made it possible to consolidate the indicators reported and make a precise comparison of performance with the previous year, in order to safeguard the transparency of information.

In order to verify, also following the health crisis of the last two years, the possible changes in the expectations of its stakeholders, in 2021, the Banca Ifis Group decided to update its materiality.

The process carried out in 2021 to update the materiality analysis was pursued with the aim of satisfying the demands of the GRI Standard and the regulatory indications, first and foremost as set out in Italian Legislative Decree no. 254/2016 and the European Commission Communication “Guidelines on non-financial reporting” (2017/C 215/01).

The materiality analysis was divided into four stages:

- identifying material topics;
- prioritisation of the topics identified;
- definition of the materiality matrix;
- validating the materiality matrix.

### Identifying material topics

[GRI 102-49]

For the 2021 materiality analysis, the topics identified as “potentially relevant” during 2019, were confirmed. These can be traced - as for the previous year - back to six macro areas, of which five coincide with those required by Italian Legislative Decree no. 254/2016. The sixth area, which concerns “business topics”, includes the topics that, although not expressly required by the Decree, were found to be potentially material to assuring the understanding of the Group’s business by its stakeholders. The importance of issues such as Risk Management, Corporate Governance and Brand reputation, which are represented in the non-financial report as transversal in their various contents, is also recognised. Finally, the topics are related to the Banca Ifis Group’s four sustainability pillars, which correspond to the subsequent sections of this statement.

### Prioritisation of the topics identified

According to the European Commission’s “Guidelines on non-financial reporting”, each company assesses, among the topics potentially material to its business, which ones are relevant for the purposes of non-financial disclosure, based on its analysis of how important that information is in understanding its development, performance, position, and impact. This **relevance assessment** should take into account internal and external factors.

The GRI Sustainability Reporting Standards also suggest considering a combination of internal and external factors when assessing the relevance of the different topics and recommend several “materiality tests” to take into account.

<sup>15</sup> GRI 101 Foundation

In line with these references, **in order to prioritise** the potentially material **topics** and identify those to be addressed in the Non-Financial Statement, **different types of data have been collected in order to assess two dimensions of relevance (internal and external)**. In particular:

- Internal relevance was developed by modifying the scores assigned to the topics identified in 2019 based on interviews conducted in March 2021 with key corporate functions to define the ESG framework of the Business Plan.

[GRI 102-40]

[GRI 102-42]

[GRI 102-43]

- To investigate external relevance, the Group has analysed the needs of all relevant stakeholder categories<sup>16</sup>. In particular, a “mediated assessment” was performed of the interests and expectations of stakeholders of the Banca Ifis Group, through meetings with the main corporate departments most involved in dialogue with the main stakeholders. As part of these interviews, direct engagement initiatives with these stakeholders were analysed and considered, such as the smart-working survey of employees, and the “Factor I” survey of customers. Also of particular importance for external relevance was the analysis of the ESG Framework of the Business Plan.

To investigate both relevancies, **the topics were scored on a scale from 1 to 5**, where 1 is little interest in the topic and 5 is extremely high interest.

In addition to the investigation of internal and external relevance, **a desk analysis was also carried out to integrate the direct internal and external assessments, considering various internal and external sources**. In detail, the topics considered by the main competitors, emerging industry trends, and regulatory developments affecting the industry were analysed.

As a result of the evidence that emerged in the external and internal listening process, the following changes were made about the material topics:

- Enhancement of **the transversal nature of the “Brand reputation” topic**: as a transversal topic for the Banca Ifis Group's operations, Brand reputation will be treated for the year 2021 not as a separate topic but transversally to other topics, where necessary.
- Renaming the topic **“engagement for the area” to “engagement for the community”** in order to make the subject matter of the material topic clearer and more specific.

<sup>16</sup> The main stakeholders identified by the Group are: Customers, Employees, Agents, Investors

## Definition of the materiality matrix

The findings of this process were subsequently condensed into a “Materiality matrix” that plots the internal relevance assessment on the y axis and the external relevance assessment on the x axis, representing the “material” topics (i.e. those scoring at least 3,5 - 5).

Below is the Banca Ifis Group's **Materiality matrix**:

[GRI 102-47]





MATERIAL TOPICS		Topics as per Leg. Decree 254/16				
		ENVIRONMENTAL	SOCIAL	EMPLOYEES	ANTI-CORRUPTION	HUMAN RIGHTS
Ifis Integrity	1. CORPORATE INTEGRITY AND ANTI-CORRUPTION				●	
	2. CREDIT QUALITY*					
	3. DATA PROTECTION		●			
Ifis Customers	5. SUPPORT TO ENTREPRENEURSHIP AND FINANCIAL INCLUSION		●			
	6. DIGITAL INNOVATION		●			
	7. QUALITY OF PRODUCTS AND SERVICES		●			
	8. TRANSPARENCY 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 TO THE COMMUNITY		●			
	14. DIRECT ENVIRONMENTAL IMPACTS	●				

\* Business Topics

## Validating the materiality matrix

The resulting materiality matrix was submitted to the Chief Executive Officer and the Sustainability Committee and subsequently **approved by the Board of Directors on 16 December 2021**.

## 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>
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 reduce customer service response times</li> </ul>

Banca Ifis topics	Nature of risk	Main risks	Main safeguards/mitigating actions
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>Mechanisms for handling of complaints</li> <li>Organisational Procedure for the Transparency of Banking and Financial Operations and Services</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 full-remote working procedures introduced by the Bank following the continuation of 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>
Committed to the community	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>



3.

Ifis Integrity



We are committed to developing and spreading the business values and culture, both internally and externally, and pursuing the fight against corruption with integrity.

Ifis Integrity represents the Group's integrity, our constant commitment to guaranteeing **credit quality** and spreading awareness of the **business values and culture** both within and outside the Group. We promote virtuous behaviour, consistent with the Group's values, such as the **fight against corruption**, the **protection of our customers' privacy** and attention to sustainability.



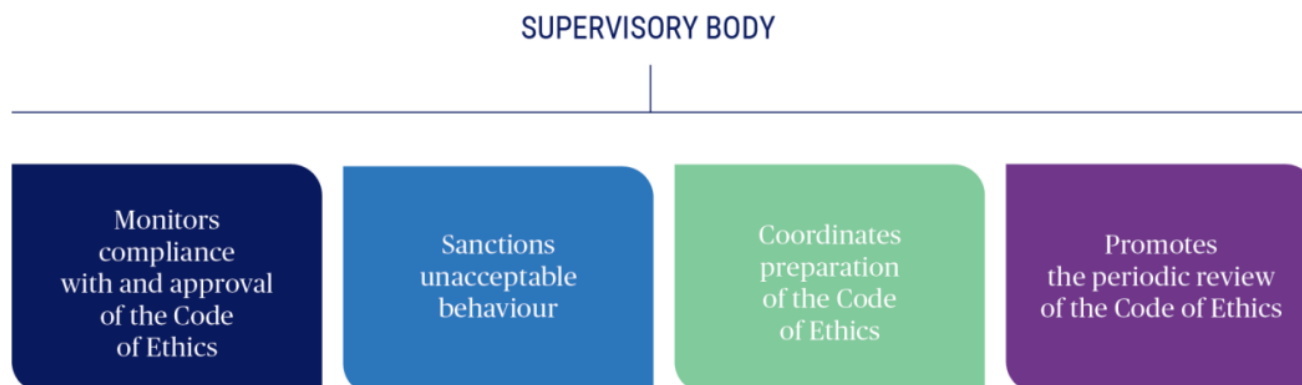
## 3.1 Corporate integrity and anti-corruption

### Policies and other reference documentation

- Code of Ethics
- Organisational, Management and Control Model as per Italian Legislative Decree no. 231/2001
- Group Whistleblowing Policy
- Group Anti-Money Laundering Policy
- Group guidelines on the Internal Control System
- Organisational Procedure Due diligence and customer profiling by risk class - continuously (Banca Ifis)
- Organisational Procedure for Managing tax receivables (Banca Ifis)
- Organisational Procedure for the Management of the Rendimax Current Account (Banca Ifis)
- Organisational Procedure for the Management of the Rendimax Deposit Accounts (Banca Ifis)
- Organisational Procedure for the Management of the Ifis Current Accounts (Banca Ifis)
- Organisational Procedure for Managing tax receivables (Banca Ifis)
- Organisational Procedure for the Management of the Rendimax Current Account (Banca Ifis)
- Organisational Procedure for the Management of the Rendimax Deposit Accounts (Banca Ifis)
- Organisational Procedure for the Management of the Ifis Current Accounts (Banca Ifis)
- Organisational Procedure Management and Concession of Structured Finance
- Organisational Procedure Special Situations Management and Concession
- Organisational Procedure Advisory
- Organisational Procedure Management of distressed loan non-judicial collector network (Ifis Npl Servicing)
- Organisational Procedure Management of distressed loan non-judicial collector network (Ifis Npl Servicing)
- Organisational Procedure Due diligence and NPL customer profiling by risk class (Ifis Npl Investing)
- Organisational Procedure - Collecting captive debts through judicial actions (Ifis Npl Servicing)
- Organisational Procedure Management of acquisitions of credit portfolios (Ifis Npl Investing)
- Organisational Procedure Managing payments associated with captive distressed debt collection operations (Ifis Npl Servicing)
- Organisational Procedure Collecting captive debts through non-judicial actions (Ifis Npl Servicing)
- Organisational Procedure Assigning captive NPLs to debt collection units (Ifis Npl Servicing)
- Organisational Procedure - Due diligence, customer profiling and the reporting of suspicious operations (Ifis Npl Servicing)
- Organisational Procedure for Suspicious Transaction Reports (Banca Ifis)
- Anti-Money Laundering Manual Cap.Ital.Fin.
- Credifarma Anti-Terrorism and Anti-Money Laundering Manual
- Anti-Money Laundering Manual - Farbanca Procedural Part
- Operating manual on Embargo and anti-terrorism: Checks on incoming and outgoing bank transfers (Banca Ifis)
- Operating manual Certification of Positions on Negative Lists
- Distribution Policy (Cap.Ital.Fin)

The **Code of Ethics**, an integral part of the Organisational and Management Model envisaged by Italian Legislative Decree no. 231/2001, outlines the set of principles, values, rights, duties and responsibilities assumed and adopted towards all the stakeholders of the Banca Ifis Group, and represents the **"manifesto" of the corporate culture** of Banca Ifis and the other companies of the Group. Making sure that the Organisational Model and the Code of Ethics are effective requires promoting a "culture of control" among all employees and raising the awareness of all structures concerned. This is why the Group trains employees on the contents of the Organisational Model pursuant to Italian Legislative Decree no. 231/01 and the Code of Ethics. Violation of the Code of Ethics by the recipients constitutes a breach of the contractual relationship between Banca Ifis and/or its Subsidiaries and the recipient and gives Banca Ifis and/or its Subsidiaries the right to terminate or withdraw from the contract for just cause.

As far as the Code of Ethics is concerned, the **Supervisory Body** is responsible for, among other things, **monitoring compliance with it and its implementation**, taking disciplinary action if required, coordinating the drafting of rules and procedures to implement it, promoting a regular review of the Code and its implementation mechanisms, and reporting to the Board of Directors on the work carried out and the problems concerning the implementation of the Code of Ethics.



The Code of Ethics clarifies that **the assumption of commitments with the Public Administration and public institutions** is reserved for the appointed and authorised organisational units of the Group, which are required to perform their duties with integrity, independence and fairness. It is prohibited to promise or offer government officials or employees of the public administration in general or of public institutions (including the Supervisory Authorities) payments or benefits to promote or advance the interests of the Group when finalising agreements and supplying services, for the purposes of the award or management of authorisations, when collecting receivables - including due from tax authorities - during inspections or audits, or as part of judicial proceedings.

Anyone either asked for or offered benefits by government officials shall immediately consult with their supervisor and the Supervisory Body, which will assess the adoption of any other initiatives.

### Anti-corruption

In order to prevent the risk of committing corruption and bribery, the Group has adopted the Organisational, Management and Control Model as per Italian Legislative Decree no. 231/2001 (OMM), as well as the guidelines set out in the Code of Ethics.

**In October 2020, the Parent Company's Organisation, Management and Control Model was updated** to assign particular relevance to the reform of the Special Part of the Model and proceed according to the routine directives characterising the document structure, namely: the recording of existing processes and their formalisation, the mapping of inherent risks and the preparation or better presentation of the related measures.

Part of the intervention was aimed at identifying risk areas, in a more detailed, concrete manner than in the previous version of the Model, so as to direct the action of managers, employees and collaborators of the Bank and, consequently, in order to assure an effective Model in accordance with Art. 6 of Italian Legislative Decree no. 231/01.

The offences dedicated greater, priority attention in the context of the update of the Banks' Organisational Model were, for example: money laundering, corporate offences, market abuse and tax crime.

### The integrity of the conduct of Group agents

In addition to establishing rules of conduct for its staff, the Banca Ifis Group considers it essential to assure the integrity of conduct of the Leasing area agents too, as well as those of the company Cap.Ital.Fin. and the agents and collection companies of Ifis Npl Investing.

For instance, several precautions are taken to ensure the integrity of the behaviour of debt collection agents and companies, including:

- ensuring observance of the Code of Ethics and Organisational Model envisaged by Decree no. 231/01 when stipulating the contract;
- controlling the number of mandates: agents can have up to three mandates (for financial agents and agents registered with the OAM), and only for non-competing activities;
- adopting an incentive scheme that discourages agents from engaging in inappropriate or persistent behaviour;
- observation of the "Code of Conduct" drafted by the Unirec - Consumer Associations forum.

With reference to the distribution network of Cap.Ital.Fin., the Control Functions carry out regular audits on compliance with reference legislation governing transparency and money laundering. On the basis of the evidence that emerges from the audits performed, specific initiatives are then taken (e.g. training sessions on specific topics), so as to guarantee a high quality standard and professionalism by the distribution network.

As regards the management of the Ifis Npl company call centre Servicing S.p.A., dedicated to phone collection, the organisation of internal work has been optimised and instruments have been created for the constant monitoring and analysis of performance; the aims of these measures include the limitation of the risk of "aggressive" conduct or unfair commercial practices implemented by operators. The company Ifis Npl Servicing S.p.A uses different methods to evaluate the effectiveness of the management approach implemented:

- inquiries by the "monitoring" call centre - separate from the one dedicated to collection operations, which contacts all customers that have successfully repaid their debts thanks to the proposed settlement plans, as well as a sample of customers with whom an agreement has not been finalised, so as to ensure the members of the network acted with fairness and integrity;
- requiring agents to prepare a "Meeting report", when possible, at the end of each visit with a customer describing what transpired during the meeting and any agreements reached. This report must be signed by the customer, so as to keep a transparent and objective record of any agreements reached;
- reviewing any rejected complaints on a quarterly basis to identify potential emerging problems or issues of increasing interest to customers, so as to define the necessary corrective actions;
- constantly monitoring the Company's social channels;
- interviewing customers that have successfully repaid their debts, as per the first point;
- constantly listening to the grievances and needs of network agents with specifically-organised meetings.

The Organisational, Management and Control Model as per Italian Legislative Decree no. 231/2001 of Banca Ifis covers the following **corruption-related offences**:

- Bribery of office;
- Corruption for an act contrary to official duties;
- Corruption in judicial proceedings;
- Corruption of the person in charge of a public service;
- Bribery, undue inducement to give or promise money or other advantages and corruption;
- Corruption between private individuals;
- Solicitation to commit corruption between private individuals;
- Embezzlement, embezzlement by means of profiting from a third party error;
- Trafficking of unlawful influences;
- Abuse of office.

The Organisational, Management and Control Model as per Italian Legislative Decree no. 231/2001 of Banca Ifis specifies that the **structures responsible for monitoring** the commission of potential corruption-related offences are the second and third line of defence functions, the **Supervisory Body, and the Board of Statutory Auditors**.

[GRI 205-2]

The Board of Directors is briefed on the anti-corruption procedures at the time it approves the Group's Code of Ethics.<sup>17</sup> All employees are required to know and comply with anti-corruption rules, including with reference to the table attached to the Model that specifically governs potential sensitive activities as well as the main structures and safeguards put into place in terms of policies, internal rules, and control structures. In addition, all the Group's employees can access internal regulations, and specifically the Code of Ethics, the Organisational, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001 and applicable protocols and procedures.

The Group makes sure that all employees of the Italian offices receive suitable cyclical training, and whenever the legislation is updated, on the anti-corruption policies and procedures as per the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01. More specifically, starting July 2020, the new edition has been published on the corporate intranet of the mandatory training course on the "Administrative liability of Entities ed. 2020," also available for 2021. The table below provides details of the number of employees who have completed at least one anti-corruption course. Training on anti-corruption issues relates only to staff on Italian soil and not to staff in foreign offices.

Number and percentage of employees who received training on the fight against corruption, divided up by category		2021 <sup>18</sup>	2020	2019
	No.	543	691	476
	%	29,4%	40,0%	27,2%
Senior managers	No.	14	14	8
	%	15,7%	17,9%	10,8%
Middle managers	No.	131	179	116
	%	24,0%	35,3%	22,7%
Clerical staff	No.	398	498	352
	%	32,8%	43,6%	30,1%

In October 2020, the members of the Parent Company's Board of Directors approved the update to the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001, which also contains rules on the prevention of the risk of the commitment of crimes of corruption and concussion, while in August 2021 they approved the updating of the Code of Ethics.

In addition, in 2021 a training course was launched for the top management of the Banca Ifis Group, structured into several meetings in a virtual classroom, which saw the involvement of both expert teachers and professionals of excellence, identified through Abiformazione and the Polytechnic of Milan, and internal managers with the aim of aligning the participants on the Bank's plans and policies. The contents of the plan focused on the elements of strategic and organisational change that the banking sector is facing and on the control of the most important risks; the modules examined in depth the role and responsibilities of the top management Bodies, the market in which the Group operates

<sup>17</sup> To date, the Banca Ifis Group has not provided specific training modules on corruption-related offences reserved for Directors. The members of the BoD are made aware of the measures implemented on the matter when approving the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01 and the Code of Ethics. Specifically, the update of the Code of Ethics, integrated into the "General Part" of the OMM, was approved in 2021.

<sup>18</sup> The count considers employees who have completed at least one of these activities:

- E-learning course "The liability of entities ed. 2020", made available starting October 2020
- Training courses with external suppliers

and the main challenges that the evolution of the context poses to the banking sector. Specifically, the topics covered in 2021 were:

- Banking sector scenarios also at the international level;
- ESG dimensions between Risks and Opportunities;
- The regulation of related party transactions;
- Fintech and business model innovation;
- Key regulatory changes and the 2021-2022 outlook;
- Strategic risk.

Several precautions are taken to ensure external networks behave with integrity: among other things, it requires them to abide by the Code of Ethics and the Model pursuant to Italian Legislative Decree no. 231/01, at the time of stipulating the contract.

More specifically, following the 2020 update of the Model and Code of Ethics, in January 2021, the new documentation was sent out to the agents and suppliers of Banca Ifis by e-mail. During the course of the year, the further updating of the Code of Ethics included the integration of a contractual clause that will expressly refer to the Code as a binding document in respect of each recipient and, in particular, suppliers. Violation of the Code of Ethics by the recipients constitutes a breach of the contractual relationship between Banca Ifis and/or its Subsidiaries and the recipient, and also gives Banca Ifis and/or its Subsidiaries the right to demand termination or withdrawal from the contract for just cause if, in the unquestionable judgement of Banca Ifis and the Companies, the violation committed is such as to undermine the relationship of trust or cause significant prejudice to the Parent Company and/or one of its Subsidiaries. The right of the Parent Company or its Subsidiaries to claim damages remains unaffected. In the various dealings with suppliers (both existing and new) the contractual texts are therefore being adapted, where possible, to comply with these provisions.

Finally, as regards the Bank's stakeholders, the Code of Ethics and the "General Part" of the Organisation and Management Model pursuant to Italian Legislative Decree no. 231/01 are published on the Group's website.

[GRI 205-3]

As in the previous year, during 2021 there were no incidents of corruption or legal cases brought against the employees of the Group or the external networks.

## Anti-money laundering and terrorist financing

Preventing the risk of money laundering is **key for protecting the Bank's financial strength** and, more generally, its reputation, and reflects its constant effort to actively co-operate with Supervisory Authorities. The Group refuses to do business, either directly or indirectly, with individuals or companies that are known or suspected members of organisations engaging in criminal or illicit activities. This principle translates into **specific procedures and audits** in the various business areas:

- the **Leasing** segment examines negative press reports using an automated system integrated with the auto-decision making procedure: if there are any matches, the position is put on hold and marked for a manual assessment, involving also the Anti-Money Laundering function. Following these checks, the position is assigned a risk profile that serves as the basis for activating an approval process at different hierarchical levels;
- as for the **Trade Receivables** and account products, the above checks are integrated with master data management procedures. Also in this case, based on the matches found, the counterparty is assigned a specific level of money laundering risk, and the decision of whether to open/maintain the relationship is left to the appropriate hierarchical level;
- in **Capitalfin**, screening is carried out to identify politically exposed persons or those at risk of terrorism. In the event of a positivity for politically exposed persons, enhanced verification and authorisation by senior

management<sup>19</sup>, and elevation of the risk profile, shall occur. In case of confirmed presence in the terrorist lists, the request is immediately rejected as well as the sending of a suspicious transaction report. The company also has in use lists for screening negative reputational information, which is evaluated on a case-by-case basis on positive subjects, and tools for verifying identity documents;

- in **Credifarma**, possible politically exposed persons or those at risk of terrorism are verified. In the event of a positive finding for politically exposed persons, further investigation is carried out in order to assess the increase in the degree of risk and authorisation of senior management. Lists on negative reputational information are also in use and are subject to constant verification, as are databases for checking identity documents. The company also identifies any changes at corporate level, in particular due to changes in the ownership structure and/or business name and any extraordinary financial transactions carried out;
- list screening for politically exposed persons and terrorists applies in **Farbanca**. Managers carry out in-depth analysis with the customer and evaluate in the Fastcheck procedure, informing the AML function of the results in order to correctly manage the master notes. In the event of positivity on politically exposed persons, the Senior Management authorisation process is activated for the continuation of relations and the raising of the risk profile. These list checks are performed on an ongoing basis;
- the **NPL** segment conducts a review at the time the receivables portfolio is acquired as well as subsequent checks on individual counterparties when defining settlement plans.

If a relationship with a customer classified as high risk is activated, the position is subject to stricter and more frequent reviews in terms of updates and monitoring operations, and any decision is escalated to the Senior Manager for a decision on the maintenance of the current relationship.

Besides being required by law, training is key for raising awareness and promoting a culture among employees of preventing the risk of unwittingly involving the Bank in this kind of incidents.

Anti-Money Laundering helps define the contents of **mandatory anti-money laundering training**, especially for those employees that are in direct contact with customers. In both 2020 and 2021, training on anti-money laundering was delivered both through (virtual) classroom courses and via the on-line e-learning course "Anti-money laundering regulations, ed. 2020" lasting 4 hours, activated on the Ifis Talent platform. During the year, a total of 2.312,5 anti money laundering training hours were delivered (approximately 4.217 in 2020 and 2.366 in 2019). In particular, the e-learning course was used by 332 Group employees.

- for Banca Ifis, 12 virtual classroom training sessions of two hours each on "Money Laundering Prevention in the Time of the COVID-19 Emergency" were organised for both employees of the Anti-Money Laundering function and employees of the commercial, evaluation and management functions of the bank, for a total of 341 employees. The same class was offered to Business Unit managers and control function staff (47 participants), who were given 3 training sessions of two hours each;
- additional training sessions were organised for the onboarding of 30 new employees including apprentices and new commercial developers and for specific operational topics for 21 employees in the accounts receivable management and payments and payment card departments;
- for Credifarma and Farbanca, a two-hour training session on "Prevention and management of the risks of money laundering and terrorist financing" was organised for 57 employees.

Similarly, the Anti-Money Laundering function provided specific training sessions of one hour each on the subject of "Active Collaboration and Reporting of Suspicious Transactions" to the entire third-party network of the Bank (agents in financial activity registered with the OAM who place the leasing product) and Ifis Npl Servicing (agents in financial activity registered with the OAM, debt collection companies, debt collectors pursuant to art. 115 of the Consolidated Act on Public Safety); and to the new agents and debt collectors of Ifis Npl Investing.

<sup>19</sup> "Senior management" refers to a figure introduced by the AML regulations that can be identified as a director, general manager, or other employee delegated by the governing body or general manager to deal with high-risk clients. This person has appropriate knowledge of the level of money laundering or terrorist financing risk to which the recipient is exposed and has sufficient autonomy to make decisions affecting that level of risk.



## Whistleblowing

As the Parent company, Banca Ifis, in accordance with industry regulations and best practices, has established an internal system allowing to report actions, events or omissions potentially in violation of laws and internal procedures governing the operations of the Parent and its Subsidiaries with the guarantee that the personal data of the complainant and the alleged offender will remain confidential. **The whistleblowing system is governed by the Group Whistleblowing Policy**, which is part of Banca Ifis's Organisational Model and adopted by the Group companies. The Banca Ifis Group's employees, its collaborators, and licensed independent contractors working with the Group on a regular basis can file a report.

This report may concern any action or omission in breach of the rules governing the Group's operations that causes or could cause harm to the Banca Ifis Group. This includes, for instance, actions or omissions, either committed or attempted, which can cause pecuniary damage to the Group, endanger the health or safety of staff or customers or damage the environment.

The reports can be submitted using different channels and are **handled by the Head of Internal Audit**, who examines and investigates them based on the principles of impartiality, privacy, dignity of the employee and protection of personal data.

After completing the investigation, the Head of Internal Audit formally submits his or her assessment to the Chief Executive Officer (or the Chairman of the Board of Statutory Auditors in the event of potential incompatibilities), who will decide what corrective actions need to be carried out. Internal Audit prepares an annual report on the proper implementation of the process, including aggregate information on the findings of the audits carried out based on the complaints received, that is approved by the Board of Directors and made available to employees.

In 2021, 2 reports were recorded through the Whistleblowing system.



\*Independent contractors who work prevalently and continuously with the Group.

## 3.2 Credit quality

### Policies and other reference documentation

- Group system of delegation of authority to manage credit risk
- Group system of delegated powers on the assumption of credit
- Group system of delegated powers for the assumption and management of the credit risk (Cap.Ital.Fin.)
- System for the delegation of hiring and management powers Ifis Finance IFN SA
- Proxy system for the assumption and management of credit risk IFIS FINANCE
- Group Policy for managing the Most Significant Transactions (MSTs)
- Group policy for reviewing business operations
- Ordinary credit management policy: PHARMA BU (Banca Ifis)
- Ordinary credit management policy: Pharmacies BU (Banca Ifis)
- Ordinary credit management policy: Impresa Italia (Banca Ifis)
- Policy for the management of the collection of distressed captive loans (Ifis Npl Servicing)
- Impairment Policy
- Policy for managing portfolios of receivables purchased outright and due from Public Administration entities (Banca Ifis)
- Ordinary debt collection and monitoring policy (Banca Ifis)
- Monitoring and collection policy (Cap.Ital.Fin.)
- Monitoring and collection policy (Credifarma)
- Policy for the management of the process of verifying the correct monitoring and adequacy of the collection process (Banca Ifis)
- Methodological manual individual evaluation of non-performing loans (Banca Ifis)
- Organisational Procedure Management of tax receivables (Banca Ifis)
- Operating note Leasing preliminary investigation process (Banca Ifis)
- NO 111 - Leasing BU - Redemption assessment and setting process (Banca Ifis)
- NO 103 - Leasing BU - Subjective credit quality assessment (Banca Ifis)
- Leasing debt collection and monitoring policy (Banca Ifis)
- Policy for managing the acquisitions of distressed loan portfolios and relating monitoring (Ifis Npl Investing)
- Distribution Policy (Cap.Ital.Fin.)
- Policy for the management of the collection of distressed captive loans (Ifis Npl Servicing)
- Procedure for Assigning NPLs to debt collection units (Ifis Npl Servicing)
- Organisational Procedure for Collecting debts through judicial actions (Ifis Npl Servicing)
- Organisational Procedure for Collecting debts through non-judicial actions (Ifis Npl Servicing)
- Organisational Procedure for Managing payments associated with distressed debt collection operations (Ifis Npl Servicing)
- Organisational Procedure - Concession and Management of Structured Finance (Banca Ifis)
- Organisational Procedure - Concession and Management of Special Situations (Banca Ifis)
- Organisational Procedure Management of distressed loan non-judicial collector network (Ifis Npl Servicing, Ifis Npl Investing)
- Policy on insurance distribution carried out by the Bank (Banca Ifis)

**Credit quality is closely associated with financial strength**, which is key for the sustainability of the Group's business model and represents one of the **pillars of the Group strategy**.

In order to incorporate the impacts of the health emergency, analyses were performed, and new prudent logics implemented, as well as the institutional measures introduced to temporarily support the national economy. For more information on the impacts of COVID-19 on the financial position and business performance, please refer to the paragraph entitled "Risks, uncertainties and impacts of the COVID-19 epidemic", Part A - Accounting policies (A.1 - General part, Section 5 - Other aspects) of the "2021 Consolidated financial statements and reports".

The quality of credit can significantly affect the Bank and Group's share price, credit rating, dividends, and financial position - all of which are material to shareholders, financial analysts, ratings agencies, lenders, and Supervisory Authorities - as well as customer trust in the Group's ability to service its obligations, which is especially important for the retail customers of the Rendimax product.

In the case of **Trade Receivables**, the Group's commitment to safeguarding its capital position and credit quality translates into three levels of counterparty checks, so as to prevent the risks of default as well as of involvement in transactions with potentially damaging reputational consequences:

- **automated checks** on both individuals and legal entities to determine whether the prospective customer is on watch lists (terrorism, embargoes, etc.) or lists of "Politically Exposed Persons"; based on the level of risk, Anti-Money Laundering also analyses press reports;
- **individual assessment** by the Transaction Assessment and Counterparty Assessment Teams of the customer, the invoice sellers, and the factored exposure; system of delegation of authority to assume credit risk based on the amounts and risk classes involved;
- **continuous dialogue with the national network**, which may provide reports and feedback on potential clients.

As for **salary- and/or pension-backed loans**, the Banca Ifis Group, in accordance with privacy regulations, considers also the family situation if relevant to assessing the reliability of customers.

The policies governing **Leasing** operations describe how to evaluate the future user of the asset based on reliability and credibility criteria through a scoring system and the preliminary work carried out by specialised teams. Specifically, these assess the soundness of the counterparty's credit position and whether the requested asset is consistent with its operations.

**Credit monitoring as well as the monitoring of individual exposures** are conducted on a regular basis using effective procedures that can provide timely warnings of potential issues and ensure the adequacy of impairment losses and write-offs. Risk Management ensures the credit monitoring of individual exposures, specifically non-performing ones, is properly carried out and evaluates the consistency of the classifications, the provisions set aside, and the adequacy of the debt collection process at the central and peripheral level.

The Group companies operating in the **NPL** segment, which specialise in acquiring and managing non-performing loans, focus on assessing whether the receivables can be recovered and preparing settlement plans compatible with the specific debt situation by adopting **several mechanisms throughout the various loan acquisition stages**:

- first, it verifies whether the loans being acquired can be recovered, so as to exclude non-existing or time-barred receivables and prevent the risk of non-payment as well as the reputational risk that trying to collect bad loans would entail. After establishing a first contact with the account debtors, the NPL Area assesses the legitimacy of any complaints and, if these are based on reasonable grounds, writes off the position or seeks indemnification from the seller, if allowed by the contract;
- it prepares settlement plans suited to the customer's finances and tailored to each individual case;
- it assesses the probability the customer will actually settle its debts.

Identification of the **Operating Segments** is consistent with the methods adopted by the Management to take operative decisions and is based on internal reporting, used in order to allocate the resources to the various segments and analyse the relevant performance.

In line with the structure used by Management to analyse the Group's results, the information by segment is broken down as follows:

- **Commercial & Corporate Banking Segment**, represents the commercial offer of the Group dedicated to companies and consists of the Business Factoring, Leasing and Corporate Banking & Lending;
- **Npl Segment**, dedicated to non-recourse factoring and managing distressed loans, servicing and managing non-performing, secured loans;
- **Governance & Non-Core Services Segment**, which provides the segments operating in the Group's core businesses with the financial resources and services necessary to perform their respective activities. The Segment includes treasury and proprietary securities desk activities, the disbursement of salary- or pension-backed loans and some portfolios of personal loans, as well as some corporate loans portfolio assigned for run-off insofar as held to be non-strategic to the Group's growth.

During 2020, changes were made to the Operating Segments in order to fully implement the Group's business model. Therefore, the information given in this document is in line with the new Segment reporting.

Below are the values of the Gross and Net NPE ratio of the Commercial & Corporate Banking Segment. The Gross Ratio is in line with 2020, while the Net Ratio has increased since 31 December 2020.

GROSS AND NET NPE RATIO		2021	2020	2019
Gross	%	5,9%	5,9%	8,5%
Net	%	3,6%	2,7%	4,2%

In total, the ratios calculated on receivables due from customers, net of the NPL Segment and government securities included in that item, are:

- Gross Ratio: 6,4% (6,4% at 31.12.2020)
- Net Ratio: 3,9% (3,2% at 31.12.2020)

## 3.3 Data protection

### Policies and other reference documentation

- Group IT security management policy
- Group IT risk assessment and management policy
- Organisational Procedure Information security incidents management
- Organisational Procedure Handling of privacy issues concerning the rights of data subjects and the relationship with the Italian Data Protection Authority (Cap.Ital.Fin., Ifis Rental Service, Ifis Npl Servicing, Ifis Npl Investing, Ifis Real Estate, Farbanca, Credifarma)
- Organisational Procedure Management of Personal Data Processors
- Methodological manual for data processing risk analysis and data protection impact assessment (DPIA)
- Privacy regulatory manual
- Group Regulations governing the use of company equipment
- Group business continuity policy
- Group ICT strategic planning policy (Banca Ifis, Farbanca, Ifis Finance)
- Organisational Procedure Management of the development, purchase and maintenance of the application software and technological infrastructure
- Group Policy for the monitoring and measurement of performance (Banca Ifis, Ifis Finance)
- Organisational Procedure for managing logs (Banca Ifis)
- Organisational Procedure for managing logical access (Banca Ifis)
- Group internet payment system policy (Banca Ifis, Ifis Finance)

The growing spread of ICT products and services based on processing personal data has made **privacy and information security more and more strategic** for companies over the years.

The Banca Ifis Group considers the protection of personal data a mandatory principle that is key for building trust and developing a sense of security with customers as well as protecting the Group's reputation. The Group is also committed to **preventing and managing information security incidents in a timely manner in order to protect the Bank's proprietary information**, which includes, among other things, the data of customers, employees, suppliers, and any other party with which Banca Ifis does business. 2020 saw the Group further consolidate the measures required by the European General Data Protection Regulation (GDPR).

### Information security

The **Privacy & Security** organisational unit constantly monitors information security and helps assessing IT risk through the Information Security Governance Organisational Unit.

#### Raising employee awareness and the Cybersecurity Programme

In order to raise the awareness of all its colleagues to the topic of cybersecurity, in 2021, the Banca Ifis Group made multiple communications with a view to alerting recipients to the risks of the campaigns in progress. In continuity with the previous reporting period, an awareness campaign was launched among the Group's employees through the initiative "Ifis Talks - Technology through the eyes of a hacker: Cyber Security concerns everyone" to promote knowledge and awareness among employees of the latest cyber threats, providing up-to-date information on cyber protection and providing useful suggestions for countering them. This initiative was implemented on the occasion of the month dedicated to the topic of IT security in which Banca Ifis adheres to the European Union's ECSM (European Cybersecurity Month) campaign.

Cyber Intelligence services were continued, as was OSINT research carried out in support of the structure's activities and awareness throughout the company. The Group has adhered to the CERTFin service so as to receive real time reports of

attempted fraud in the banking area. Such reports have been shared with the colleagues of the other bank structures concerned.

In addition, stringent protective measures have been taken to further reduce the level of risk in specific areas:

- the bank's e-mail infrastructure, through the introduction of an anti-phishing system to detect malicious e-mails more effectively;
- corporate passwords, through an increased complexity of the same, with the simultaneous gradual introduction of Multi Factor Authentication to the entire corporate population;

Finally, a phishing attack simulation campaign aimed at raising employee awareness of cybersecurity was conducted in 2021.

The campaign is part of a **broader programme of initiatives launched by the Bank to increase the level of regulatory compliance and cyber security posture necessary to achieve its digital evolution goals.**

Activities to improve the level of information security include:

- the introduction of network security measures to further protect the bank's technological perimeter;
- the expansion of the scope of security testing, an activity aimed at identifying any vulnerabilities and remedying them;
- the execution of Red Teaming activities, i.e. activities that are characterised by the ability to simulate a real adversary that attempts to violate the technological perimeter of the exposed services, web applications, etc. This allows the company to train the teams in charge of responding to cyber attacks, also identifying possible areas for improvement;
- the simulation of targeted ransomware campaigns in order to raise awareness about the risks associated with this type of threat.

The **information security incident management process** is aimed at ensuring that any unusual events with potential repercussions on the Group's level of physical and logical security and the availability of IT Services are promptly recognised as information security incidents, and therefore addressed appropriately by the competent structures.

The warnings and events that can give rise to security incidents can originate from internal channels (other organisational units) or external ones (customers, suppliers, and institutional channels). The Information Security Governance Organisational Unit manages such warnings in partnership with any other concerned and interested parties, based on the extent and type of the event.

## Personal data protection

The main internal document governing personal data protection is represented by the **Privacy Regulatory Manual** approved by the Board of Directors of Banca Ifis as Parent Company, and incorporated by the subsidiaries through a Directive. Said document and the privacy regulations and procedures make up the privacy management model as well as the set of guidelines and rules defining how data is protected within the organisation.

The **Privacy & Security** function, specifically through the unit dedicated to Privacy:

- prepares and updates the internal documents required by privacy regulations;
- monitors and regularly assesses compliance with regulations and the implementation of the security measures required by law;
- analyses the personal data processing methods adopted by the Bank and the relevant risks;
- assesses the privacy impacts that result from launching new products and services, starting new operations, entering new markets, and in all instances in which the Bank plans to internally develop or purchase new software;
- notifies the Bank's organisational units of any changes in privacy regulations concerning their respective areas of expertise and provides compliance support;



- supports Human Resources in the development of an adequate company culture in the privacy field and carries out periodic training sessions for staff (employees and non-employees).

In addition, as far as business continuity is concerned, it carries out an impact analysis on business processes and prepares the relevant plan through the **Business Continuity** Organisational Unit.

[GRI 418-1]

In 2021, as for last year, the Group received 4 complaints concerning privacy breaches, almost all associated with operational mistakes/human error. In any case, no sensitive data was exposed.

Substantiated complaints concerning breaches of customer privacy and losses of customer data		2021	2020	2019
Total number of complaints documented as received concerning customer privacy breaches	No.	4	4	4
<i>from third parties and substantiated by the organisation</i>	No.	4	4	4
<i>from regulatory bodies</i>	No.	0	0	0
Total number of events relating to substantiated losses and thefts of customer data	No.	49 <sup>20</sup>	32	10

The growing number of incidents that entailed the loss, access or unauthorised disclosure of personal data in 2020 is mainly due to an increase in the dangers and risks of cyber attacks in connection with the new methods of remote working. In order to mitigate exposure to these risks, in 2020 the Bank launched an internal awareness-raising campaign on cybersecurity.

As a result of the many awareness and sensitization activities put in place during the year, Banca Ifis employees have developed a greater focus on identifying and reporting incidents involving personal data. For this reason, in 2021 the upward trend in the number of incidents is confirmed, compared with the previous reference period, which did not, however, give rise to any communication to the Data Protection Authority or to the data subjects. As further explanation of the increasing trend, it is noted that verification activities were carried out on certain business processes that allowed for more accurate detection of personal data breaches. Incidents noted in 2021 are primarily related to loss or theft of business devices, misdirected documentation via regular mail or e-mail, and lost or stolen paper documentation.

<sup>20</sup> The figure represents the total number of incidents that occurred in 2021 involving the loss, access, or unauthorised disclosure of personal data. The events can be divided up between the Group companies as follows: 19 incidents for Banca Ifis, 24 incidents for Ifis Npl Servicing, 4 incidents for Ifis Npl Investing, 1 incident for Cap.Ital.Fin., 1 incident for Credifarma.



4.

Ifis Customers



## The customer is at the heart of all our activities. Through our business model, we work to support entrepreneurship and improve the financial inclusion of people.

Ifis Customers expresses the central role played by the customer, financial inclusion and support to entrepreneurship. We want to be the reference Italian operator in offering financial backing to Italian small and medium enterprises (SMEs): we support the real economy as Bank of the SMEs and in the NPL (Non-Performing Loans) segment, we offer families and businesses the chance to agree and manage sustainable repayment plans.

Guided by digital innovation and with a transparent management of information, we guarantee our customers a speedy response and high quality services and products.

### Support to customers in the COVID-19 health emergency

Amidst the COVID-19 emergency, the Banca Ifis Group has promptly implemented a series of protective measures and actions, not only for employee health and safety but also for that of **all customers, guaranteeing business continuity**. In order to address and overcome the crisis sparked by the pandemic, the Group has speeded up its digital evolution projects, focussing on increasingly personalised services, including in technological terms, with special attention paid to the needs of the ecosystem of small and medium enterprises, the speed of disbursement of short-term credit and the contingent need for distancing and limits to movements (*See the chapter on the "Digital Innovation" for more information about digital evolution projects*).

Below are the **most important interventions carried out for customers** at the same time as the government aids and grants, introduced to cope with the COVID-19 emergency, to offer concrete support through the emergency:

INTERVENTION TYPE	DESCRIPTION
<b>ENTERPRISES</b>	
<b>Complete compliance with the provisions of the "Cura Italia" Decree</b>	Preparation of informative materials, available to the entire internal and external sales network and the Customer Service, to adequately support customers and provide clarification on the extension of a moratorium until 31 December 2021, as arranged by Art. 16 of Decree Law no. 73 of 25 May 2021. Send notices to clients informing them of the possibility of requesting the extension, specifying the procedure to be followed in order to benefit from it, and also attaching answers to frequently asked questions (FAQs). In 2021, there were a total of 13.257 practices in relation to the moratorium of the "Cure Italy" Decree (17.215 in 2020). With a view to supporting entrepreneurs, all the requests for suspension of the capital share received after the maximum terms provided for by the above-mentioned regulations or not falling within the criteria of collectability were also assessed. In particular, the suspension of the share was granted to customers who stipulated leasing and operating lease (rental) contracts, a type of product excluded from the scope of application of the moratorium, for a total of 117 cases in the year (358 cases in 2020).
<b>Complete compliance with the provisions of the Liquidity Decree</b>	Promotion in 2020 of the refinancing of lease contracts in application of Art. 13 of Italian Decree Law no. 23/2020 (the "Liquidity Decree"), which allows the companies to refinance the residual debt deriving from the contracts stipulated previously with the addition of a new investment of at least 25% of the residual capital of the refinanced contracts at better economic conditions and with the assistance of the Guarantee Fund. In 2020, customers were given the option of extending the term of their contracts, acquiring, through a lease, new assets necessary for their business and benefiting from a reduction in the rate over the entire refinancing transaction (16 refinancing cases of financial lease contracts in 2020). Start in September 2020 of the granting of loans with SACE Italian Guarantee to support companies of all sizes and operating sectors (except Banks and credit qualified entities) affected by the COVID-19 emergency. Continuation in 2021 of the support to the business world with all the Bank's products: factoring, mortgages and leasing, strengthening its operations with the guarantee of the Guarantee Fund for SMEs and Mid Caps (until May 2021).

INTERVENTION TYPE	DESCRIPTION
<b>ENTERPRISES</b>	
Agreement for the ABI credit	Adhesion to the 2019 Credit Agreement - Recovering Businesses 2.0, stipulated between the Italian Banking Association (ABI - Associazione Bancaria Italiana) and various entrepreneurial associations. As per this agreement, micro, small and medium enterprises (SMEs) and larger businesses damaged by the COVID-19 epidemic emergency, can access the benefits.
Measures in favour of companies not included in the "Cura Italia" Decree and/or the ABI Agreement	Willingness to consider the possibility of granting support measures to customer businesses not coming under the scope of application of the "Cura Italia" Decree and/or ABI Agreement relative to the credit facilities in place.
SME loan agreement with CDP	Takeover of the former Aigis Banca S.p.A. contract with Cassa Depositi e Prestiti (CDP) to obtain loans to support SMEs for working capital requirements or investments.
Agreement with Veneto Sviluppo and the Veneto Region	Agreement stipulated in 2020 with Veneto Sviluppo and the Veneto Region for the concession of special-rate loans to support the liquidity needs of the companies struck by the COVID-19 emergency.
Credit lines dedicated to customer businesses producing instruments for the fight against COVID-19	Establishment of specific credit lines dedicated to customer businesses that have converted or strengthened part of their manufacturing lines to produce masks, sanitising gel, technical material for the civil guard, machine components for patient oxygenation and processing plasma and blood derivatives.
Financial leasing and rental solutions to handle the new types of assets linked to the COVID-19 emergency	Range of financial leasing and rental solutions to handle the new types of assets linked to the COVID-19 emergency, namely: equipment for monitoring body temperature (Termoscanner) and equipment for purifying and filtering air.
Measures to guarantee service: Contact and constant dialogue with customers	Development of further digital solutions to encourage the "remote" mode, following requests and finalising new contracts, thanks to the digital signature. In particular, the solution that allows customers equipped with a personal digital signature to sign factoring, financing, leasing and rental contracts in this mode was used again in 2021, in order to and further reduce the use of paper signatures. In just a few weeks a digital platform was prepared to streamline the process of granting new loans guaranteed by the government under the "Cura Italia" Decree. A digital signature integrated with the information system for managing customer requests has been introduced in the leasing and rental area, allowing contracts to be signed remotely, with automatic acquisition of the documents signed by the customer. The customer is offered a free digital signature certificate valid for three years, which can be used to sign future contracts with the bank.
Payment extensions	Assessment of the possibility of granting payment extensions for transferred factoring debtors, in the average amount of 30 days (maximum 60 days). For customers, the possibility was considered of rising to 100% of the advance on current loans.
<b>PRIVATE CUSTOMERS</b>	
Salary-backed loans	In 2020, Cap.Ital.Fin. has adopted measures to support customers falling within the segment of employees of private businesses that have adhered to the system of social shock absorbers envisaged by Italian Decree no. 18/2020 (the "Cura Italia" Decree), declaring willing to grant the potential queuing of instalments as per the salary-backed loan contracts. In 2021, Cap.Ital.Fin continued to manage loan contracts to customers falling within the segment of employees of private businesses that had adhered to the system of social shock absorbers envisaged by Italian Decree no. 18/2020 (the "Cure Italy" Decree). In the last quarter of 2021, there were no more loan transactions against salary assignment that fell into this category.
<b>PHARMACIES</b>	
Financial backing to pharmacy owners	Credifarma has intervened offering specialised financial support for owners of pharmacies through a simplified procedure for the concession of liquidity in 24 hours, in the case of mandatory, but temporary, suspension of operation for health reasons, up to a maximum of 30 days. Farbanca intervened by activating the measures to support the liquidity of companies provided for by the Liquidity and Care for Italy Decrees issued by the Government as early as 2020. In order to ensure the necessary economic support linked to liquidity problems, various measures were implemented to contain the negative effects produced by the epidemic emergency, including the possibility of requesting unsecured loans with 100% coverage from the Central Guarantee Fund up to 30.000 euros

## 4.1 Support to enterprises and financial inclusion of customers

### Policies and other reference documentation

- Ordinary credit management policy: PHARMA BU (Banca Ifis)
- Ordinary credit management policy: Pharmacies BU (Banca Ifis)
- Ordinary credit management policy: Impresa Italia (Banca Ifis)
- Distribution Policy (Cap.Ital.Fin)
- Operating note Leasing preliminary investigation process (Banca Ifis)
- NO 111 - Leasing BU - Redemption assessment and setting process (Banca Ifis)
- NO 103 - Leasing BU - Subjective credit quality assessment (Banca Ifis)
- Policy for managing the acquisitions of distressed loan portfolios and relating monitoring (Ifis Npl Investing)
- Ordinary credit management policy (Cap.Ital.Fin.)
- Operating note Approach to the evaluation of a salary-backed loan/payment delegation (Cap.Ital.Fin) Credit management policy (Credifarma)
- Organisational Procedure - Concession and Management of Structured Finance (Banca Ifis)
- Organisational Procedure - Concession and Management of Special Situations (Banca Ifis)
- Credit management regulations (Farbanca)

Support to small and medium enterprises has always been an intrinsic part of the Banca Ifis Group DNA, which sees itself as “a company that does banking” and, consequently, undertakes to flank entrepreneurs, meeting their needs with a diversified, structured commercial and corporate banking offer headed by factoring, financial leasing and operative leasing, advisory services for corporate acquisitions, M&As and medium and long-term loans and the acquisition of tax credits.

In the non-performing loans (NPL) segment, the competitive advantage is hinged on the combination of the capacity to acquire and manage/transform bad loans, offering families and businesses the possibility of agreeing and managing sustainable repayment plans.

### NPL & SME MARKET WATCH

[FS16]

The Banca Ifis Studies Office is constantly involved in research, analysis and data processing, particularly in the area of identifying current trends and planning medium and long-term strategies. The general topics are broached with a technical-economic approach to offer a scientific analysis and ensure that forecasts are consistent, yet at the same time it adopts simple, linear presentations to increase the communicability of the messages. The Market Watch is the observatory specifically dedicated to the study of the emerging trends in the two areas of the Banca Ifis Group specialisation: Italian small and medium enterprises and the non-performing loans market. In particular:

- the Npl Market Watch uses a proprietary database coupled with the analysis of other institutional sources to analyse the trends characterising the bad loans segment, offering a complete overview, both from the investor side and servicing side;
- the SME Market Watch provides an analysis of the trend of Italian SMEs, focussed on the main “Made in Italy” production sectors, on how business models are evolving and on the key factors that result in success in a market context. The report brings together, processes and comments on figures and information obtained from different quality and quantity sources, combining a “classic” approach of analysing databases, surveys (8.000 SMEs interviewed) and one-to-one interviews (approximately 30) with the modern technologies offered up by web listening: almost 1 million social conversations (with the exception of LinkedIn), blogs, forums and comments on newspapers made by more than 510 thousand one-time authors (representative, qualified users) intercepted on the web thanks to this new generation Banca Ifis observatory. Compared to previous editions, the perimeter of the Market Watch has been expanded to deepen the characteristics and peculiarities of the production fabric of

individual Italian regions and at the same time, across the territories, it was decided to vertically investigate the challenges that Italian SMEs are facing such as smart-working, entrepreneurship and female management, e-commerce, digitisation of the relationship with the PA, innovation, sustainability, sources of financing, leadership, export and supply chain agreements, skills and training and expectations on the biennium 2022-2023. Within the Market Watch SME route, some Observatories dedicated to production chains have also been launched, considering all the companies (upstream and downstream) that are part of them, and to economic sectors typical of the Italian reality. In the first case we talk, for example, about the chain of the Mountain Sport System and the productive Ecosystem of Bicycle and Sustainable Mobility; in the second case we talk about the first complete quantification related to the Economy of Beauty.

In addition to ordinary factoring, leasing and loans in support of businesses, 2021 also saw the continued pursuit of the **project to raise awareness** of the sales network, aimed at **assisting SMEs - regardless of whether they are customers or not - about the opportunities offered by investment incentive schemes and working capital.**

- **Finance Leases associated with the New Sabatini Law incentive scheme:** the Italian Ministry of Economic Development gives SMEs an annual grant - for 5 years - related to equipment on leases or loans specifically intended for investing in capital goods. This incentive scheme, with which the Bank has associated a leasing product with a specific contractual package, has been refinanced by the Budget Law for 2021 too, with a focus on the micro and small enterprises of southern Italy.
- **Loan backed by the SME Guarantee Fund:** the SME Guarantee Fund allows the concession of credit thanks to a guarantee covering up to 80% of any financing arrangement, with a limit of 2,5 million Euro per applicant—be it a company or an independent contractor. With Decree Law no. 23 of 8 April 2020 (the “Liquidity Decree”), the maximum amount of guaranteed loans per company was increased to 5 million Euro and the percentage of direct guarantee was raised, regardless of the rating bands and durations of the loans, with the possibility of direct coverage up to 90% or 100% for certain financial transactions with specific characteristics and for certain types of beneficiaries, percentages reduced to 80% and 90% by Decree Law no. 73 of 25 May 2021 (the “Support Bis” Decree).
- **Financial leasing backed by the SME Guarantee Fund:** with Italian Decree Law no. 73 of 25 May 2021 (the “Support bis” Decree), the percentage of coverage of the Guarantee Fund was restored to 80% of the amount financed. The assessment as to the applicability by the Bank of this type of guarantee to the financial lease contracts takes place on the basis of specific guidelines aiming to facilitate investments and support SMEs through the emergency.
- **Factoring with recourse backed by the SME Guarantee Fund:** in July 2020, the Banca Ifis Group launched the guaranteed factoring product that combines factoring with recourse with the guarantee offered by the Central Guarantee Fund, which covers up to 60% of the loan; this percentage was increased to 90% by the Liquidity Decree until 30/06/2021 and reduced to 80% by the Support Bis Decree.
- **Loan backed by SACE Guarantee Italy:** this is financing destined to assure the necessary liquidity to the enterprises based in Italy, of every dimension and productive sector, affected by the COVID-19 epidemic. The Loan provides for the issue of a guarantee in favour of the bank by SACE S.p.A., which can vary from 70% to 90% depending on the size of the company, introduced by Law Decree no. 23 of 8 April 2020 (the “Liquidity” Decree).

[FS7]

Legal Entity/ Business Line	Product/Service with Social Purposes	Operations for 2021		Operations for 2020		Operations for 2019	
		Monetary value (mln Euro)	% of total monetary value	Monetary value (mln Euro)	% of total monetary value	Monetary value (mln Euro)	% of total monetary value
Banca Ifis/Leasing	Finance Leases associated with the New Sabatini Law incentive scheme	139,06	8,02%	75,63	8,10%	97,69	6,23%
	Financial leasing associated with the MCC Guarantee Fund	50,78	0,56%	21,68	0,26%	1,92	0,02%
	Refinancing of financial lease contracts (initiative launched and concluded in 2020)	-	-	7,49	0,03%	-	-
	Prime initiative (initiative launched and concluded in 2020)	-	-	0,50	0,02%	-	-
	Moratorium Law Decree no. 18/2020	612,97	17,97%	740,60	26,13%	-	-
	Moratorium granted by Banca Ifis	5,77	0,10%	19,90	0,30%	-	-
Banca Ifis/Trade receivables	Factoring backed by the MCC Guarantee Fund (initiative launched in 2020)	189,35	3,11%	15,00	1,00%	-	-
	M/L financing backed by the MCC Guarantee Fund	194,73	66,75%	240,60	72,00%	105,29	66,00%
	<i>of which with EIB funding<sup>21</sup></i>	-	-	157,20	81,00%	-	-
	<i>of which with CDP funding</i>	1,51	0,35%	-	-	-	-
	Loan backed by SACE Guarantee Italy	78,10	2,81%	-	-	-	-

<sup>21</sup> EIB funding was exhausted during 2020 and has not been renewed for 2021. Instead, in 2021 the CDP funding was present



From 2016 to date, the Banca Ifis Group has conceived various innovative projects by which to spread the business culture. Since May 2019, the format “Factor I” is active, which spirits all projects in this area: it means Impact, Enterprise, Innovation, Together. In particular, Banca Ifis supports Italian SMEs, not only through our financial products and services, but also by narrating and enhancing the most virtuous realities.

### FACTOR I: I for Impatto (Impact), Impresa (Enterprise)

[FS16]

Factor I is the Banca Ifis Group format dedicated to the study and telling of the winning business models of Italian SMEs. It is the project that reflects the Banca Ifis Group’s desire to flank companies, as a spreader of the business culture, both through the analysis of data and with the tale of winning business contexts, which can be a guide for all those wanting to do business today and tomorrow. The aim is to discover the factor that determines the company’s success and understand what managerial priorities need to be addressed to win the market challenge. To understand this, Banca Ifis has embarked on a route in the discovery of SMEs, based on:

- Numbers - quantitative analysis and estimation and forecasting methodology applied to the companies’ financial statements data;
- People - interviews and in-depth analysis of entrepreneurs and managers described also through the column “PMIheroes”, and the column: “The voice of our experts: the knowledge of Banca Ifis’ people at the service of businesses, through a new channel of information and updating”.
- Enterprises - study of products, reference markets and business models and territories;
- New generation observatory - predictive analysis of the companies’ managerial priorities through the use of web listening, whose founding mechanisms are machine learning and the semantic engine.

The project stories and results are represented and communicated through a cross-media storytelling made up of videos, photographs, written tales and podcasts featured on the Group’s social channels and website.

In 2021, partly due to the forced social distancing, there were mostly on-line sharing moments:

- 11 monthly SME Market Watch publications on a dedicated digital hub in partnership with Il Sole24Ore;
- 10 on-line webinars to discuss the regional economic context as part of the Innovation Days project in collaboration with Il Sole24Ore;
- 2 appointments on the topic of sustainability and sustainable mobility as part of the Pianeta 2021 project in collaboration with Corriere della Sera;
- “Il bello d’Italia” event as part of the Economy of Beauty project in collaboration with Corriere della Sera.

## Our numbers



67.000

CONVERSATIONS  
ANALYSED THROUGH  
WEB LISTENING



more than 8.000

COMPANIES  
INTERVIEWED THROUGH  
QUANTITATIVE SURVEYS



30

IN-DEPTH INTERVIEWS  
TO TELL THE STORY  
OF BUSINESSES

In addition, the Group works on **several local initiatives** with businesses, independent professionals and SMEs, helping to promote the management culture and raise awareness on best practices as well as new technologies and tools supporting growth - chief among them digitisation.

[FS16]

<b>Innovation Days</b>	Banca Ifis was the partner and speaker of the cycle of on-line meetings organised by Il Sole 24 Ore. Ten full days of live streaming from the territories of Italian excellence, moderated by Sole 24 Ore journalists, in which entrepreneurs and institutions met to share successful experiences, new business models and winning ideas for the companies of tomorrow.
<b>Investment week</b>	As part of the week that the broadcaster Class CNBC is dedicating to the subject of managed savings, Banca Ifis has contributed to the content with its own intervention among the speakers on the programme schedule.
<b>NPL events</b>	The top managers of Ifis NPL Investing have contributed with their presence as speakers to take a picture of the NPL market, also making use of the data produced by Banca Ifis Market Watch by participating in the main events organised by the most important players in the sector at European and national level (Smithnovak, DD Talks, SDA Bocconi, Sci'S).
<b>NPL meeting</b>	Once again this year Banca Ifis organised the main Italian event dedicated to the world of NPLs during which the main market players, institutional representatives and regulators met to discuss the subject.
<b>Credit Virtual Summit</b>	Banca Ifis was among the protagonists of the event organised by the newspaper Stop Secret. Three days of on-line focus and insights dedicated to the most current issues in credit management.
<b>Forbes Live</b>	Banca Ifis was sponsor and speaker at the event "A New Renaissance", organised by Forbes Live in collaboration with Kon Group. The evening is an opportunity to discuss restarting through SMEs in the context of sustainability.
<b>4th Gran Sasso Forum</b>	Banca Ifis was among the protagonists, with its own speech, at the fourth International Forum of Gran Sasso, organised by the Diocese of Teramo, an event dedicated to raise awareness of the academic and scientific communities within the panel "The design and management of healthy businesses, between economy and sociality"
<b>ABI Workshop</b>	The active management of non-performing loans was the topic of Banca Ifis' speech during one of the workshops organised by ABI as part of its training and updating programme.
<b>Annual Unirec</b>	"Italy is on the rebound: prospects for recovery between credit management and financial inclusion" was the title of the annual conference organised by UNIREC, of which Banca Ifis was sponsor and speaker. In particular, Banca Ifis will be the sponsor of the observatory that UNIREC publishes every year on this occasion.
<b>Lease 2021</b>	The Leasing Show, dealt with current economic issues and scenarios of the future in which the lease will play a leading role in the restart of the economy. In this event Banca Ifis has brought its contribution within the round table "Sustainable Mobility at the Centre of Europe".
<b>Economia del Futuro</b>	Fifth edition of "The Economy of the Future", an event organised by Corriere della Sera. This event, in which Banca Ifis was partner and speaker, was an opportunity to share best practices in the various sectors of the Italian economy - mobility, finance, food, among others - that support the recovery and contribute to a more sustainable future.
<b>Alternative finance</b>	Partner to the digital event, organised by Il Sole 24 Ore newspaper, dedicated to investigating alternative sources of finance to traditional bank loans.

[FS16]

Besides offering products and services, the Banca Ifis Group **focuses on disseminating information** that allows entrepreneurs to know more about the financial instruments that can help their business.

Instead, as regards the refresher and training courses of the internal structures operating in direct contact with customers, in 2021, the following activities were carried out:

- monthly remote **meetings** where results and strategies were analysed, and organisation of courses deemed useful for the network, for example on **anti-money laundering** issues;
- monthly virtual **meetings** for **agents** operating in the **NPL** field: a cycle of on-line updating and discussion appointments for credit consultants operating throughout Italy on behalf of Banca Ifis;
- **business Area Management Meeting**: during the year various meetings were organised in person at the Bank's General Management for top managers and territorial managers of the Business Area;
- **leasing commercial network refresher webinar**: a cycle of webinars, organised by the Leasing BU, dedicated to the commercial network and partner agencies of Banca Ifis to update all participants on the main news in tax matters and on market trends.

[FS16]

Through Credifarma and in collaboration with Federfarma, the Banca Ifis Group is also committed to taking part in **various different initiatives on the territory benefiting** pharmacies with a view to spreading awareness of experiences and innovative instruments supporting business development. Starting March 2020, the Coronavirus emergency has prevented meetings from being held in Italy. Interviews were therefore first published in various industry journals, such as PuntoEffe and FarmacistaPiù, before, thereafter, ensuring the remote attendance of webinars and conferences.

Also in the course of 2021, Credifarma, in collaboration with a leading national insurance group, presented a **new investment insurance product**, designed to meet the commitments of the pharmacy to employees, arising from the liquidation of severance pay in the event of termination of the employment contract. The solution offered by Credifarma is a policy for the provision of severance pay, which meets the financial needs of the pharmacy owner through a savings tool that also benefits from the returns accrued on the sums set aside.

## 4.2 Digital innovation

### Policies and other reference documentation

- Group ICT strategic planning policy (Banca Ifis, Farbanca, Ifis Finance)

The development of digital innovation is amongst the key, priority actions for the implementation of the Group's strategy, which aims to expand the offering of the Bank's products to entirely digital sales channels, improve the user experience for all types of users, and streamline and digitise internal processes. In 2021, the Group was committed to strengthening and developing the digitisation process started in the previous year with the dual aim of increasing the efficiency of internal processes on the one hand and improving the quality and effectiveness of services to customers, both companies and individuals, on the other.

In 2020, a wide-ranging work programme was launched, called **Ifis4business**, structured into several intermediate stages, with the intention of rationalising and simplifying the current portals, providing businesses with a single access point with an enriched range of instruction operations, which can be carried out digitally, and accompanied by a wider range of information content updated in real time and in 24x7 mode. During 2021, the project initiatives relating to the digital post-sale platform Ifis4business continued, which completed another step in its evolutionary path: after the management of the "assigned debtor", i.e., the person who has to pay the invoice subject to the sale and purchase agreement between the Bank and the creditor, the characteristic operation of the assignor was added, i.e., the person who assigns the invoice to the bank and asks for the release of the credit.

Through Ifis4business, the assignor, in addition to consulting his position in real time, can request or execute, in digital mode, various operations typical of his typical operations including: the assignment of receivables to the Bank, the request for advance payments and the signalling of new potential suppliers up to finalising the operation by signing the letter of commencement of the relationship (LIR).

The new component serving the transferor customer of ifis4business was released during the last quarter of 2021, while 2022 will be dedicated to the progressive extension of the supporting functionalities and the adoption of the new solution to the entire customer base.

During 2021, 11,8% of the total number of awards made by customers were recognised in the digital mode (1,2% during 2020).

Still in support of corporate customers, during 2021, an extensive work programme was launched, entitled **digital selling platform** (DSP), which aims to better monitor the sales and onboarding processes of new customers.

The project initiative is aimed at setting up a single sales platform within which to centralise the relevant processes, for each type of service offered, both through sales channels intermediated by the commercial network (internal/external) and in direct mode (self) towards end customers.

In 2021, the core of the application was implemented, making it possible to:

- activate sales processes for leasing and rental products through the internal sales network or external partners. The new application has replaced the previous ones, enabling the Bank and the subsidiary IFIS Rental to perform, in a single solution, all the activities necessary for the sale of a new leasing or rental product, such as: definition of sales quotes, document gathering, preliminary investigation and resolution;
- place loans assisted by the MCC Guarantee Fund (**digital lending**) in self mode. The entire process is done completely remotely, the customer can view the offer, request the credit, upload the required ancillary documentation and sign the loan agreement.

For the retail market, in 2020, in the NPL area, the **PagoChiaro Portal**, namely the on-line payment platform created to help debtors return to "performing" status, was developed in a sustainable manner. Initiatives aimed at recovering internal efficiencies were undertaken during 2021. With this in mind, the use of artificial intelligence (AI) systems employed in the onboarding phases of new purchased portfolios was explored. Through the use of these systems, during the portfolio

acquisition process, the contractual documentation supporting the credit is automatically diagnosed, interpreted and classified, thereby accelerating the acquisition and activation times of the debt collection processes.

In addition to the use of AI tools, robotic tools (voice bots) have been implemented to replace the call centre operator in the process of underwriting the return plans executed with "vocal order". Through this initiative the subscription of contracts via telephone is made yet more efficient, because the customer, during the subscription phase, is assisted and helped by a voice bot that accompanies him during all phases of the subscription plan.

The use of digital signatures, especially to sign contracts for the activation of new products, has been in place for some time now, and during 2021, this method was also extended to rental contracts and MCC loans.

Business line	Transaction	2021	2020	2019
Banca Ifis – Leasing	Signing contracts with digital signature	13%	22%	8%
Ifis Rental - Rental	Signing contracts with digital signature	4%	-	-
Banca Ifis – Retail	Account opening	100%	100%	100%
Banca Ifis – Retail	Current account and deposit account transactions	100%	100%	100%
Ifis Servicing - Npl	Signing of repayment plans	5% via graphometric signature 7% by vocal order	7% via graphometric signature 16% by vocal order	10% via graphometric signature 17% by vocal order

Finally, in 2021 Credifarma strengthened its partnership with Nexi through the **FarmaPos** product, an initiative launched in 2020 and aimed at facilitating payments with electronic money. Thanks to the extension of the exclusive agreement with Nexi, Credifarma has confirmed its proximity to Italian pharmacists, facilitating business continuity and the digitisation of services and payments, while ensuring security and supporting the evolution of digital health.

Moreover, in collaboration with Nexi and with the support of Farmacie Federfarma Bologna, Credifarma has launched the **PagoPA project**, an electronic collection service used by public administration, companies and private individuals that through the use of a platform allows citizens to make payments of health tickets to the public administration in a fast and intuitive way through the use of a QR code. This initiative also allows to provide a solution of territorial proximity to citizens.

## 4.3 Quality of products and services

[FS15]

### Policies and other reference documentation

- Code of Ethics
- Products Committee Regulation (Banca Ifis)
- Brand Committee Regulation (Banca Ifis)
- Sustainability Committee Regulation (Banca Ifis)
- Policy for approving new products and services, starting new operations, and entering new markets (Banca Ifis, Group)
- Distribution Policy (Cap.Ital.Fin.)

The quality of the service and products offered has a major impact on satisfaction over the service received, on the relationship with the customer and the perception of the reliability and security of the Bank and operators working on its behalf. Quality and transparency are therefore strategic for the Group, which undertakes to study, design and test products and services that are always aligned with the market's needs and of the best possible quality.

Through a **Policy for approving new products and services, starting new operations, and entering new markets**, the Banca Ifis Group sets the rules for developing and distributing new products in accordance with business strategies and objectives.

Specifically, in the **Leasing area**, during the preliminary phase of new business relationships with a potential supplier or partner, and before purchasing assets to be leased to customers, **a series of checks are performed**:

- **in the case of potential affiliated partners/vendors**, with which the bank intends to establish an on-going relationship, the activation of commercial agreements is subject to an investigation aimed at verifying the quality of the assets supplied and compliance with the criteria of reliability, credibility and soundness from a financial and reputational standpoint. A Code of Conduct must also be signed in order to conclude commercial agreements;
- **in the case of occasional suppliers** (for example, proposed directly by the customer for the purchase of a specific asset), the checks aim to verify the quality of the asset, the actual existence of the company and the possession of the main credentials, in order to prevent any fraud involving the brand and the customer.

#### Banca Ifis service level

For Banca Ifis, our commitment is to guarantee customers a high level of service through quick and timely responses that stand out on the market. Below are the results obtained in 2021 for the leasing, factoring and SME loan products, which are substantively in line with the results of FY 2020.

Average time for assessing lease proposals (in line with 2020):

- Cars and commercial vehicles: 1,5 days
- Instrumental assets (industrial, IT and Office) and industrial vehicles worth less than or equal to € 200.000: 4 days
- Instrumental assets and industrial vehicles worth more than € 200.000: 7 days

Average time to respond to requests made by leasing customers (in line with 2020):

- Time for managing customer requests: 2 days
- Telephone call abandon rate: 4%
- First Call Resolution: 95%
- Issue of deed of sale for the asset after the lease contract: 2 days

Average time for assessing factoring proposals: 10,8 days (in line with 2020, 6,7 days in 2019)

Average time for assessing SME loan proposals: 11,9 days (consistent with 2020 and 2019)

Ifis Npl Investing, including through Ifis Npl Servicing promotes on-going operator-customer relationships to build trust over time, and implements **various safeguards** to guarantee the quality of the service provided by network operators (debt collection companies, agents, internal call centres), including:

- **credentials and qualifications:** agents can be registered in the list of the OAM (Association of Credit Agents and Brokers). Starting September 2020, the Company has begun also including Agents under a licence to collect 115 Consolidated Act on Public Safety Laws (T.U.L.P.S.), hence during the selection phase, numerous controls are carried out on their reliability. In the same way, before establishing the relationship, debt collection companies are also assessed on their reliability, credibility, and financial soundness;
- **incentives for agents and debt collection companies:** the Group has specific KPIs and contractual SLAs<sup>22</sup> to monitor the quality of the positions processed, envisaging and imposing penalties (on contractual SLAs) in the case of prolonged poor performance.

#### Debt collection company agents and employees monitoring model

The structure that manages the out-of-court networks and the monitoring structure have defined a debt collection and agents monitoring model based on different types of KPIs:

- Quality KPIs, such as, by way of example, complaints upheld, disputes and anomalous conduct;
- Quantity KPIs, such as, by way of example, processing time, quality of repayment plans defined in terms of number and value, amount of outstanding collections and performance recorded.

These KPIs are monitored monthly and, if applicable, a dialogue is activated with agents and debt collection companies to launch any corrective actions. KPIs are regularly shared.

In addition to the usual inspections run at the collection companies, specific inspections may be held or questionnaires submitted with a view to verifying various aspects, including the adequacy of the collection processes adopted in respect of the industry best practices. As of 2021, inspection activities (remotely) also began against the agent network by the control functions.

Once a year, when the results of the above-described control activities have been processed, an overall assessment takes place of the collectors and, depending on the outcome, the most appropriate action to be taken is decided, to protect the interests of the Banca Ifis Group and its customers.

When faced with risk events, the internal structures duly inform the control organisation units and, in particular, Risk Management, as responsible for handling operational and reputation risks.

To evaluate the effectiveness of the adopted management approach, the Business Areas that own each product or service verify whether those comply with the Bank's sales processes to make sure the customer's needs are met effectively, and the control functions can schedule and conduct reviews in accordance with the Bank's policy.

Specifically concerning the **definition and introduction of new products and services**:

- **Compliance** monitors the risk of non-compliance, for instance by assessing the adequacy of controls relative to applicable laws or verifying the compliance of the proposed advertising campaign, and, in partnership with the Human Resources function, evaluates the adequacy of employee training in raising awareness about the risks inherent in the new product and how to mitigate them;
- **Anti-Money Laundering** helps evaluate the risk that the new initiative could pose to the Bank concerning the potential for it to become involved in money-laundering and terrorist financing as a result of the new product.

<sup>22</sup> SLA: Service Level Agreements are contractual instruments through which the service metrics that must be respected by a service provider towards its customers/users are defined.

## 4.4 Transparency of information on products and services

### Policies and other reference documentation

- Code of Ethics
- Group customer amicable dispute management policy
- Organisational Procedure for Marketing Communications to Customers (Banca Ifis)
- Organisational Procedure for the Transparency of Banking and Financial Operations and Services (Banca Ifis)
- Organisational Procedure for the Transparency of Banking and Financial Operations and Services (Cap.Ital.Fin.)
- Organisational Procedure for the Transparency of Banking and Financial Operations and Services (Credifarma)
- Organisational Procedure for the mass management of product economic conditions (Banca Ifis, Farbanca)
- Organisational Procedure for the Management of RENDIMAX deposit accounts (Banca Ifis)
- Organisational Procedure for the Management of RENDIMAX current accounts (Banca Ifis)
- Distribution Policy (Cap.Ital.Fin.)

**Transparency towards customers** impacts their trust in the Group, which represents the basis for a healthy and long-lasting relationship and is therefore **an asset to protect and develop**. This concerns both the various communications issued by the physical network as well as specific contractual aspects within the different business lines.

The Group establishes direct relationships with its customers and operates guided by **principles of professionalism, honesty, and transparency**, providing detailed information on their mutual obligations and any potential risks inherent in the transactions carried out.

All contractual relationships, communications, and documents are written in a clear and comprehensible manner, ensuring customers fully understand the decisions they make.

The Npl Area has an additional mechanism in place to guarantee the transparency of the agent-customer relationship: at the end of each visit by the agent, the customer can sign a "Meeting report" describing what transpired during the meeting and any agreements made. Also, when transmitting information to external parties, through advertising or other channels, the Group makes sure its **communications are honest, true, clear, transparent, verifiable, and consistent with business policies and programmes**.

The organisational units that report to the Operations area manage transparency processes towards customers and the terms applicable to the products offered by the Group at a centralised level, as well as for operations subject to **transparency regulations** (e.g., sending recurring documents to customers) and helping the Business Areas prepare customer communications.

The Compliance function supervises the implementation of banking transparency regulations and is also involved in preparing communications about significant changes to the terms and conditions applicable to a product or service to ensure they are written clearly.



[GRI 417-2]

[GRI 417-3]

In 2021, no non-conformities were noted in respect of voluntary codes and/or regulations regarding information about products and services, nor indeed in marketing communications.

Number of episodes of non-compliance concerning transparency		2021	2020	2019
In the area of information on products and/or services	No.	0	0	0
In the area of advertising communications	No.	0	0	0

## Grievance and claim mechanisms

The Group adopts several **mechanisms to receive feedback and grievances** from key stakeholders, and especially employees, collaborators and professionals that work with the Group on a regular basis, as well as through complaints from customers or debtors. These mechanisms help management identify potential inefficiencies, anomalies or issues concerning business processes. Therefore, along with the controls, they help evaluate the effectiveness of the management approach to the various topics.

## Handling of complaints

The **complaint represents** not only a useful instrument to improve the quality of products, services, and customer relationships, but also a **way to monitor** the conduct of the business functions and internal and external operators acting on behalf of the Group (such as the front offices and members of external networks), and thus keep the mutual trust between the Group and the Customer alive. Complaints can concern the quality of products and services, as well as the respect for the principles of integrity and fairness, compliance with regulations, non-discrimination, and activities to support entrepreneurship and financial inclusion. In 2020, the Complaints function devoted **particularly close attention to customer complaints raised in reporting situations of difficulty connected with the COVID-19 crisis** such as, for example, cash flow problems, the need to apply for moratoriums, difficulty in accessing credit and the impossibility of repaying pecuniary debts that had already been impaired before the crisis.

The **goal of the complaints handling process is to handle in an appropriate and timely manner any grievance received from customers** unsatisfied with the products and services provided or offered, taking corrective and preventive actions to prevent any problem from recurring in the future. These actions can consist in specific initiatives addressing the individual complaint or the activation of general solutions to address the causes underlying the individual complaint or multiple complaints concerning the same area. In this regard, all staff involved in the handling of complaints have received specific directives regarding the advisability of facilitating the search for a personalised solution aimed at the granting of support measures on a voluntary basis by the institution.

In addition, again with a view to helping customers resolve problems linked to access to credit, particular importance is given in the training process for staff responsible for handling complaints and in the complaint management process to the issue of reporting to credit databases (Central Risk Office and private databases), in relation to which the Complaints Office has developed specialist skills that make it a point of reference, together with the Supervisory Reporting Service, for other corporate functions.

The **complaints handling policy**, applied at the Group level, sets the guidelines for handling the complaints received by the Group's companies in an appropriate and timely manner based on the principle of the fair treatment of customers and in accordance with applicable laws.

A **Parent Company Complaints Office** has been established, which ensures the centralised management of all complaints, including those received by subsidiaries. The office dedicated to handling complaints receives complaints and duly and impartially handles them, informing the business units concerned from time to time. The Complaints Office reports hierarchically to the Legal and Corporate Management team and functionally to Compliance and operates according to the guidelines set by the latter.



5.

Ifis People



Our people are the essential driver of our business. We promote the value, development, training, inclusion and well-being of all employees.

Ifis People reflects the fact that we are a Bank made up of people constructing solid, authentic relationships, within and without. We believe in the optimisation, training, growth, inclusion and well-being of all employees and promote them decisively. Through initiatives such as the Ifis Talent inclusive platform, we seek to improve recruitment, management, growth and managerial development processes, constructing paths that are in line with the needs and competences of our #Ifispeople.

### Support to employees in the COVID-19 health emergency

Against the **backdrop of the COVID-19 emergency**, which also characterised FY 2021, the Group confirmed its primary interest in protecting the health and safety of employees and their families by maintaining all the initiatives and measures already introduced in 2020, without any interruption of its activities. **Banca Ifis has confirmed its commitment to protecting the health of its employees** and has taken constant action to incorporate the legislator's interventions, as well as to implement suitable corporate measures, potentially even stricter than those envisaged. In fact, during 2021, smart working was adopted on an "emergency" basis, with an average presence at all the Group's corporate offices of around 13%. Below are the main initiatives introduced during the previous year that have been confirmed for 2021 to support the Group's staff:

INTERVENTION TYPE	DESCRIPTION
Emergency governance	<ul style="list-style-type: none"> <li>Establishment of a Crisis Committee for the rapid, responsible taking of decisions/implementation of measures regarding the safeguarding of colleagues and workplaces, in compliance with the decrees and indications of the ministries, the WHO and the ABI. Having kept work on site to minimal levels, no critical issues arose that required the Committee's intervention.</li> <li>Launch of the sharing procedure of the update of the "Group Business Continuity Management Policy", which defines the principles, objectives and strategy on Business Continuity adopted by the Group and regulates the process for Business Continuity management by the Parent Company and its subsidiaries.</li> <li>Confirmation of the "COVID-19 Regulation Protocol", an integral part of the Risk Assessment Documents of all offices, which identifies the protection measures and intervention plans to increase the effectiveness in the workplace of the containment measures adopted by the Government to combat the COVID-19 epidemic.</li> </ul>
Activation of remote working procedures and analysis of the internal sentiment	<ul style="list-style-type: none"> <li>Maintenance of remote work, with an average presence in the company of 13% of the staff (with a peak presence of 350 employees with reference to all the Group Companies).</li> <li>Use of integrated collaboration tools that combine voice, video and data (Unified Communication as a Services - UCAAS) ensuring business continuity.</li> <li>In order to encourage and facilitate a better work-life balance, the Bank is adopting a new work organisation that aims to provide, among other forms of flexibility, a more structural approach to smart working.</li> </ul>
Protection of the health of employees and families	<ul style="list-style-type: none"> <li>Extension, for all employees, of the extension of health insurance coverage to include COVID-19.</li> <li>Activation of conventions with a leading medical network for privately having additional blood tests and molecular swabs, at special rates.</li> <li>Reimbursement of flu vaccine costs;</li> <li>Activation of the Health Cloud project, as a prevention campaign to protect the health of employees.</li> <li>Promotion of the monthly column "Ifis PreveniAmo", a series of digital appointments on health and prevention in which professors and medical specialists make employees aware of issues related to prevention in the medical field.</li> </ul>
Continuity of professional growth and training	<ul style="list-style-type: none"> <li>Continuation of the Ifis Smart Way project through the provision of: webinars aimed at all employees on the subject of relations, communication and resource management.</li> <li>Redesign of training activities in order to deliver them primarily on-line.</li> </ul>

Following the provisions contained in Decree Law no. 127 of 21 September 2021 "Urgent measures to ensure the safe performance of public and private work through the extension of the scope of application of the COVID-19 green certification and the strengthening of the screening system" the Bank, as of 15 October 2021, introduced the Green Pass, or alternatively the certification of exemption from the vaccination campaign, as a necessary condition for access to workplaces. This provision was applied to all Group companies based in Italy and concerned: employees, including all employees of foreign companies who had to travel to Italian offices for work reasons; suppliers; and persons who carry out work or training in the workplace for any reason, including self-employed workers and non-employee collaborators.

## 5.1 Employee well-being

### Policies and other reference documentation

- Code of Ethics
- Group employee management policy
- Integrated Safety and Environment Manual
- Risk assessment document (DVR)
- Smart working - Agile working internal guidelines
- Banca Ifis employee loans regulation
- Group Business Continuity Policy

Promoting the **physical and psychological well-being of employees, workplace health and comfort, occupational welfare** policies and schemes, work flexibility, and **work-life balance** - these are just some of the issues that may positively contribute to employee well-being as well as to improving the organisation's efficiency, for instance in terms of reduced turnover, increased productivity, and fewer workplace injuries.

### Occupational health and safety

[GRI 403-1]

Through the **Safety Policy**, the Banca Ifis Group sets out and communicates the fundamental principles and criteria that guide decisions on occupational health and safety.

The **Integrated Safety and Environment Manual**, an integral part of the Organisation and Management Model in accordance with Italian Legislative Decree no. 231/01, has been prepared as required by Italian Legislative Decree no. 81/08 as subsequently amended and supplemented and adopted by the Board of Directors of all Group Companies<sup>23</sup>, in order to protect and guarantee its effective exemption from the predicate offences on matters of safety and the environment, defined by Italian Legislative Decree no. 231/01. The Integrated Manual is structured to guarantee compliance with health of all workers and the safety of all workplaces, all workers and all business of the Banca Ifis Group, guaranteeing monitoring and control, with a view to assuring continuous improvement.

[GRI 403-8]

The procedures contained in the Integrated Manual form an **internal management system overseeing health and safety**, which covers 1.819 employees, like in 2020 making for 98% (insofar as the foreign employees subject to different legislation, are excluded) and 69 non-employed workers (100%).

**Responsibility for health and safety** lies with the Head of the Prevention and Protection Service (RSPP, "Responsabile Servizio Prevenzione e Protezione"), the Prevention and Protection Service Officer (ASPP, "Addetto al Servizio di Prevenzione e Protezione"), and the Human Resources and General Services functions, as delegated by the Employer, each within the scope of their responsibilities. Specifically, General Services organises and supervises operations as well as manages facilities and equipment at the Group's headquarters and commercial offices concerning health and safety.

Ultimate responsibility for identifying and managing measures to protect employee health and safety lies with the Employer.

<sup>23</sup> With the exclusion of foreign companies as they are subject to different regulations.

## Worker participation in matters of health and safety

[GRI 403-4]

In order to guarantee worker participation in matters of health and safety, the Banca Ifis Group has implemented a procedure in the Integrated Manual that defines the manner by which to correctly consult with the Workers' Safety Representatives (RLS, "Rappresentanti dei Lavoratori per la Sicurezza"), where present, in particular for:

- participation in the risk assessment process;
- consultation in the event of substantial changes under the scope of a variation of appointed physicians, or in risk assessment;  
attendance of the regular meeting Italian Legislative Decree no. 81/08, Art. 35) as an important element of the safety management process;
- possibility of requesting an extraordinary meeting.

In addition, a works council has been established for the application and verification of the COVID-19 protocol rules with the participation of the trade union representatives (RSA, "rappresentanze sindacali aziendali") and the Workers' Safety Representatives (RLS, "Rappresentanti dei Lavoratori per la Sicurezza").

[GRI 403-2]

All the organisational processes and workplaces are analysed to identify possible dangers to safety and thus to define the mitigating measures and establish intervention priorities. The result of this analysis is the **assessment of all risks**, a process adopted by all Group companies.

In order to suitably **monitor and oversee** the risks identified and the correct application of the mitigation procedures identified in the Integrated Manual, a **hierarchy of controls** is applied, which is based on three levels and is made up of trained, competent figures on matters of health and safety, respectively by the officers, the Prevention and Protection Service and a third party audit. In addition, the Internal Audit function carries out spot checks to verify compliance with the procedures of the Integrated Manual. Periodically, the Prevention and Protection Service provides information flows to the Supervisory Body, reporting on the health and safety activities implemented. Any non-conformities or prescriptions are handled through analysis and the adoption of improvement measures.

The Integrated Safety and Environment Manual contains, in its procedures, all formal instruments necessary for any workers to make **reports** to the Prevention and Protection Service of any potentially damaging situations or dangerous behaviour. As of 2021, a subsection dedicated to reports, requests for support and assistance in the area of "Health, Safety and Environment" is available in the Service desk application on the corporate intranet. Tools such as reporting through e-mail correspondence and telephone contact are in place. The Group also offers workers an anonymous whistleblowing services by which to report potential offences.

[GRI 403-3]

**Occupational medicine and health surveillance** are outsourced to a national network of appointed physicians, coordinated by a coordinating doctor.

The medicine service **collaborates** with the Employer and the Prevention and Protection Service to **identify and assess all risks** and once a year carries out **site inspections** at the workplaces to verify compliance with health and safety measures. It is also up to the appointed physician to plan and carry out health surveillance, preparing, updating and keeping custody of, at his own responsibility, the medical records and risk factors of each and every worker.

[GRI 403-6]

In addition to be subjected to the periodic health checks required by the law, the Group employees also have full medical insurance covering illness, injury, permanent invalidity, death and, for 2020 and 2021, also insurance cover for COVID-19. Under no circumstances does the internal organisation become aware of the medical data of its employees.

[GRI 403-5]

The Banca Ifis Group companies are constantly committed to promoting a workplace that can ensure the utmost safety and the protection of worker health. At the same time, the Group's employees must thoroughly comply with health and safety provisions as well as attend mandatory training programmes.

**Information, teaching and training** (in the event of a change in duties or the introduction of new equipment) **of workers on safety** is designed by the Prevention and Protection Service, in collaboration with the Human Resources Service, taking into account the generic and specific risks identified by the risk assessment document and the training needs identified for the individual workers.

Training is partly outsourced and mainly supplied by the Prevention and Protection Service, suitably trained to this end, and is delivered exclusively during working hours, free of charge and with a final test.

In 2021, more than 3.900 hours of **mandatory training** were delivered **on health and safety practices and procedures**. The increase in hours dedicated to training on the subject compared to 2020 (about 1.800 hours) is related to the recovery of training hours not provided in 2020 due to the pandemic and the provision through internal teachers of courses for newly hired, refresher workers and new supervisors.

[GRI 403-9]

The following safety indicators are produced in accordance with the standard UNI 7249 and concern the number of injuries (excluding commuting accidents).<sup>24</sup>

Total number of injuries <sup>25</sup>		2021	2020	2019
	No.	2	3	2
Total number of deaths caused by accidents at work	No.	0	0	0
Total number of serious accidents at work (excluding deaths)	No.	0	0	0
Total number of accidents at work subject to registration	No.	2	3	2

Injury rate		2021	2020	2019
	No.	0,67	1,16	0,69
Rate of deaths caused by accidents at work	No.	0	0	0
Rate of serious accidents at work (excluding deaths)	No.	0	0	0
Rate of accidents at work subject to registration	No.	0,67	1,16	0,69

Rate of accidents at work subject to registration = (number of accidents at work subject to registration/number of hours worked) x 1.000.000

The number of hours worked is defined by excluding the following subsidiaries from the estimate: Credifarma, Cap.Ital.Fin, Ifis Real Estate, Farbanca, Ifis Finance IFN and Ifis Finance Sp. Zoo.

The data for 2019 has been recalculated according to the requirements of the new GRI 403-9 disclosure, which came into force in January 2021. Therefore, the above data differs from that reported in the 2019 Non-Financial Statement where the information was set as per the requirements of the standard previously in force. The 2020 and 2021 figures exclude commuting accidents if not handled by the organisation.

<sup>24</sup> The data for 2019 has been recalculated according to the requirements of the new GRI 403-9 disclosure, excluding commuting accidents if not handled by the organisation.

<sup>25</sup> Foreign employees are excluded from the disclosure.



Specifically, in 2021 there were only 2 workplace injuries (3 in 2020), both caused by impacts. In addition, 6 accidents took place during the commute (10 in 2020) from home to work or back, using the company's cars or employees' own cars. No accidents took place involving non-employed workers.

Dangers at work constituting a risk of injury with serious consequences include the dangers linked to the work carried out by (sales and other) staff using a company car to visit customers or for business transfers and the dangers linked to the work of gardener, present in the Parent Company. The Integrated Safety and Environment Manual refers to the **procedure for the analysis and management of accidents**, envisaging any improvements that may need to be made.

[GRI 403-10]

Similarly to previous years, there were no cases of occupational diseases. Major hazards that may cause future occupational disease, identified through risk assessment, include those derived from the following risk factors:

- physical such as noise and vibration of the hand-arm system and whole body;
- inherent in the workplace and the organisation of work, such as proper ergonomics of the workstation and the use of video terminals.

Preventive measures taken to offset these risks and ensure the correct conduct of activities are monitored through the three control levels envisaged in the Integrated Safety and Environment Manual.

## Workplace health and comfort

To evaluate the effectiveness of the adopted management approach, General Services conduct **environmental monitoring and surveys** to assess the internal well-being of work environments, performing air quality analyses at the Group's main locations and monitoring noise levels and microclimate, which have resulted in the adoption of improvements. The Prevention and Protection Service instead conducts **safety audits** on a regular basis, especially at newly opened locations or offices, in the event of significant changes to the layout of work environments.

The Group is currently reviewing its sites to increase flexibility and sustainability, thereby confirming the Group's close focus on and commitment towards adopting socially responsible behaviour. All office restructuring operations are designed and carried out with a view to supplying functional, comfortable environments, with a particular focus on design: offices, meeting rooms and common areas feature furnishings and new technologies that promote the exchange and sharing of information. For example, the restructuring of the offices of Vicenza, Parma and the Milan property in Via Borghetto, sees particularly close attention being paid to new dynamics linked to co-working procedures, flexibility of space and remote working (*for more details, see the section on direct environmental impacts*).

## Occupational welfare policies

The Banca Ifis Group offers employees an extensive, articulated **benefits platform** focussed on personal care and protection, and which are flanked by dedicated initiatives. The platform connected to the corporate intranet manages in an integrated manner the initiatives with which the company takes charge of the needs of employees, granting benefits and facilities in the form of goods and services.

[GRI 401-2 a.]

The wide range of employee **benefits** includes<sup>26</sup>:

- Supplementary pension fund (supplementary welfare)
- Health policy with family coverage\*
- Welfare Standard Credit in the form of reimbursement, payment, purchase and/or facilitation in relation to specific services offered by the company under the Welfare Plan, such as family support services, wellness services, services related to shopping
- Luncheon vouchers
- Company car (when provided) with electric charging station at the company's premises
- Shuttle service for transfer workers
- Special-rate mortgages for first home purchases\*
- Tax assistance service in remote mode (the benefit of which is defined from year to year)
- Balance courses (suspended due to health emergency from COVID-19)
- Yoga courses (suspended due to health emergency from COVID-19)
- Fit Pilates and Hatha Yoga classes (suspended due to health emergency by COVID-19)
- Gympass (partnership with several Italian sports facilities for the use of various services dedicated to the well-being of the employee and his family. With a single monthly subscription, employees have access to sports facilities and gyms, personal trainers, live classes to work out from home, and more than 30 partner apps for meditation, nutrition, coaching, workouts and more)
- Presence of an equipped gym in Venice Mestre (currently not accessible for health emergency from COVID-19)
- Visits of the nutritionist at the headquarters of Milan (currently suspended for health emergency by COVID-19)
- Presence of the on-line newsroom (Il Sole 24 Ore) to foster continuous updates
- Participation in sports events of which the Bank is a sponsor (soccer, volleyball, basketball, cycling, running, etc.).

\* The benefit refers only to permanent employees

In addition, again for 2021, the **Corporate Benefits project** has been confirmed: the portal of corporate conventions with special offers and discounts on a wide range of products and services.

[GRI 102-41]

Employees covered by collective bargaining agreements		2021	2020	2019
Employees covered by collective bargaining agreements	No.	1.819	1.697	1.724
Percentage of total employees	%	98% <sup>27</sup>	98%	98%

<sup>26</sup> The benefits reserved exclusively for permanent employees are defined as a result of decisions that apply to the Group as a whole. With regard to foreign employees, both on temporary and permanent contracts, the following benefits, by way of example but not limited to, health Policy, supplementary Pension Fund, luncheon vouchers, company car

<sup>27</sup> The figure represents all employees based in Italy. The remaining 2% are employees based abroad and subject to local laws, including contracts.

## 5.2 Promotion and development of employees

### Policies and other reference documentation

- Code of Ethics
- Group employee management policy

The Group strives to develop training plans based on the concept of continuous learning and dynamically managing the skills and careers of human resources.

Another key aspect is guaranteeing **transparent performance review systems and professional growth plans** for the Group's entire population, allowing all employees to work to the best of their abilities.

### Training

**Training** is key to the Banca Ifis Group for constantly upgrading employee skills - which is **crucial for growing the business, strengthening integration on all levels and attracting and retaining talent**. An adequate training positively impacts the performance and effectiveness of employees as well as external agents, the dissemination of the corporate culture, and engagement. This has positive implications also for customers, as complying with professional standards, promoting a culture of preventing risks, and empowering the members of the network influence the quality of the service rendered. Mandatory training required by law also plays a crucial role, as it prevents employees and the Bank from committing, including unwittingly, acts that could constitute criminal offences.

Every year, based on the result of the performance appraisal process and the training needs identified, the Banca Ifis Group designs, prepares and implements a **Training Plan** for all employees. Said Plan is proposed by the Human Resources Development and Training function and approved by the Chief HR Officer and the Chief Executive Officer.

[GRI 404-2 a.]

The Group supports its employees' professional growth through:

- basic training, aimed at providing general information about the company's operations, products and services offered, procedures and basic regulations;
- career mobility, intended to build specialist, business, and management skills;
- specific professional growth projects tailored to the different types of positions / employee categories or clusters.

[GRI 404-2]

**Training programmes** cover three main areas:

- **managerial**, behavioural and technical training, based on the staff evaluation process;
- **mandatory** training relative to: administrative liability of entities pursuant to Italian Legislative Decree no. 231/2001, operative requirements linked to the regulations on banking transparency, anti-money laundering, worker health and safety, IT security, regulation on personal data protection and business continuity, IVASS, MiFID 2, etc.;
- training courses **for contingent or emerging needs**, such as organisational changes, regulatory changes or new business priorities, which may require specific knowledge in certain areas to ensure the acquisition of specific skills in a short time.

Based on the topic to explore and the target level of knowledge, the Human Resources Development and Training function identifies the most effective and efficient training method among such options as management and behavioural training workshops (in-house and external), specialised technical training (in-house and external), on-line courses, external seminars / conferences, training on the job, coaching, and one-to-one training.

The Human Resources Development and Training function periodically checks satisfaction with, and effectiveness of the courses proposed.

Specific **onboarding programmes** are proposed for new hires and the employees of the companies acquired during the year (partly digitised on the Ifis Talent platform), also including a series of individual and/or group meetings aimed at integrating new hires into the organisation and their respective structures, as well as sharing the corporate culture. During 2021, 199 employees attended Onboarding/Induction meetings, compared to 92 in 2020 and 254 in 2019. The increase in the number of people who participated in Onboarding/Induction activities in 2021 is also linked to the need to integrate Aigis and Farbanca employees into the reality of the Group.

An **internal Academy** is also under construction through which to holistically manage all training and development activities in line with corporate strategy.

[GRI 404-2 a.]

Given the continuation of smart working, in 2021 it was decided to continue the Ifis Smart Way project already proposed in 2020, in order to raise awareness and disseminate good practices of remote working through specific webinars.

In addition, the **Ifis Talks**, meetings in which employees can freely participate, continued, involving important testimonials in short "Inspiring" webinars. The aim of Ifis Talks is to create opportunities for analysis and interaction on key topics for the Italian Group companies, in a logic of excellence and creativity, through brief training sessions and the sharing of best practices, which can inspire and contribute towards revolutionising the approach in a context of continuous change.

Another area of intervention was the strengthening of English language skills both from a general and business point of view for employees belonging to some specific functions, involved in a training project lasting a total of 9 months and combining on-line group lessons and e-learning.

Training hours delivered		2021	2020	2019
<b>Total</b>	<b>h.</b>	<b>28.601,1</b>	<b>37.133,2</b>	<b>31.897,4</b>
<b>By gender:</b>				
Men	h.	14.599,0	19.251,3	15.886,5
Women	h.	14.002,0	17.881,9	16.010,9
<b>By professional category:</b>				
Senior managers	h.	1.249,8	1.086,9	693,4
Middle managers	h.	8.986,5	10.700,8	6.930,8
Clerical staff	h.	18.364,8	25.345,5	24.273,1

[GRI 404-1]

Average training hours per capita		2021	2020	2019
<b>Total</b>	<b>h.</b>	<b>15,5</b>	<b>21,5</b>	<b>18,2</b>
<b>By gender:</b>				
Men	h.	17,1	24,2	19,7
Women	h.	14,1	19,2	16,9
<b>By professional category:</b>				
Senior managers	h.	14,0	13,9	9,4
Middle managers	h.	16,5	21,1	13,6
Clerical staff	h.	15,1	22,2	20,8

The **reduction in the number of training hours** compared to the previous year is linked to the fact that in 2020 it was necessary to activate several training projects (as a consequence of the arrival of the COVID-19 pandemic) in order to both support a new model of remote work with its specificities related to the organisation, time management and coordination of remote resources and to support some structures in direct contact with customers touching topics such as empathy, telephone negotiation and self-efficacy.

Again in 2020, the possibility was given for employees, during the early stages of the pandemic, to make use of a "Smart Learning" permit for up to 3 days to be spent on training, available on the Ifis Talent platform, of all mandatory options.

In addition, in 2021 almost all training was conducted "remotely," resulting in the need to contract the duration in order to make participation easier and the level of attention higher. As a result of the experience gained in recent years, a reorganisation of the training world is underway that will converge in the **creation of an Academy**.

Total training hours provided by type/area		2021	2020	2019
<b>Total</b>	<b>h.</b>	<b>28.601,1</b>	<b>37.133,2</b>	<b>31.897,4</b>
<b>Total about Health and Safety</b>	<b>h.</b>	<b>3.989,0</b>	<b>1.862,0</b>	<b>1.440,5</b>
<b>Total about anti-corruption policies and procedures</b>	<b>h.</b>	<b>833,0</b>	<b>1.107,5</b>	<b>732,5</b>
<b>Total about money laundering policies and procedures</b>	<b>h.</b>	<b>2.312,5</b>	<b>4.217,0</b>	<b>2.366,0</b>
<b>Total "Other"</b>	<b>h.</b>	<b>21.466,6<sup>28</sup></b>	<b>34,163.7</b>	<b>29.724,4</b>

With regard to safety training, the increase in training hours is linked to the recovery of training hours not provided in 2020 due to the pandemic and the provision through internal teachers of courses for new recruits, refresher courses for workers and new supervisors. The reduction in training hours on anti-corruption and anti-money laundering issues are linked to the fact that the related mandatory e-learning courses<sup>29</sup> were issued in previous years and are now considered valid and to be completed.

<sup>28</sup> The "Other" section includes 874,5 hours of study/examination leave.

<sup>29</sup> N specific reference to the courses "The liability of entities ed. 2020" and "Anti-money laundering discipline ed. 2020"

## Performance review

People are key to accomplishing the Banca Ifis Group's goals. Therefore, **human resources management seeks to promote the competencies and skills of each individual** by providing opportunities to fulfil their potential.

To this end, clear and transparent performance review systems directly impact the extent to which all the Group's employees are integrated and can make the most of their talents within the new corporate organisation as well as the level of recognition of specific personal skills perceived by each individual, contributing to a sense of belonging and engagement. The Banca Ifis Group thoroughly **reviews the performance of its employees on a regular basis** in accordance with the Group Employee Management Policy. Besides the proper discharge of their duties, it considers factors such as integrity, professionalism, dedication, fairness, availability, and initiative.

### Ifis Talent

For a company that innovates, it is essential to focus on the development of people and actions that can boost human potential. This was the reasoning behind the 2017 creation of Ifis Talent, the **Banca Ifis Talent Management System**: a platform, and an example of the continuous digitisation process, designed to improve the process of training, promotion and management of people in order to satisfy the needs of the organisation and of all current and future employees. With this project, employees have a single platform available incorporating all Human Resource Development processes and where they can find the tools they need to continue to grow professionally. It is also an innovative tool for managers, who can view and get to know the "history" of their co-workers. All this makes it an absolutely exceptional opportunity to increase the Bank's professional and managerial potential.

Ifis Talent, in addition to tools for the annual assessment of collaborators, has an area dedicated to **Continuous Feedback**, to allow managers to constantly give feedback to its collaborators on the objectives achieved, skills acquired and areas of improvement. In 2021, after a training course of 8 video pills, important innovations have been introduced to the Continuous Feedback tool with the aim of developing more and more a culture of continuous improvement through the enhancement of all internal networking contexts in which to give or ask for feedback: it has been made available also for the exchange of feedback between colleagues of different areas, to give feedback to your boss or to ask for it, and it has been digitally integrated with digital pills depending on the skills subject to feedback thus supporting not only the process of personal awareness but also the possibility to acquire new references and behavioural methods.

On the platform, the **onboarding** process has also been digitised in order to support and guide the new employees in the first three months of company life. In 2019, the quality of the work and commitment to the digitisation of a great many processes relative to Human Resources was also recognised by the HR Innovation Practice Observatory of Milan Polytechnic University. Banca Ifis was proud to stand out amongst all cases presented, winning the 2019 HR Innovation Award in the Performance Management category. In 2020, on the other hand, the case study was also presented and shared as best practice at the annual Este "Development & Organisation Forum" event.

The performance review process is handled by Human Resources and conducted by ensuring the assessments are fair as well as simply and clearly represented.

Every year, the head of each Organisational Unit formally reviews the performance of the people assigned to their structure. The effectiveness of the management approach is ascertained through internal analyses carried out by the Human Resources Office, namely: verification of compliance with the distribution of expected assessments and the fulfilment of contractual obligations regarding the evaluation of employees by managers.

[GRI 404-3]

Total employees assessed during the year by gender		2021	2020	2019
<b>Total</b>	<b>No.</b>	<b>1.579</b>	<b>1.587</b>	<b>1.411</b>
	<b>%</b>	<b>85%</b>	<b>92%</b>	<b>80%</b>
<b>Per genere:</b>				
<b>Men</b>	<b>No.</b>	<b>722</b>	<b>723</b>	<b>642</b>
	<b>%</b>	<b>84%</b>	<b>91%</b>	<b>80%</b>
<b>Women</b>	<b>No.</b>	<b>857</b>	<b>864</b>	<b>769</b>
	<b>%</b>	<b>86%</b>	<b>93%</b>	<b>81%</b>
<b>By professional category:</b>				
<b>Senior managers</b>	<b>No.</b>	<b>78</b>	<b>69</b>	<b>41</b>
	<b>%</b>	<b>88%</b>	<b>88%</b>	<b>55%</b>
<b>Middle managers</b>	<b>No.</b>	<b>481</b>	<b>482</b>	<b>469</b>
	<b>%</b>	<b>88%</b>	<b>95%</b>	<b>92%</b>
<b>Clerical staff</b>	<b>No.</b>	<b>1.020</b>	<b>1.036</b>	<b>901</b>
	<b>%</b>	<b>84%</b>	<b>91%</b>	<b>77%</b>

The performance assessment process that took place in 2021 is linked to the performance recorded in 2020. This process involves the senior and middle managements and clerical staff of the Banca Ifis Group, hired by 30 September of the previous year and those who worked at least 3 months during the previous year<sup>30</sup>.

## Employee engagement

### Evolution of the Ifis4you intranet

The **Ifis4you** corporate internet was completely revamped during the rebranding in June 2020 with the goal of improving the user experience and internal browsing. With a view to integrating the entire company population spread throughout the territory, it has been transformed from a platform of documents and information into a means of disseminating content and sharing with a focus on internal news: photographs, ample space for sponsorships and activities in the territory, personal branding of managers, and interviews. The live-streaming platform is also innovative.

Within the Intranet there are sections dedicated to specific topics, such as the one on Smart Working where all the updates and important communications relating to the "emergency" agile working method currently applied are shared, or the one reserved for conventions and prizes or gifts made available to Ifis People by Banca Ifis, such as tickets for matches of sports teams sponsored by the Bank (Reyer basketball, volleyball, Sampdoria soccer), 130 Vouchers to see film premieres, 170 vouchers to see films in SD format on the Rakuten platform and FAI free tickets.

Employees can also access various innovative functions directly from the intranet homepage. For example, they can:

- enter the streaming platform Ifis On Demand to follow actual digital events;
- express their opinion through the quick survey *Dì la tua* (Have your say);
- access the interactive multimedia contents of the Ifis Gallery (videos and photographs);
- directly access the Corporate Benefit partnership, a one-stop portal for employees with corporate conventions and offers ranging from school supplies, travel, wellness, recreation and technology;
- book to participate in events, both sporting and non-sporting, of which the Bank is a sponsor or with which it has partnerships;
- see the birthdays of colleagues on the "birthday board"
- connect to a "virtual market" where colleagues can exchange, sell and purchase items.

<sup>30</sup> The assessment refers to the workforce employed at 31/12/2021, and all those who received an assessment during the year but were no longer employed at that date are therefore excluded

Ifis4you also has a **virtual assistant** called Leo, whom employees can contact to ask for help in booking and managing transfers (tickets, hotels, restaurants), booking on-site blood tests, reserving a virtual room or meeting room, looking for a number in the company telephone directory or finding a document.

The many initiatives implemented by Banca Ifis for its employees include:

- **strengthening of internal narrative** thanks to the continuous telling of all Group activities and projects through dedicated news: from local initiatives and sustainability to special agreements reached, partnerships and sponsorships;
- the creation of a **container live streamed internally**, called **Ifis Cappuccino**: short, virtual breakfasts with the various members of the Group's management team, who analyse the most relevant topics for the Bank live;
- the organisation of a **digital "treasure hunt"** on the occasion of the Easter holidays. Browsing through the various sections of Ifis4you, employees had the opportunity to come across many small "Easter" icons which, once clicked, gave them the right to a small Banca Ifis branded gift and a 4 kg super egg of the finest Lindt chocolate;
- the organisation of an **internal challenge on the occasion of the 17th International Architecture Exhibition of the Venice Biennale**, which saw a third of the company's population actively involved in winning 25 pairs of complimentary tickets to the Venice Biennale to the daily winners of the Contest and SmartBox packages to the 3 overall winners;
- the organisation of the **internal Christmas talent show**, broadcast in streaming on the Bank's internal channels, during which all employees were able to participate, either by performing as competitors within the talent show, or as voting audience from home through an interactive platform created ad hoc;
- various other employee engagement activities on their **birthdays** and the sending out of **gift boxes** to their homes on other occasions (Easter, rebranding, Christmas).



## 5.3 Diversity and Inclusion

### Policies and other reference documentation

- Code of Ethics
- Remuneration report (Remuneration and incentive policies)
- Group Whistleblowing Policy

As explained in the Code of Ethics, the behaviour of all Group staff must be utterly correct and fair. The Banca Ifis Group undertakes to ensure that the management and heads of the individual organisational units behave fairly toward their collaborators, guaranteeing professional growth and fostering a working climate inspired by principles of transparency and loyalty.

**The Banca Ifis Group guarantees that all employees (and collaborators, including external) are treated with no distinction or preference** based on age, gender, sexual orientation, marital status, religion, language, ethnic or national origins, physical or mental disabilities, state of pregnancy, maternity or paternity, including through adoption, personal beliefs, political opinions, affiliation or trade union activities.

**It is possible to report any conduct contrary to these principles**, with the guarantee that the personal data of the complainant and the alleged offender will remain confidential, **through the Whistleblowing mechanism**, which is available to employees as well as collaborators and independent contractors working with the Group.

[GRI 406-1]

As for previous years, **no incidents of discrimination were reported in 2021**.

Diversity and inclusion issues are of significant importance to the Banca Ifis Group. This commitment is reflected in work-life balance policies and welfare to support family needs, in particular to support maternity, parental leave and other situations of family difficulties, thanks to the activation of part-time or remote work.

In 2021 the Banca Ifis Group became part of the **Valore D network**, the first association of national and international companies that promotes gender balance and works to spread an inclusive culture for the growth of companies and the country.

The Group was also among the first signatories and partners of the **4 Weeks 4 Inclusion project**, an inter-company event dedicated to inclusion, which this year involved 200 companies. In order to promote gender culture, the Group produces multimedia content that it then conveys both internally and externally (such as the video made on the occasion of the International Women's Rights Day 2021, which saw the direct involvement of a number of female colleagues in middle and high management) and supports studies and research in the sector and training and empowerment initiatives to help young female students in STEM disciplines.

In terms of **gender diversity**, the percentage of women in the Group stood at **54%**, with a distribution in the various categories of classification equal to 25% for Executives, 43% for Middle Managers and 60% for Clerical Staff<sup>31</sup>. In particular, in 2021, in the Banca Ifis Group, **around 40% of Top Management are women**.

<sup>31</sup> For more information, reference should be made to the tables contained in the section entitled "Additional information on employees" on the following pages

### Gender Equality Winning Women institute certification

Banca Ifis is the first Italian bank to be certified for gender equality by the Winning Women Institute, a company committed to spreading the principle of gender equality within the world of work. The assessment is based on the “Dynamic Model Gender Rating” which considers the achievement of quantitative and qualitative KPIs in four specific areas:

- opportunities for growth within the company;
- compensation equity and HR processes;
- practices for managing gender diversity;
- maternity protection practices.

The Group's commitment to gender equality is expressed in an increasingly inclusive culture, which is reflected in work-life balance policies and welfare to support family needs, in particular to support maternity, parental leave and other situations of family difficulties, thanks to the activation of part-time or remote work.

## Remuneration and incentives

The Group's **remuneration and incentive policies** are defined in accordance with the Group's culture and values, long-term strategies, and prudent risk management policies, consistently with the provisions concerning the prudential control process.

The Banca Ifis Group envisages an **annual bonus scheme** that follows the employee performance assessment process as well as annual incentive schemes focused mainly on the sales force.

In 2021, the disbursement of a **variable compensation mechanism**. The agreement signed fosters greater employee involvement in the pursuit of corporate objectives and, therefore, in increasing the Group's profitability, productivity, competitiveness and efficiency. Also, for 2021, through the same agreement, a basket of goods and services were made available to employees, constructed around individual and family needs. These offers, divided into areas (education expenses, supplementary pension schemes, mortgages, healthcare fund, public transportation, leisure time, and vouchers), have been made available to employees and their relatives, either as a “redemption” or a direct purchase or payment. The Agreement provides for an additional form of incentive of up to 20% on top of the actual basic bonus, with the aim of rewarding distinctive conduct in terms of fairness, transparency, ethics, collaboration among colleagues and quality of work. This initiative, applied for the first time with reference to the evaluation of FY 2021, is intended to ensure a recognition more in line with the actual contribution made by each employee and a fairer and more consistent distribution of bonuses.

In terms of premiums, the route continues on from last year, aimed at fighting the gender pay gap through a careful monitoring aimed at guaranteeing gender equality. The policies designed to conciliate professional and private life, as well as welfare in support of family needs, can help reduce the gender pay gap by reducing career interruptions and discontinuity of female employment.

[GRI 405-2]

Ratio of basic salary of women to men by employee category <sup>32</sup>		2021	2020	2019
Senior managers	%	95%	102%	91%
Middle managers	%	92%	93%	90%
Clerical staff	%	98%	99%	97%

Ratio of remuneration of women to men by employee category <sup>33</sup>		2021	2020	2019
Senior managers	%	97%	99%	88%
Middle managers	%	91%	92%	91%
Clerical staff	%	98%	98%	97%

Concerning the ratio of the basic salary of women to men, for 2021, there is substantial equality within the Clerical staff category and a limited difference for Middle and Senior Managers. The analysis also includes foreign clerical staff employees.

For all categories, there is an increase in base salary over the three-year period while, compared to the year 2020, there is a decrease in compensation in 2021 as a result of a containment of the variable component due to the particular pandemic situation.

Despite the continued uncertainty and difficulty of the period, the Group has managed to complete its main projects for the review of the organisational and governance structure for the current year, with the aim of optimising the business and people who are a part of it, confirming on the one hand the premiums aimed at withholding resources and protecting the business competitiveness, and, on the other, at continuing to implement its workforce as per the Bank's hiring plan.

<sup>32</sup> The calculation excludes the additional amounts paid to workers (e.g. those based on the years of service, bonuses, overtime, additional indemnity for transport, transfers, etc.)

<sup>33</sup> It is specified that for employees who joined from 01/10/2019 onwards, no variable premium has been disbursed insofar as none is envisaged for the reference year 2019.



## Additional information on employees

[GRI 405-1]

Breakdown of personnel		2021	2020	2019
Total	No.	1.849	1.727 <sup>34</sup>	1.753
By gender:				
Men	No.	856	794	807
	%	46%	46%	46%
Women	No.	993	933	946
	%	54%	54%	54%
By age group:				
Less than 30 years old	No.	138	91	211
	%	7%	5%	12%
Between 30 and 50 years old	No.	1.380	1.307	1.253
	%	75%	76%	71%
More than 50 years old	No.	331	329	289
	%	18%	19%	16%

Total number of employees by category and gender		2021	2020	2019
	No.	1.849	1.727	1.753
Total Senior Managers	No.	89	78	74
Men	No.	67	60	57
	%	75%	77%	77%
Women	No.	22	18	17
	%	25%	23%	23%
Total Middle Managers	No.	546	507	511
Men	No.	309	285	287
	%	57%	56%	56%
Women	No.	237	222	224
	%	43%	44%	44%
Total Clerical staff	No.	1.214	1.142	1.168
Men	No.	480	449	463
	%	40%	39%	40%
Women	No.	734	693	705
	%	60%	61%	60%

<sup>34</sup> For 2020, the total number of employees excludes 31 Farbanca employees.

Total number of employees by category and age bracket		2021	2020	2019
	No.	1.849	1.727	1.753
<b>Total Senior Managers</b>	No.	89	78	74
Less than 30 years old	No.	0	0	0
	%	0%	0%	0%
Between 30 and 50 years old	No.	41	32	38
	%	46%	41%	51%
More than 50 years old	No.	48	46	36
	%	54%	59%	49%
<b>Total Middle Managers</b>	No.	546	507	511
Less than 30 years old	No.	3	1	3
	%	1%	0,2%	1%
Between 30 and 50 years old	No.	377	339	358
	%	69%	66,9%	70%
More than 50 years old	No.	166	167	150
	%	30%	32,9%	29%
<b>Total Clerical staff</b>	No.	1.214	1.142	1.168
Less than 30 years old	No.	135	90	208
	%	11%	8%	18%
Between 30 and 50 years old	No.	962	936	857
	%	79%	82%	73%
More than 50 years old	No.	117	116	103
	%	10%	10%	9%

The 30 resources working abroad - including 17 women in 2021 (15 in 2020) and 13 men (15 in 2020) - have been classified in the "Clerical staff" category, as they are not otherwise classifiable in the typical categories under Italian law.

Individuals from minority or vulnerable groups		2021	2020	2019
<b>Total</b>	No.	87	84	84
<b>Less than 30 years old</b>	No.	3	3	7
Men	No.	2	2	4
Women	No.	1	1	3
<b>Between 30 and 50 years old</b>	No.	64	61	60
Men	No.	24	25	24
Women	No.	40	36	36
<b>More than 50 years old</b>	No.	20	20	17
Men	No.	5	5	5
Women	No.	15	15	12
<i>% individuals from minority or vulnerable groups out of total employees</i>	%	4,7%	4,9%	4,8%
<i>% individuals from minority or vulnerable groups out of total employees (included in calculation base)</i>	%	5,5%	5,8%	6,0%

The figure relating to the % of individuals from minority or vulnerable groups out of total employees was calculated on the basis of the Group companies (in 2020, Farbanca was excluded).

In accordance with Italian Law no. 68/99, the protected categories considered regard subjects with physical or sensory disabilities and other categories such as orphans, surviving spouses and refugees (repatriated Italians).

[GRI 401-1]

Total employees hired		2021	2020	2019
	No.	615	114	287
	%	33%	7%	16%
<b>per genere:</b>				
Men	No.	284	60	139
	%	33%	8%	17%
Women	No.	331	54	148
	%	33%	6%	16%
<b>by age group:</b>				
Less than 30 years old	No.	94	27	92
	%	68%	30%	44%
Between 30 and 50 years old	No.	486	78	172
	%	35%	6%	14%
More than 50 years old	No.	35	9	23
	%	11%	3%	8%

Total employee who left the organisation		2021	2020	2019
	No.	417	140	172
	%	23%	8%	10%
<b>by gender:</b>				
Men	No.	194	74	78
	%	23%	9%	10%
Women	No.	223	66	94
	%	22%	7%	10%
<b>by age group:</b>				
Less than 30 years old	No.	39	13	45
	%	28%	14%	21%
Between 30 and 50 years old	No.	350	94	116
	%	25%	7%	9%
More than 50 years old	No.	28	33	11
	%	8%	10%	4%

It should be noted that within the 2021 hires and terminations, additions due to corporate mergers/spin-offs; contract terminations and new corporate acquisitions have been considered. Specifically, it should be noted that 392 "hirings" and 285 "terminations" are the result of the reorganisation of the corporate structure of the NPL segment, 50 "hirings" are the result of the acquisition of the operating business of Aigis Banca carried out in May 2021 and 6 "hirings/terminations" are actually transfers of intercompany contracts. Excluding these transactions, the hiring trend has not significantly reversed.

[GRI 102-8]

Total employees		2021	2020	2019
	No.	1.849	1.727	1.753
On permanent contracts (total)	No.	1.786	1.671	1.682
Men	No.	829	770	769
	%	46%	46%	46%
Women	No.	957	901	913
	%	54%	54%	54%
Fixed term (total)	No.	63	56	71
Men	No.	27	24	38
	%	43%	43%	54%
Women	No.	36	32	33
	%	57%	57%	46%

The figure returned includes foreign employees (1,6% of the total, 30 people). A breakdown of data by geographical area is not provided in view of the fact that operations are primarily concentrated in Italy.

Total employees		2021	2020	2019
	No.	1.849	1.727	1.753
Full time (total)	No.	1.758	1.571	1.664
Men	No.	851	743	803
	%	48%	47%	48%
Women	No.	907	828	861
	%	52%	53%	52%
Part time (total)	No.	91	67	89
Men	No.	5	3	4
	%	5%	4%	4%
Women	No.	86	64	85
	%	95%	96%	96%

Non-employed workers are not a significant portion in respect of the organisation's activities (69 people, or 3,6% of the corporate population).





6.

Ifis Responsibility



## We create value in the territories in which we operate: we are involved in activities of value for the communities and the environment.

Ifis Responsibility encompasses all initiatives with a positive impact on the communities and the environment, which create value for the territory in which we operate and which are at the heart of our commitment. We collaborate with local institutions and economic businesses to optimise sustainable development and, through reports, studies and projects dedicated to the business culture, we strengthen our support to entrepreneurs and the communities. We have implemented numerous initiatives and behaviour to protect the environment and introduced specific sustainable financing products and programmes to foster the development of sustainable behaviour and business activities.

### Membership of the Net-Zero Banking Alliance (NZBA)

Banca Ifis is the first Italian challenger bank to join the Net-Zero Banking Alliance (NZBA), the initiative promoted by the United Nations aiming to speed up the sustainable transition of the international banking segment. The Net-Zero Banking Alliance brings together institutes, which are committed to bringing their loans and investment portfolios into line with the achievement of the zero net emissions goal by 2050, as per the targets set by the Paris Climate Agreement. As part of this initiative, Banca Ifis has undertaken to:

- define, within 18 months of signing, **emission reduction targets for 2050 and interim targets for 2030**;
- disclose progress as part of a Board-approved **transition strategy**;
- publish the value of emissions annually.

The **main actions** already undertaken by Banca Ifis to reduce its direct impact on climate change include, for example, the use of 100% renewable energy in all of the Group's offices and operating branches, as well as the installation of electric vehicle recharging stations and the restructuring of corporate offices with a view to energy efficiency. In addition, to support the energy transition of SMEs, Banca Ifis Group offers various services: from the internal programme "Ifis4Business" for the digitisation of operational processes to allow the management of procedures in ecological mode, to "Ifis Leasing Green", the leasing of electric/hybrid and plug-in vehicles. As part of the **2022-2024 Business Plan**, the "Change PMI" project provides for the offer of dedicated products and services, such as subsidised loans and scoring services on the ESG performance of customers. In addition, through its Studies Office, the Bank promotes a culture of business sustainability amongst SMEs, with dedicated periodic research and analyses.

This commitment, taken on by the Banca Ifis Group by adhering to the NZBA, promotes the **identification and management of impacts and risks linked to environmental and climatic aspects** that may in turn influence the financial and non-financial aspects linked to the Group's activities and stakeholders. Joining the Net-Zero Banking Alliance is therefore part of the **long-term ESG strategy** that the Bank is pursuing, firmly convinced that sustainability in all its dimensions and business development must be fully integrated and complementary.

## 6.1 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**, 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 Boards 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) and health and safety aspects. The responsibility for explaining, spreading awareness of and promoting the essential principles and criteria on environmental protection for the prevention of environmental crimes, like the Environmental Policy, lies with the Employer. Verification of the correct incorporation of its principles, by means of the application of the Manual procedures, is the responsibility of the Safety, Environment and Real Estate Projects Service within the General Services Department. 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. For 2021, consumption values are substantially in line with those recorded in 2020 due to continued conditions related to the health situation.

[GRI 302-1]

Breakdown of energy consumption by source <sup>35</sup>		2021	2020	2019
Total	GJ	30.678	29.261	41.791
Natural gas consumption for central heating	GJ	5.106	4.522	6.005
Gasoline consumption for the vehicle fleet	GJ	385*	191*	-
Diesel consumption for the vehicle fleet	GJ	14.716	12.915	21.903
Total fuel consumption	GJ	20.207	17.627	27.908
Consumption of purchased electricity (non-renewable)	GJ	-	-	13.433
Consumption of purchased electricity (renewable)	GJ	10.101	11.273	-
Consumption of energy from solar panels (renewable)	GJ	370	362	450
Total electricity consumption	GJ	10.471	11.635	13.882

The presence of consumption for petrol-driven cars is due to the preferential use of proprietary vehicles with respect to public transport services in the context of the COVID-19 health emergency.

[GRI 305-1]

[GRI 305-2]

[GRI 305-3]

Greenhouse gas emissions <sup>36</sup>		2021	2020	2019
Scope 1	Ton. CO <sub>2</sub> eq.	1.419	1.236	1.977
Scope 2 (location based)	Ton. CO <sub>2</sub> eq.	784	933	1.204
Scope 2 (market based)	Ton. CO <sub>2</sub> eq.	0	0	1.166
Scope 3 (emissions deriving from employee business travel)	Ton. CO <sub>2</sub> eq.	69	78	256

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, as shown by the restructuring operations carried out in the locations of Mestre, Milan, Rome, Florence and Mondovì, according to the highest standards of eco-compatibility (efficient, functional spaces, mobile furnishings, flexible stations).

The **#Ifisgreen** environmental sustainability projects represent the Group's **eco-sustainable growth path**, summarised in a series of initiatives, ranging from electric mobility to the dissemination of a plastic-free business culture.

- 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 has undertaken to use only green energy obtained 100% from renewable sources (wind, photovoltaic, geothermal, hydroelectric, biogas and biomass) in all its offices. On the basis of consumption, equal to 2,8 million kWh for 2021 (3,1 in 2020), a reduction of 783 tonnes of CO<sub>2</sub> emissions is estimated.
- Considering the current presence in the company car fleet of electric vehicles, the Bank has launched a project that envisages the installation of **electric charging posts** at the main Group offices, to supplement those already existing. More specifically, in Mestre, two Wall Boxes have already been installed, along with three electric posts, while in Florence, at via Mercadante, the garage features two Wall Boxes to recharge electric vehicles and in Mondovì, an electric post is installed. A further 6 Wall Box installations have also been arranged at the Milan Via Borghetto site and will be carried out during 2022.

<sup>35</sup> See the section on "Notes for the collection and calculation of energy consumption data [GRI 302-1]" at the end of the chapter

<sup>36</sup> 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]" and the section on "Notes for emissions calculation - Scope 3 - [GRI 305-3]" at the end of the chapter.

- **Restructuring works** have been completed on the Milan property at Via Borghetto 5, based on the adoption of new construction standards focussed on technological innovation and energy efficiency, also with a view to obtaining Leed certification. In particular, the building guarantees a 62% reduction in the consumption of drinking water, while 100% of the energy needs are produced by renewable energy sources, including a photovoltaic system located on the roof. The materials used in the renovation are all EPD (high recycled content materials) certified. Finally, there is also a 260 m<sup>2</sup> green wall that not only naturally controls the humidification and oxygenation of the outdoor and indoor environments, but also absorbs carbon dioxide and reduces noise.

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

Data on energy consumed all refers to the period 1 January - 31 December 2021, with the exception of energy consumed from natural gas for heating, for which the data refers to the thermal year corresponding to the period October 2020 - September 2021.

For 2021, the conversion factor is taken from the ABI Lab guidelines on the application of the GRI (Global Reporting Initiative) Environmental Indicators - December 2021 version, for banks.

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

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

For 2021, the conversion factor is taken from the ABI Lab guidelines on the application of the GRI (Global Reporting Initiative) Environmental Indicators - December 2021 version, for banks.

The Gases included in the calculation - and specified in the guidance - are CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O.

The source of the emission factors used to calculate the CO<sub>2</sub> equivalent emissions, according to the "location based" method, are the "ABI Lab Guidelines on the application in banks of the GRI (Global Reporting Initiative) Standards on environmental matters - December 2021 version".

In order to calculate the emissions according to the "market based" method, reference was made to the certificates of Guarantee of Origin issued by the electricity supplier that, for 2021, consisted entirely of renewable sources.

**Notes for emissions calculation – Scope 3 – [GRI 305-3]**

The emissions considered derive exclusively from business travel. Data on total kilometres travelled by type of vehicle is converted into greenhouse gas emissions (expressed in CO<sub>2</sub>eq), on the basis of the emission factors and global warming potential (GWP) indicated in the document "UK Government GHG Conversion Factors for Company Reporting (2021)". The Gases included in the calculation - and specified in the guidance - are CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O.

## 6.2 Sustainable finance

[FS2]

### Policies and other reference documentation

- Group Policy for managing the Most Significant Transactions (MSTs)
- Operating note Leasing preliminary investigation process (Banca Ifis)
- Code of Ethics
- Group Lending Policy

The Banca Ifis Group pursues the sustainable finance model through measures aimed at mitigating potential negative impacts on the environment and society (including aspects linked to human rights<sup>37</sup>) and the development of products in support of sustainable lifestyles and consumption models by customers.

The Group is sensitive to the indirect social and environmental impacts that may be generated by the business. Therefore, it addresses the topic 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, different criteria are envisaged, according to counterparty and type of asset, governing 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 (e.g., transportation of hazardous materials and asbestos, nuclear waste disposal, gambling, etc.);
- asset type criteria: 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).

The Banca Ifis Group applies mechanisms for managing social and environmental impacts including what are termed the **Most Significant Transactions (MSTs)**, i.e., transactions whose intrinsic characteristics may modify the structure or risk profile of the Group companies.

This is why it has chosen to define a list of sectors applicable to all transactions carried out by the Group's entities with potential environmental or social impacts that qualify as most 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.

In 2020, Risk Management was submitted a transaction that came under the scope of Most Significant Transactions insofar as the counterparty operated in an economic segment to be assessed in terms of its social and environmental impact. The analyses performed were favourable and an opinion in favour was given. During 2021, no transactions falling within the scope of Most Significant Transactions were submitted to the assessment of Risk Management solely in consideration of the economic sector to which they belong. However, a transaction with a counterparty operating in the iron and steel, ironmaking and iron alloys sector was evaluated for which, in addition to the economic aspect of creditworthiness, the environmental and social impact was also assessed. The analyses performed were favourable and an opinion in favour was given.

Starting 2019, the Bank has launched a series of products/services in favour of lifestyles that can improve the quality of life of customers and stakeholders. The "Ifis Green" project takes the form of an innovative financial offer ranging from

<sup>37</sup> For example, in respect of risks relating to segments at high reputational risk, such as those linked to the manufacture, processing and marketing of weapons.

lease contracts for the purchase of electric/hybrid plug-in vehicles to the lease/hire of air purifiers and innovative solutions like the rental of new generators of water from the atmosphere to save water.

The main initiatives implemented by the Banca Ifis Group include:

- **Ifis Leasing Green:** the Group stands out for its leadership position in the lease of electric vehicles, with a 15%<sup>38</sup> share of the market in Italy (34,36% in 2020). Continuing on from 2020, 2021 pursued the project promoting sustainable mobility, Ifis Leasing Green. This is the package of services devoted entirely to those opting for green vehicles, which combines different models of electric and hybrid plug-in cars with the flexibility offered by leasing, tax benefits like the Ecobonus and a package of car consultancy/insurance services. During 2021, the sales network was constantly informed about the new state incentives "Ecobonus" linked to the purchase, also through financial leasing, of electric vehicles.
- **Measures envisaged by the "Relaunch Decree"** (Decree Law 34/2020, converted by Law 77/2020): purchase of tax credits deriving from energy efficiency and/or seismic risk reduction works, within the scope of the provisions of the Relaunch Decree. A measure foreseen for construction companies specialised in the execution of interventions covered by the 110% Superbonus and other building tax bonuses that provide the possibility to apply the "invoice discount" and the transfer of credit to banks and financial intermediaries.

[FS8]

Legal Entity/ Business Line	Leased environmental product/service	Operations for 2021		Operations for 2020		Operations for 2019	
		Monetary value (mln Euro)	% of total monetary value	Monetary value (mln Euro)	% of total monetary value	Monetary value (mln Euro)	% of total monetary value
Banca Ifis/Leasing	Leasing Green - leasing electric vehicles	27,22	3,19%	46,78	3,69%	33,20	1,75%
Banca Ifis/Trade receivables	Superbonus and other bonuses	342,23	5,00%	-	-	-	-

#### Support for SMEs: Partnership with the European Investment Bank (EIB)

In line with the previous year, the Banca Ifis Group strengthened its partnership with the European Investment Bank (EIB) in 2021 to enable Italian Small and Medium Enterprises to access green financing aimed at reducing their environmental impact. Thanks to EIB financing, through two separate agreements of 50 million Euro each, the Banca Ifis Group will make 100 million Euro available to SMEs to invest in new sustainable transition projects:

- the first line of credit will be dedicated to the promotion of initiatives and projects aimed at combating climate change, implemented by SMEs, which mainly concern the leasing of hybrid and "full electric" vehicles;
- the second line of credit will be reserved for 60% to leasing financing for investments in innovation or projects promoted by innovative companies under the Industry 4.0 Plan and, for the remaining 40%, to the financing of SMEs in "commercial lending" to support new investments or working capital.

The agreement is the third finalised by the Group with EIB over the last three years: The new ceiling, adding up the three loans, will bring the total disbursement to 200 million Euro.

<sup>38</sup> The market share of leased electric vehicles in Italy is 6%, of this Ifis holds 15%. The decline in market share is primarily due to a contraction in the auto market and a significant increase in long-term rental vehicles, at the expense of leasing. Source: MTCT Unrae.



## 6.3 Commitment to the community

### Policies and other reference documentation

- Code of Ethics

[GRI 413-1]

The Group plays an active role in developing and promoting the communities in which it operates, paying particularly close attention to **strengthening the relationship with the territories and stakeholders** on a regional and national level. It is a commitment that is pursued through initiatives with a positive impact on the communities and environment, which create value for the territory. The Institute collaborates with local institutions to **optimise sustainable development** and, through reports, studies and projects dedicated to the business culture, **strengthen support to entrepreneurs and communities**. An active role of development and promotion, which is also defined with the participation in projects supporting national and local non-profit entities and organisations and social solidarity initiatives.

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.

In 2021, the Group's commitment took concrete form in partnerships, agreements and donations involving non-profit associations, social cooperative companies and charities, with a particular focus on children and those in difficulty, in whose regard the Bank chose to intervene actively with various projects. In addition, the rebranding programme launched in 2020 has influenced the areas of initiative planning and community support at the Group level, for example, resulting in an increased focus on initiatives in sports, such as cycling and skiing, and on sustainable mobility issues in urban areas. Here below are the main initiatives carried out during 2021.

### Economy of beauty

The concept of Beauty encapsulates a code of values that has always distinguished the Italian identity: tradition and innovation, connection and competence, creativity and knowledge. A truly strategic resource for designing the future around a sustainable and collaborative model. A territory that develops Beauty, therefore, generates entrepreneurial and social value for generations to come. In this sense, the Economy of Beauty is defined as the "enhancement of our cultural, architectural, wine and food heritage, traditions and identity" capable of creating economic value through aggregated channels. Under this scope, Banca Ifis has developed a study, starting from a relationship map that identifies and summarises the economic flows and mechanisms generated by the interaction between places, players and services supporting the system.

The contribution of the Economy of Beauty to Italian GDP has been estimated, taking 2019 values as a reference, at 17,2% of the product as a whole.

Through the study, case histories corresponding to three Italian cities/places were also identified and narrated: Venice as a city-container of natural, artistic and taste riches; Bologna and the Emilia-Romagna system with its two districts, Motor Valley and Food Valley; and Sciacca, a town in the province of Agrigento that has embarked on a path to enhance the tourist as a contemporary citizen through the construction of a "Museum of the Five Senses" that involves the entire community. The study also saw the involvement of important partners such as Federculture, Confindustria Emilia, Confindustria Venezia, Museimpresa, Camera Nazionale della Moda Italiana, Fondazione Altagamma, POLI.design, Artex and the University of Gastronomic Sciences of Pollenzo.

## Economy of beauty: promotional activities

### Venice Biennial

Banca Ifis supported the Venice Pavilion on the occasion of the 17th International Architecture Exhibition. The research “Economy of Beauty”, prepared for the occasion by the Bank's study centre, was the scientific and quantitative basis for the creation of an artistic installation inside the Pavilion.

### The beauty of Italy - Corriere della Sera

Streamed from the Head Office of Banca Ifis in Mestre, the event, organised by Il Corriere della Sera, involved not only the Deputy Chairman of the Bank but also the protagonists of the study.

### Restart from beauty

Federturismo Confindustria in collaboration with the municipality of Città della Pieve, organised the conference “Ripartire dalla Bellezza”, of which Banca Ifis was the main sponsor and speaker. The event featured representatives from government, tourism, agriculture, finance and culture. Banca Ifis spoke with a presentation of the study.

[GRI 102-12]

## Reforestation projects on the territory

In 2021, Banca Ifis supported two important reforestation projects in Italy.

On the occasion of Christmas, thanks to the partnership with WoW Nature, a project of Etifor, a spin-off company of the University of Padua, the Bank has donated to each employee of the Group a new tree to mitigate and reduce CO<sub>2</sub> emissions in the environment. Almost 1.900 specimens will be planted next spring in the Brenta River Park in the province of Padua and in the Oglio Sud Regional Park, which extends along the lower reaches of the Oglio River from the Mella River to the mouth of the Po River. The Bank has undertaken to care for and maintain the plants for three years.

The other important forestation initiative was launched by the Municipality of Milan in collaboration with Arbolia, a benefit company of Snam and Fondazione CDP, and Forestami, a project that aims to increase natural capital and plant 3 million new trees in Milan and the Metropolitan City by 2030. The intervention will allow the development of new green areas near motorway junctions in the metropolitan city of Milan. Banca Ifis will contribute to the project with 350 trees of native species, thus promoting the creation of new green lungs.

## Donations and Sponsorships

Inclusion projects	Support to the project Mobile Unit “Health and Inclusion” of the Sanità di Frontiera Association to contribute to the improvement of the level of health and psycho-physical well-being of disadvantaged people, in particular adult migrants, women and children. The Mobile Unit provides health care services, as well as orientation and information on the health system and access to services in the area. Support to organisations that deal with supporting families and young people in difficult situations such as the Catholic community Shalom in Rome and the Don Gino Rigoldi Foundation in Milan. In collaboration with the association CAF, work grants to young guests of the community to facilitate a gradual interaction with the world of work and inclusion in the social context in an autonomous way.
Support for medical-scientific research	Support for research and health protection, with particular attention to chronic diseases through the donation of medical equipment and instrumentation or direct support to charities and institutions such as the Amici del Cuore Association and the “Adopt a Researcher” initiative of the Fondazione per la Ricerca Biomedica Avanzata Onlus of Padua.
Conservation of the artistic heritage	Support for local and national initiatives taken to protect and conserve the artistic heritage and landscape. In particular, since 2020 the Bank has supported FAI as a corporate donor.
Support for youth sports	In partnership with CONI, support to the athletes of the World Youth Championships of the Olympic disciplines of 2021. Support to the Foundation Torneo Ravano - Coppa Paolo Mantovani for the promotion of the values of sport with particular reference to youth. Support for the Scarponi Foundation for projects on education and road safety.
Banco Building Donation	Donation of the furniture of the former offices of Banca Ifis in Milan in collaboration with Banco Building. Over five hundred pieces of furniture, fittings and office equipment were donated to twelve different organisations and foundations committed to supporting the most fragile sectors of the population, promoting development projects in the educational, health and social fields, in Italy and abroad.

## Relationships with schools, universities, and the public

### Banca Ifis and Universities

**Donation of study grants to deserving young students** for the completion of their professional training with a masters in Risk management, Internal Audit & Fraud (RIAF) promoted by the Ca' Foscari Challenge School starting with academic year 2020/2021.

In 2020, Banca Ifis also supported the **Project Learning Factory** organised by the Ca' Foscari Foundation through the Ca' Foscari Challenge School and consisting of a programme of on-line training initiatives and e-learning activities dedicated to companies and entrepreneurs involved in the relaunch and protection of people and the territory during the current crisis. While in 2021, as part of the "Women and Finance" programme, Banca Ifis hosted two interns with the financial support of Ca Foscari University.

In addition, the Banca Ifis Group is part of the Valore D network, the first association of national and international companies that promotes gender balance and works to spread an inclusive culture for the growth of companies and the country. In this regard, the Group supports female training and empowerment initiatives, in particular to help young female students in paths related to STEM disciplines. In 2021, the Bank signed a partnership with the University of Padua for the disbursement of 4 scholarships and participated in the workshop to meet the business world organised by the degree course in Management of Educational Services and Continuing Education of the University of Padua, telling, with a view to knowledge of possible professional outlets, the processes and activities followed by the Training and Development Unit and the HR Business Partners, with a focus also on the procedures that the Bank has activated to support its resources during the COVID-19 emergency.

### Banca Ifis for sport

For the second year running, Banca Ifis is Premium Partner of the Great Italian Cycling Classics (Strade Bianche, Milano Torino, Milano Sanremo, Gran Piemonte, Tirreno Adriatico, Il Lombardia) and of the Giro di Sicilia, as well as Official Partner of the amateur competitions Gran Fondo Strade Bianche and Gran Fondo Il Lombardia. This partnership represents the importance that sport has for Banca Ifis as a vehicle of positive values and as a tool to support the territories.

This partnership led to the creation of a project with the aim of telling one of the most beautiful and decisive figures of this sport, the wingman, through exclusive interviews with great personalities, sportsmen and companies and a dedicated web series. The Gregario is the one who sacrifices himself, puts himself at the disposal of the champion and of the team, to achieve a common goal. Banca Ifis, too, works alongside its customers every day and supports them in the achievement of their businesses. A journey in stages that was tackled together with Marco Scarponi, brother of one of the greatest racing drivers of all time, Michele Scarponi, and founder of the foundation of the same name engaged in educational projects on sustainable mobility and road safety. Banca Ifis has supported the Michele Scarponi Foundation through a donation.

The project was also enriched by a study, carried out by the Bank's Research Department, on the Bicycle Ecosystem, which analysed the supply chain in its entirety and described the 5 mega-trends of value that will characterise this economic behaviour in the years to come. The results have been made available to the community to open a debate on an economic ecosystem that also has a social and value bearing.

In addition, the bank has selected, in line with its mission and values, a series of events and projects linked to the world of amateur and professional sport for the development of new relations on the territory, which **directly involve customers and employees**.

The main sports activities in which the bank took part include:

- support for the Villa Condulmer Golf Club in Zerman di Mogliano Veneto (Treviso) and for talented young golfers aged under 18. In fact, the Group sponsored the double tournament “Banca Ifis Golf Cup Invitational” organised by the Treviso Golf Club and open to amateur athletes;
- partnership in the Venice Marathon 2021;
- partnership with Umana Reyer Basketball Club;
- sponsorship of some soccer matches of the teams Parma Calcio, UC Sampdoria, Hellas Verona, Torino calcio, including Sampdoria Women;
- sponsorship of the 2021 World Ski Championships in Cortina;
- sponsorship of Club Vero Volley Monza.

Moreover, Banca Ifis acknowledges the values of sport not only as a good educational practice, but also as a vehicle to convey well-being and growth for the company and organisations. This is why the Group is a national partner of the World Alpine Skiing Championships of Cortina 2021 and Official Partner for FISI 2020/2021, as well as sponsor of the Umana Reyer Venice, both men’s and women’s basketball team, with both teams in the top Italian leagues and sponsorship of the great classics of national cycling and Parma Calcio involved in serie A championship football.

#### Banca Ifis for sustainable mobility

In 2021 Banca Ifis published the report **“Urban mobility as seen by citizens”**, drawn up following a study carried out in the cities of Rome, Milan and Naples on the subject. The study investigated the benefits related to sustainable mobility, with a specific focus on what are the main benefits related to the use of bicycles in the city, investigating the fallout it can have on business and cycling. Moreover, in the autumn, Banca Ifis was the protagonist of **“Pianeta 2021”**, the cycle of activities of Corriere della Sera that deals with the environment in its many forms, during the event **“Dimmi come ti sposti e ti dirò come si vive nella tua città e come si può vivere anche meglio”**.

[GRI 413-1]

For 2021, 61%<sup>39</sup> (10% in 2020) of total events organised, in which the Bank played an active part or indeed which it sponsored, and donations involved the local communities of the territories involved each time. This engagement was purely for social, informative or educational benefit. In particular, there has been a significant increase in activities linked to the world of sport, with attention paid to the values conveyed by sport and the promotion of the same towards the young people of the individual local communities involved each time. Even in the case of events of international importance, such as the World Ski Championships in Cortina 2021, the impact on local infrastructures, to which sponsorship has indirectly contributed, has been significant.

A total of Euro 2.047.953 (Euro 583.000 in 2019) were allocated to events involving the community, making for a 251% increase over 2020. This increase is justified in particular by Banca Ifis' support for the World Alpine Ski Championship in Cortina, as well as the aforementioned sports initiatives.

[GRI 102-12]

### Sustainable development in Veneto: Banca Ifis adheres to the MoU

Banca Ifis is the first and to date the only, credit institute to have adhered to the Memorandum of Understanding for Sustainable development in Veneto. The protocol, which runs for 3 years and can potentially be extended beyond this, is an expression of the regional commitment to achieving the UN 2030 Agenda goals.

The aim of the initiative is to define a regional sustainable development strategy and monitor its performance on the basis of new needs, identifying strengths and weaknesses along the route towards complete social, economic, environmental and institutional sustainability.

<sup>39</sup> The percentage was calculated taking into account all activities carried out in 2021 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.

# Methodological note



## Reporting method

[GRI 102-54]

The Non-Financial Statement has been prepared in accordance with the “Global Reporting Initiative Sustainability Reporting Standards” (hereinafter referred to as GRI Standards), issued in 2016 by the Global Reporting Initiative. This report has been prepared in accordance with GRI Standards: Core option.

Specifically, for each material topic, the policies implemented and the due diligence processes were described based on Italian Legislative Decree no. 254/2016 and the “Disclosure on Management Approach” requirements in the GRI Standards, while performance indicators were selected from among those proposed by the GRI based on their relevance and representativeness relative to the Group’s situation and businesses.

Consistently with the information reported in the methodological background, the 30 employees abroad (making for 1,6% of the total) have always been included in the data, with the exception of GRI 403-8 and 403-9 disclosures, as declared in the related notes at the foot of the page.

[GRI 102-55]

## GRI content index

The following table lists the GRI Standards selected for the purposes of the Non-Financial Statement, including the “GRI G4 Financial Services Sector Disclosure”. In all cases, the Global Reporting Initiative (GRI) disclosures refer to the standards issued in 2016, with the exception of the disclosures:

- GRI 403, for which reference is made to the 2018 version;
- from the specific supplement for the financial industry, whose standards were published in 2013.

Chapters	Material Topic	GRI Standards referred to in the 2021 Non-Financial Statement	Page number/Notes	Omissions
General information		Organisational profile		
		102-1	Name of the organisation	Page III
		102-2	Activities, brands, products, and services	Page 3, 5, 8
		102-3	Location of headquarters	Page III
		102-4	Location of operations	Page 103
		102-5	Ownership and legal form	Page III
		102-6	Markets served	Page 3, 5, 8
		102-7	Scale of the organisation	Pages 2, 14
		102-8	Information on employees and other workers	Page 83
		102-9	Supply chain	Page 21
		102-10	Significant changes to the organisation and its supply chain	Page 4
		102-11	Precautionary principle or approach	Page 16
		102-12	External initiatives	Page 7, 94, 96
		102-13	Membership of associations	<p>Below are the main industry associations of which the Group is a member:</p> <ul style="list-style-type: none"> <li>• ASSIFACT: Italian factoring association;</li> <li>• Assonime: Association of Italian corporations;</li> </ul>

Chapters	Material Topic	GRI Standards referred to in the 2021 Non-Financial Statement	Page number/Notes	Omissions
			<ul style="list-style-type: none"> <li>• ABI: Italian banking association;</li> <li>• Pri Banks: Association of private Italian banks;</li> <li>• Assilea: Italian leasing association;</li> <li>• UNIREC: Italian national union of credit protection companies.</li> </ul>	
			<b>Strategy</b>	
		102-14 Statement from senior decision-maker	Page V	
			<b>Risks</b>	
		102-15 Key impacts, risks, and opportunities	Page 18, 28	
			<b>Ethics and integrity</b>	
		102-16 Values, principles, standards, and norms of behaviour	Page 6, 19	
			<b>Governance</b>	
		102-18 Governance structure	Page 14	
			<b>Stakeholder engagement</b>	
		102-40 List of stakeholder groups	Page 13, 25	
		102-41 Collective bargaining agreements	Page 70	
		102-42 Identifying and selecting stakeholders	Pages 25, 104	
		102-43 Approach to stakeholder engagement	Page 13, 25	
		102-44 Key topics and concerns raised	Page 105	
			<b>Reporting practice</b>	
		102-45 Entities included in the consolidated financial statements	Page 5	
		102-46 Defining report content and topic boundaries	Page 103	
		102-47 List of material topics	Page 26	
		102-48 Restatements of information	Page 103	
		102-49 Changes in reporting	Page 24, 105	
		102-50 Reporting period	Page 103	
		102-51 Date of most recent report	Page 103	
		102-52 Reporting cycle	Page 103	
		102-53 Contact point for questions regarding the report	Page 103	
		102-54 Claims of reporting in accordance with the GRI Standards	Page 98	
		102-55 GRI content index	Page 98 - 102	
		102-56 External assurance	Page 113	
Ifis Integrity	Corporate integrity and anti-corruption	103-1 Explanation of the materiality of the topic and its boundary	Page 26	
		103-2 The management approach and its components	Page 33 - 39	
		103-3 Evaluation of the	Page 36 - 37	

Chapters	Material Topic	GRI Standards referred to in the 2021 Non-Financial Statement	Page number/Notes	Omissions
Ifis Customers		management approach		
		205-2	Communication and training about anti-corruption policies and procedures	Page 36 - 37
		205-3	Confirmed incidents of corruption and actions taken	Page 37
		103-1	Explanation of the materiality of the topic and its boundary	Page 26
		103-2	The management approach and its components	Page 40 - 42
	Credit quality	103-3	Evaluation of the management approach	Page 42
	Data protection	103-1	Explanation of the materiality of the topic and its boundary	Page 26
		103-2	The management approach and its components	Page 43 - 45
		103-3	Evaluation of the management approach	Page 45
		418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 45
	Support to enterprises and financial inclusion of customers	103-1	Explanation of the materiality of the topic and its boundary	Page 26
		103-2	The management approach and its components	Page 50 - 55
		103-3	Evaluation of the management approach	Page 50, 52 - 54
		FS7	Monetary value of products and services for social purposes	Page 52
		FS16	Initiatives to enhance financial literacy by type of beneficiary	Page 50, 53 - 55
	Digital innovation	103-1	Explanation of the materiality of the topic and its boundary	Page 26
		103-2	The management approach and its components	Page 56 - 57
		103-3	Evaluation of the management approach	Page 57
	Quality of products and services	103-1	Explanation of the materiality of the topic and its boundary	Page 26
		103-2	The management approach and its components	Page 58 - 59
		103-3	Evaluation of the management approach	Page 58
		FS15	Policies for the fair design and sale of financial products and services	Page 58
	Transparency of information on products and services	103-1	Explanation of the materiality of the topic and its boundary	Page 26
		103-2	The management approach and its components	Page 60 - 61
		103-3	Evaluation of the management approach	Page 60 - 61
		417-2	Incidents of non-compliance concerning	Page 61



Chapters	Material Topic	GRI Standards referred to in the 2021 Non-Financial Statement	Page number/Notes	Omissions
		product and service information and labelling		
		417-3 Incidents of non-compliance concerning marketing communications	Page 61	
Ifis People	Employee well-being	103-1 Explanation of the materiality of the topic and its boundary	Page 26	
		103-2 The management approach and its components	Page 66 - 70	
		103-3 Evaluation of the management approach	Page 66 - 70, 80 - 82	
		401-1 New employee hires and employee turnover	Page 82	
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 70 401-2 b) The definition of "significant locations of operations" refers to the Banca Ifis Group.	
		403-1 Occupational health and safety management system	Page 66	
		403-2 Hazard identification, risk assessment, and incident investigation	Page 67	
		403-3 Occupational health services	Page 67	
		403-4 Worker participation, consultation, and communication on occupational health and safety	Page 67	
		403-5 Worker training on occupational health and safety	Page 68	
		403-6 Promotion of worker health	Page 68	
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 21	
		403-8 Workers covered by an occupational health and safety management system	Page 66	
		403-9 Work-related injuries	Page 68	
		403-10 Work-related ill health	Page 69	
		405-1 Diversity of governance bodies and employees	Page 15, 80 - 81	
	Promotion and development of employees	103-1 Explanation of the materiality of the topic and its boundary	Page 26	
		103-2 The management approach and its components	Page 71 - 76	
		103-3 Evaluation of the management approach	Page 71 - 75	
		404-1 Average hours of training per year per employee	Page 73	
		404-2 Programmes for upgrading employee skills and transition assistance programmes	Page 71, 72 404-2 b) The Group does not offer transition assistance and career-end management programmes.	
		404-3 Percentage of employees receiving regular	Page 75	

Chapters	Material Topic	GRI Standards referred to in the 2021 Non-Financial Statement	Page number/Notes	Omissions
	Diversity and inclusion		performance and career development reviews	
		103-1	Explanation of the materiality of the topic and its boundary	Page 26
		103-2	The management approach and its components	Page 77 - 79
		103-3	Evaluation of the management approach	Page 77, 79
		405-2	Ratio of basic salary and remuneration of women to men	Page 79 The definition of "significant locations of operations" refers to the Banca Ifis Group.
		406-1	Incidents of discrimination and corrective actions taken	Page 77
Ifis Responsibility	Direct environmental impacts	103-1	Explanation of the materiality of the topic and its boundary	Page 26
		103-2	The management approach and its components	Page 87 - 88
		103-3	Evaluation of the management approach	Page 88
		302-1	Energy consumption within the organisation	Page 88
		305-1	Direct (Scope 1) GHG emissions	Page 88
		305-2	Energy indirect (Scope 2) GHG emissions	Page 88
		305-3	Other indirect (Scope 3) GHG emissions	Page 88
	Sustainable finance	103-1	Explanation of the materiality of the topic and its boundary	Page 26
		103-2	The management approach and its components	Page 91 - 92
		103-3	Evaluation of the management approach	Page 91 - 92
		FS2	Procedures for assessing and screening environmental and social risks in business lines	Page 91
		FS8	Monetary value of products and services for environmental purposes	Page 92
	Committed to the community	103-1	Explanation of the materiality of the topic and its boundary	Page 26
		103-2	The management approach and its components	Page 87 - 96
		103-3	Evaluation of the management approach	Page 93, 96
		413-1	Activities with local community engagement, impact assessments, and development programmes	Page 93, 96

[GRI 102-46]  
 [GRI 102-48]  
 [GRI 102-50]  
 [GRI 102-51]  
 [GRI 102-52]  
 [GRI 102-53]

## Reporting process and calculation methods

As for the process, the business functions and the main Business Areas have been involved in both identifying the topics to focus the reporting on and gathering the qualitative and quantitative data necessary to prepare the Statement.

Information was gathered through a centralised process as part of which Banca Ifis's functions consolidated the data received from all subsidiaries under the supervision of the Finance function.

The Non-Financial Statement is prepared annually and includes a comparison with the information provided in previous years. The report refers to the period from 1 January 2021 to 31 December 2021 (the last report was published in March 2021).

The data is sourced from accounting and non-accounting records as well as the other IT systems in use at the competent functions, and validated by the relevant department heads. No revisions of data supplied in previous reports are recorded.

[GRI 102-4]

The Group mainly operates in Italy; internationally it is present in Romania and Poland. Due to the concentration of business on a national level<sup>40</sup>, the data in the document is not presented with a breakdown by geographic area where required by GRI Standards.

The Non-Financial Statement is audited only to a limited extent by an independent auditor, EY S.p.A., which audits also the Banca Ifis Group's financial statements.

For information about the contents of the Non-Financial Statement, please contact: [comunicazione@bancaifis.it](mailto:comunicazione@bancaifis.it).

## Materiality analysis method

The materiality analysis was based on the methodological references set out in the GRI 2016 Sustainability Reporting Standards and the Communication no. 2017/C 215/01 from the European Commission ("Guidelines on non-financial reporting"). In addition, the Group also considered the GRI's Financial Services Sector Supplement and the Guidelines issued by the Italian Banking Association (ABI, Associazione Bancaria Italiana) on the application of the GRI's indicators and the Social Reporting Standards of the GBS Association (Gruppo di Studio per il Bilancio Sociale) to the bank.

For the purpose of the 2021 materiality analysis, the topics identified as "potentially relevant" in 2019 have been confirmed. The topics were divided into six macro-areas, of which five match those set out in Italian Legislative Decree no. 254/2016. The sixth area, which concerns "business topics", includes the topics that, although not expressly required by the Decree, were found to be material to assuring the understanding of the Group's business by its stakeholders.

According to the European Commission's "Guidelines on non-financial reporting", each company assesses, among the topics potentially material to its business, which ones are relevant for the purposes of non-financial disclosure, based on its analysis of how important that information is in understanding its development, performance, position, and impact. This relevance assessment should take into account internal and external factors<sup>41</sup>.

<sup>40</sup> For GRI 102-8 and 401-1, no breakdown is given of the data by geographic area insofar as operations are mainly concentrated in Italy with employees abroad accounting for 1,6% of the total.

<sup>41</sup> Communication 2017/C 215/01 "Guidelines on non-financial reporting", European Commission, 2017

The GRI Sustainability Reporting Standards also suggest considering a combination of internal and external factors when assessing the relevance of the different topics and recommend several “materiality tests” to take into account<sup>42</sup>.

The relevant factors or “tests” may include:

- the company's mission, strategy, main risks and opportunities;
- existing management approaches and systems;
- environmental, social and governance challenges considered by other companies in the same sector;
- concerns, requests, and expectations expressed by stakeholders concerning either the company or, more broadly, the sector or businesses in general;
- existing or potential commitments in light of the adoption of voluntary standards or compliance with regulatory constraints.

In line with these references, in 2021, in order to prioritise the potentially material topics and identify those to be addressed in the 2021 Non-Financial Statement, different types of data were collected in order to assess two dimensions of relevance (internal and external). More specifically, in 2021:

- Internal relevance was developed by modifying the scores assigned to the topics identified in 2019 based on interviews conducted functions to define the ESG framework of the Business Plan with key corporate functions in March 2021. [GRI 102-42]
- To investigate the external relevance:
  - a “mediated assessment” of the interests and expectations of the Banca Ifis Group's main stakeholders was carried out both through meetings with the corporate functions most involved in dialogue with the main stakeholders, and through the analysis of the results that emerged from the interviews conducted for the definition of the ESG Framework of the Business Plan;
  - the results of direct engagement initiatives with these stakeholders were analysed and taken into consideration.

In accordance with Communication 2017/C 215/01 from the European Commission “Guidelines on non-financial reporting”, which recommends considering several factors when identifying and assessing material topics, in addition to the internal and external relevance assessment, the Group conducted the following desk analyses to complement the direct assessments of Banca Ifis's managers (“weighting”). Specifically, it analysed:

- topics considered by the main competitors;
- emerging industry trends;
- regulatory changes concerning the industry.

The final step consisted in condensing all analyses and assessments carried out in order to determine the overall relevance of the topics considered, and thus identify the most material ones to be included in the 2021 Non-Financial Statement.

The internal and external relevance scores were subsequently arranged in a matrix.

Finally, the Group confirmed a relevance threshold of 3,5 (in line with previous years) for the purposes of the 2021 Non-Financial Statement, capable of representing in a significant manner the strategic importance of the topics to Banca Ifis's Business as well as the needs and expectations of its stakeholders.

<sup>42</sup> GRI 101: Foundation, Global Reporting Initiative, 2016

[GRI 102-44]

[GRI 102-49]

In **2021**, following the evidence that emerged from the internal and external listening path, it was considered appropriate to make the **following changes**:

- Enhancement of **the transversal nature of the “Brand reputation” topic**: as a transversal topic for the Banca Ifis Group's operations, Brand reputation will be treated for the year 2021 not as a separate topic but transversally to other topics, where necessary.
- Renaming the topic **“engagement for the area” to “engagement for the community”** in order to make the subject matter of the material topic clearer and more specific.



# Information according to the EU Taxonomy Regulation



## The European Taxonomy of Sustainable Activities

The European Taxonomy, as defined by the **Regulation (EU) 852/2020<sup>43</sup>** (EU Taxonomy Regulation), establishes a **system for classifying economic activities as climate and environmentally sustainable** by defining specific technical screening criteria for identifying such activities. According to the European Taxonomy, economic activities can be considered **Taxonomy-eligible or Taxonomy-non-eligible**, based on the presence or absence of the description of such activities within the **Delegated acts** governing the technical screening criteria for defining an activity as environmentally sustainable. A Taxonomy-eligible economic activity is defined as environmentally sustainable, i.e., Taxonomy-aligned, if it is capable of generating a substantial contribution to at least one of the 6 environmental objectives<sup>44</sup> by respecting the technical screening criteria in the Delegated acts.

**Article 8** of Regulation 852/2020 introduces at the European level, as of **1 January 2022**, a **Taxonomy disclosure rules** common to all financial undertakings and non-financial undertakings obliged to publish non-financial information, as set forth in Directive 2014/95/EU<sup>45</sup> (NFRD).

**Delegated Regulation (EU) 2021/2178<sup>46</sup>** defines the methodology and indicators for reporting required under the Taxonomy Regulation. Specifically, **Section 10 (3)** defines what aspects to report for FY 2021, specifically:

- a. the proportion in total assets of **exposures to Taxonomy-eligible and Taxonomy-non-eligible economic activities**;
- b. the proportion in total assets of **exposures to central governments, central banks, supranational issuers and derivatives**;
- c. the proportion in total assets of **exposures to undertakings not subject to NFRD**;
- d. qualitative information about the methodology and indicators to be used for reporting.

The Banca Ifis Group, as a credit institution, is also required to disclose the proportion of the **trading portfolio and on demand inter-bank loans** in total assets on the balance sheet.

### Approach taken

The FY 2021 disclosure is based on the gross carrying amount of assets on the financial statements as at 31/12/2021<sup>47</sup>, and refers to the **scope of prudent consolidation** as suggested by the regulations<sup>48</sup>.

For FY 2021, the Banca Ifis Group follows the templates suggested by the Platform for Sustainable Finance in its December 2021 Guidelines and, in accordance with the availability of counterparty data, reports information both using **point data**, according to the methods required by the regulations, and using **estimates obtained through the application of proxies**.

Specifically, for **exposures in central governments, central banks and supranational issuers and derivatives<sup>49</sup>** the Group refers to **spot data** while **proxy-based estimates** have been used for **exposures to Taxonomy-eligible and Taxonomy-not**

<sup>43</sup> Regulation (EU) 852/2020: <https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:32020R0852>

<sup>44</sup> The six environmental goals of the Taxonomy: climate change mitigation, climate change adaptation, sustainable use and protection of water resources, transition to a circular economy, pollution prevention and reduction, and biodiversity protection.

<sup>45</sup> Directive 2014/95/EU: <https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:32014L0095&from=en> (NFRD) on the disclosure of non-financial information (transposed into Italian law by Legislative Decree no. 254 of 30 December 2016)

<sup>46</sup> Delegated Regulation 2021/2178: [Publications Office \(europa.eu\)](https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:32021R2178)

<sup>47</sup> Off-balance sheet assets are excluded

<sup>48</sup> Annex V of Delegated Regulation 2021/2178 requires credit institutions to report relevant KPIs based on the scope of their prudential consolidation determined in accordance with Title II, Chapter 2, Section 2 of Regulation (EU) no. 575/2013

<sup>49</sup> Article 10 paragraph 3 letter b) of Delegated Regulation 2021/2178



eligible economic activities<sup>50</sup> and for exposures to undertakings that are not obliged to publish non-financial information<sup>51</sup>. The following is a breakdown of the proxies used:

- the Banca Ifis Group has identified **eligible asset exposures** as those asset exposures that can contribute to climate change mitigation and adaptation objectives by identifying them through a **process of assessment of the prevailing economic sector**<sup>52</sup> with respect to the activities described within Annexes I and II of the Delegated Act on Climate<sup>53</sup>;
- the Banca Ifis Group has identified **exposures to undertakings that are not obliged to publish non-financial information** as being different from those in undertakings subject to NFRD. The latter have been identified using the list published by Consob<sup>54</sup> and relating to the Italian perimeter. In this analysis, subsidiaries belonging to Groups subject to NFRD were also included.

In assessing the eligibility of exposures, the Group included the following assets in its analysis:

- debt securities and equity instruments;
- loans and advances to businesses;
- loans and advances to individuals for the purchase or renovation of real estate;
- consumer credit for the purchase of motor vehicles (Ifis Leasing).

In line with the Green Asset Ratio (GAR) indicator whose application is envisaged from 2023, for the calculation of **covered assets** (eligible and non-eligible) all exposures in central governments, central banks, supranational issuers, exposures to undertakings not obliged to publish non-financial information, derivatives, the trading portfolio and on demand inter-bank loans were excluded from total assets.

**Additional disclosures** are also reported showing the gross carrying amount of eligible exposures calculated considering **all exposures to eligible undertakings regardless of the NFRD requirement**. This additional disclosure on eligible exposures, for consistency with the regulatory requirements mentioned above, excludes all exposures in central governments, central banks, supranational issuers, derivatives, the trading portfolio and on demand inter-bank loans.

<sup>50</sup> Article 10 paragraph 3 letter a) of Delegated Regulation 2021/2178

<sup>51</sup> Article 10 paragraph 3 letter c) of Delegated Regulation 2021/2178

<sup>52</sup> Using the NACE classification system and its Italian equivalent ATECO

<sup>53</sup> Delegated Regulation (EU) 2021/2139: <https://eur-lex.europa.eu/legal-content/en/TXT/HTML/?uri=CELEX:32021R2139&from=en>

<sup>54</sup> List updated on 2 November 2021

## Results

The results, reported below, deriving from the application of the regulations described above, are strongly impacted by the **nature of the Banca Ifis Group's business, specialised and diversified in financial services to meet the needs of Small and Medium-sized Enterprises (SMEs)**, typically not subject to NFRD obligations, and therefore, at the moment, not considered eligible assets.

The share of **eligible covered assets** is approximately 222 million Euro and equates to **2%** of total assets in the financial statements. Exposures to **undertakings that are not obliged to publish non-financial information** amount to around 7,3 billion Euro and represent around **55%** of total assets on the financial statements. By extending the perimeter also to this category of companies, the share of eligible assets would rise to around 20%<sup>55</sup>

On the other hand, the share of **non-eligible covered assets**, compared with total assets in the financial statements, is **16%**, corresponding to around 2,1 billion Euro.<sup>56</sup>

The remaining items are represented by **exposures in central administrations, central banks, supranational issuers**, equal to 24% (3.2 billion Euro), while the share of the **trading portfolio and on demand inter-bank loans** corresponds to 3% (359 million Euro)<sup>57</sup>.

In line with the templates suggested by the Platform for Sustainable Finance in its December 2021 Guidelines, the following are the required disclosures:

		2021
<b>Eligible</b>		
Eligible covered assets*	€ mln	221,7
	% of total assets	2%
<b>Non-eligible</b>		
Non-eligible covered assets*	€ mln	2.120,5
	% of total assets	16%
Trading portfolio and on demand inter-bank loans	€ mln	358,6
	% of total assets	3%
Exposures to central administrations, central banks, supranational issuers	€ mln	3.196,7
	% of total assets	24%
Derivatives	€ mln	0
	% of total assets	0%
Exposures to undertakings not subject to NFRD obligations**	€ mln	7.348,8
	% of total assets	55%

\*Covered assets: exposures in central governments, central banks and supranational issuers and derivatives, undertakings that are not obliged to publish non-financial information pursuant to Article 19 bis or 29 bis of Directive 2013/34/EU, trading portfolio and on demand inter-bank loans are excluded from total assets.

\*\*Exposures to undertakings not subject to NFRD were calculated as the difference between total exposures to corporate counterparties and total exposures to undertakings subject to NFRD.

<sup>55</sup> Additional disclosure on eligible exposures: the figure reported is an additional disclosure not required by regulation and includes exposures in firms not subject to the requirement to publish non-financial information pursuant to Article 19 bis or 29 bis of Directive 2013/34/EU that are engaged in a business eligible for the Taxonomy. The figure does not include exposures in central governments, central banks and supranational issuers and derivatives, trading portfolio and on demand inter-bank loans.

<sup>56</sup> The Banca Ifis Group has also decided, in compliance with the Green Asset Ratio (GAR) indicator, the application of which is envisaged from 2023, to consider the total assets covered (equal to 76% of total assets) as the denominator, therefore excluding central governments, central banks, supranational issuers and the trading portfolio. The share of eligible exposures in relation to total covered assets thus calculated corresponds to 2% or 222 million Euro while the share of non-eligible exposures corresponds to 21% (2,1 billion Euro). The remaining 77% is represented by on demand inter-bank loans and exposures to undertakings that are not subject to NFRD obligations.

<sup>57</sup> The portion of the trading portfolio and on demand inter-bank loans includes derivatives held for trading.

The table below shows details of the eligible covered assets relating to the exposures, in terms of gross carrying amount, for:

- prevailing NACE classification code of the counterparty and related only to non-financial undertakings subject to NFRD assessed as eligible;
- retail exposures to residential real estate or house renovation loans;
- credit consumption loans for car loans (Ifis Leasing).

Figures in € mln	2021
<b>Eligibility of non-financial undertakings subject to NFRD by NACE sector</b>	<b>55,0</b>
C24 Metallurgical of basic metals (C24.1 - C24.52)	6,1
C25 Manufacture of fabricated metal products, except machinery and equipment	5,5
C26 Manufacture of computer, electronic and optical products	0,8
C27 Manufacture of electrical equipment	2,2
C28 Manufacture of machinery and equipment n.e.c.	4,3
C30 Manufacture of other transport equipment (C30.1 - C30.9)	0,1
D35 Electricity, gas, steam and air conditioning supply (D35.11 - D35.22)	3,1
F43 Specialised construction activities	4,1
H49 Land transport and transport via pipelines (H49.1 - H49.20 - H49.32)	5,6
H52 Warehousing and support activities for transportation (H52.21)	2,1
H53 Postal and courier activities (H53.1)	1,6
J61 Telecommunications	1,0
J63 Information service activities (J63.11)	0,5
L68 Real estate activities	8,2
M71 Architectural and engineering activities; technical testing and analysis	2,3
N77 Rental and leasing activities (N77.11)	7,2
<b>Retail exposures to residential real estate or house renovation loans</b>	<b>122,4</b>
<b>Consumer credit for the purchase of cars (Ifis Leasing)</b>	<b>44,2</b>
<b>Total</b>	<b>221,7</b>



Independent auditors' report  
on the Non-Financial  
Statement



## Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 2018 (Translation from the original Italian text)

To the Board of Directors of  
Banca Ifis S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Banca Ifis S.p.A. and its subsidiaries (hereinafter the "Group" or "Banca Ifis Group") for the year ended 31 December 2021 in accordance with article 4 of the Decree approved by the Board of Directors on 10 March 2022 (hereinafter "DNF").

The limited assurance we have carried out does not cover the information contained in the paragraph "Information according to the EU Taxonomy Regulation" of the DNF, required by Article 8 of the European Regulation 2020/852.

### Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Standards" published by GRI - *Global Reporting Initiative* (hereinafter "GRI Standards") identified by them as an independent reporting methodology.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

## Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

## Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with Banca Ifis S.p.A's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant topics in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Group's consolidated financial statements on December, 31<sup>st</sup> 2021;
4. understanding of the following aspects:
  - o Group's management and organization business model, with reference to the management of the topics indicated in article 3 of the Decree;
  - o policies adopted by the Group related to the matters indicated in art. 3 of the Decree, results achieved and related key performance indicators;
  - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below;

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.

In particular, we have conducted interviews and discussions with the management of Banca Ifis S.p.A. and we have performed limited documentary evidence procedures with the personnel of the latter, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, at group level, for significant information, considering the Group activities and characteristics:

- at Group level, we have:
  - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- with specific reference to Banca Ifis S.p.A., we have carried out verification activities during which we have had discussions with the management of the latter and we have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

## Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Banca Ifis Group for the year ended on 31 December 2021 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Our conclusions on the DNF of Banca Ifis Group do not cover the information contained in the paragraph " Information according to the EU Taxonomy Regulation" of the DNF, required by Article 8 of European Regulation 2020/852.

Verona, 31 March 2022

EY S.p.A.  
Giuseppe Miele  
(Auditor)

*This report has been translated into the English language solely for the convenience of international readers.*







[bancaifis.it](http://bancaifis.it)