



3.

Ifis 4 Integrity

Consolidated Non-Financial Statement
2022



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 4 Integrity represents the Group's integrity, our constant commitment to 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

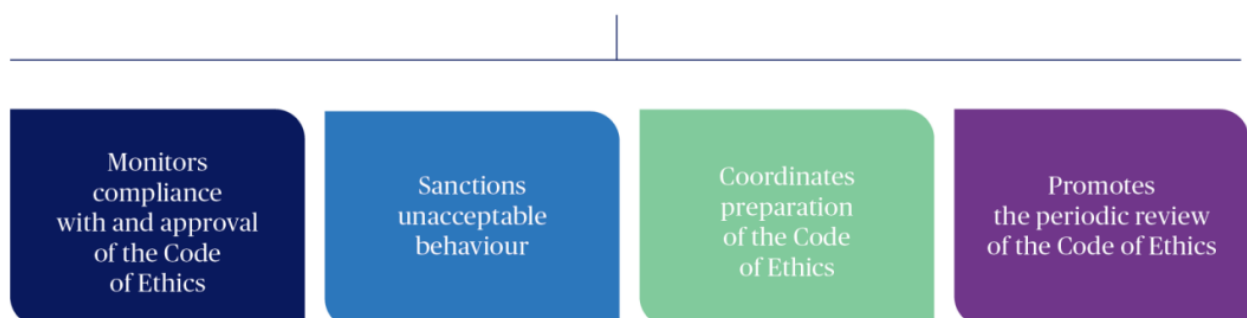
[GRI 3-3]
[GRI 2-23]

Policies and other reference documentation

- Group Code of Ethics
- Organisational, Management and Control Model as per Italian Legislative Decree no. 231/2001 of the Bank
- Group Whistleblowing Policy
- Group Anti-Money Laundering Policy
- Group guidelines on the Internal Control System
- Anti-Money Laundering Manual Cap.Ital.Fin.
- Banca Credifarma Anti-Money Laundering Manual regulatory/procedural part
- Operating manual on Embargo and anti-terrorism: Checks on incoming and outgoing bank transfers (Banca Ifis)
- Anti-Money Laundering Negative List Operating Manual
- Distribution Policy (Cap.Ital.Fin.)
- Group Lending Policy

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.

SUPERVISORY BODY



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 the course of 2022, the Parent company's Organisation, Management and Control Model was updated in order to adapt the General and Special Part to the Governance model adopted by the Bank, the external regulatory changes that took place during 2022 and newly issued or updated internal regulations.

The Organisational, Management and Control Models are updated in accordance with the provisions of internal regulations which govern the roles and responsibilities for updating the Models. Specifically, the bank has an operating note governing how to update the model depending on whether it is affected by external or internal regulatory changes or violations.

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;
- **control over the number of mandates**: pursuant to Art. 128 quater, paragraph 4 of the Consolidated Law on Banking, the financial agent may perform activities based on the mandate of a single intermediary or several intermediaries belonging to the same Group. In certain cases, the agent may take on two additional mandates provided that they are for different products from those already in place;
- 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. and Banca Ifis, 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 call centre of the company Ifis Npl 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.

In line with what is set forth for the distribution network of Cap.Ital.Fin. and Banca Ifis, the Control Functions carry out **periodic checks on the External Network** (debt collection companies, agents pursuant to Art. 115 of the Consolidated Act on Public Safety and financial agents) with regard to compliance with legislative and regulatory provisions as well as the procedures shared when the mandate is signed and subject to periodic updating, in order to reduce the operational, legal and reputational risks associated with credit intermediation activities. On the basis of the results emerging from the activities carried out, specific initiatives are taken.

The Organisational, Management and Control Model as per Italian Legislative Decree no. 231/2001 of the Parent company 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 the Parent company 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 2-24]
[GRI 205-2]

The Board of Directors is briefed on the anti-corruption procedures adopted when it approves the Group's Code of Ethics and Organisation, Management and Control Model.¹⁹ **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 Group Code of Ethics, the

¹⁹ 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.

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 June 2022, the new edition has been published on the corporate intranet of the mandatory training course on the "Prevention and governance of the risk of an offence (Italian Legislative Decree 231/2001)".

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		2022 ²⁰	2021	2020
	No.	1.557 ²¹	543	691
	%	83%	29,4%	40,0%
Senior managers	No.	49	14	14
	%	51,6%	15,7%	17,9%
Middle managers	No.	465	131	179
	%	82,0%	24,0%	35,3%
Clerical staff	No.	1.043	398	498
	%	86,1%	32,8%	43,6%

In the course of 2022, the Human Resources Learning and Development structure organised **training sessions for the members of the Board of Directors** of Italian-registered Group companies. One of the training sessions was devoted to the regulatory aspects to be taken into account for the members of a Board of Directors in the banking sector. Furthermore, the members of the Board of Directors 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. During the reporting period, 31% of the members of the Board of Directors received anti-corruption training²².

In March and October 2022, 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 official misconduct.

The safeguards adopted to ensure that external networks behave with integrity include the obligation to comply with the Code of Ethics and the Organisation and Management Model pursuant to Italian Legislative Decree no. 231/01, when the contract is entered into. Finally, as regards the Group's stakeholders, the Group Code of Ethics and the "General Part" of the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01 are published on the Group's website²³.

[GRI 205-3]

As in the previous year, during 2022 **there were no incidents of corruption or legal cases brought against the employees of the Group or the external networks.**

[GRI 206-1]

As a confirmation of an effective management system, also in the course of 2022, in line with previous years, the Banca Ifis Group was **not subject to legal action for anti-competitive behaviour, the violation of antitrust regulations and the relative monopolistic practices in which the Group has been identified as a participant.**

Anti-money laundering and terrorist financing

Preventing the risk of money laundering is **key for protecting the Bank's and the Group'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 sanctioned or are known or suspected members of organisations engaging in criminal or illicit activities. This principle is translated into **specific**

²⁰ The count considers employees who have completed at least one of these activities: E-learning course "The liability of entities ed. 2020" made available as of October 2020; "Prevention and governance of the risk of an offence (Italian Legislative Decree 231/2001)", made available from June 2022 as an update and replacement of the course previously mentioned.

²¹ The figure refers to Group employees on the workforce at 31/12/2022. Including in the calculation also those employees who left the organisation during the reporting period and who received the training in question during the year 2022 (26, of whom 22 were clerical staff and 4 middle managers), the figures are: total 1583 (84%); clerical staff 1065 (87,9%); middle managers 469 (82,7); the figures for Senior Managers remain unchanged.

²² The figure considers only the Board of Directors of Banca Ifis.

²³ For further details, see chapter "3.4 Relationship with the supply chain".

procedures and checks in the various business areas, which aim to assign a risk profile to the counterparty on the basis of which an approval process is activated at different levels of the corporate hierarchy. If a High risk profile is identified, an enhanced verification and authorisation is carried out by the senior management²⁴; in case of confirmed presence in the terrorist lists, the request is immediately rejected and a suspicious transaction report is sent if necessary. Specifically:

- the **Leasing** segment examines lists and 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, also involving the Anti-Money Laundering function;
- 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;
- at **Cap.Ital.Fin.**, screening is carried out to identify politically exposed persons or those at risk of terrorism. The company also has lists in use for screening negative reputational information, which is evaluated on a case-by-case basis on positive subjects, and tools for verifying identification documents;
- at **Banca Credifarma**, possible politically exposed persons or those at risk of terrorism are verified using the Fastcheck procedure, which is integrated into customer profiling applications;
- the **Npl** segment conducts a review at the time the receivables portfolio is acquired, and checks are also performed subsequently 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 escalation 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 similar incidents.

[GRI 2-24]

The Anti-Money Laundering function helps define the contents of **mandatory anti-money laundering training**, especially for those employees that are in direct contact with customers. Training on anti-money laundering is delivered both through (virtual) classroom courses and via the online e-learning course "Anti-money laundering regulations, ed. 2022" lasting 4 hours, activated on the Ifis Talent platform.

More specifically, with regard to classroom training, **a total of 51,5 hours of anti-money laundering training was provided to 742 employees** during the year (in 2021 46 hours for 496 employees).

For **Banca Ifis** the following were organised:

- 6 virtual classroom training sessions of two hours each on "Intercepting anomalies and reporting suspicious transactions" for employees of the Bank's management and business development functions, for a total of 248 employees;
- specific training sessions devoted to the Trade Receivables Development & Management, Leasing Customer Service, Database, Debt Collection and Corporate Finance functions (for a total of 156 employee) on the subject of "Ongoing due diligence obligations";
- specific training sessions dedicated to the Transaction Evaluation and Major Risks and Monitoring functions (for a total of 59 employees) on the new version of the "GIANOS 5.5" profiling application²⁵;
- additional training sessions were organised for the onboarding of 14 new Bank employees including apprentices and new business developers.

²⁴ "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 customers. 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.

²⁵ A tool integrated into the Bank's Core Banking information system of the supplier CEDACRI that can be used to calculate customer money laundering and terrorist financing risk profiles, both during on-boarding and on an ongoing basis.

For **Banca Credifarma** the following were organised:

- 2 virtual classroom training sessions of two hours each on “Intercepting anomalies and reporting suspicious transactions” devoted to employees of the Commercial, Operations and Monitoring functions, for a total of 46 employees;
- two specialised training sessions on the new anti-money laundering applications (AMLET) and on the management of certifications on Fastcheck negative lists and in SARA flows.

For **Capitalfin**, a training session was offered to the Marketing & Recruiting functions (4 people) on the use of the KYC Tool; while all OUs were called to the classroom for a course on “Customer due diligence and suspicious transaction reporting” (36 people).

Finally, the Ifis Npl Servicing Third Party Collection and Npl Master Servicing functions (14 people) received specific training on the risk profile updating process and transaction monitoring (Elipso Portfolio); while the employees of the Top Loan and Litigation functions were called to the classroom for a course on Customer due diligence and suspicious transaction reporting (44 people).

The Anti-Money Laundering function participated in training sessions organised by the HR function in connection with the Business Accelerator and Board Member Training programmes of the subsidiaries.

Likewise, the Anti-Money Laundering function provided general anti-money laundering training to the new Ifis Npl Investing agents and debt collectors, in addition to specific training sessions of one hour each on “Due diligence not in the physical presence of the customer” to Ifis Npl Servicing’s entire third-party network (financial agents registered with the OAM (Association of Credit Agents and Brokers), debt collection companies, debt collectors pursuant to Art. 115 of the Consolidated Act on Public Safety). The same course will be delivered in February 2023 to the Banca Ifis network (financial agents registered with the OAM who place leasing products).

Whistleblowing

[GRI 2-26]

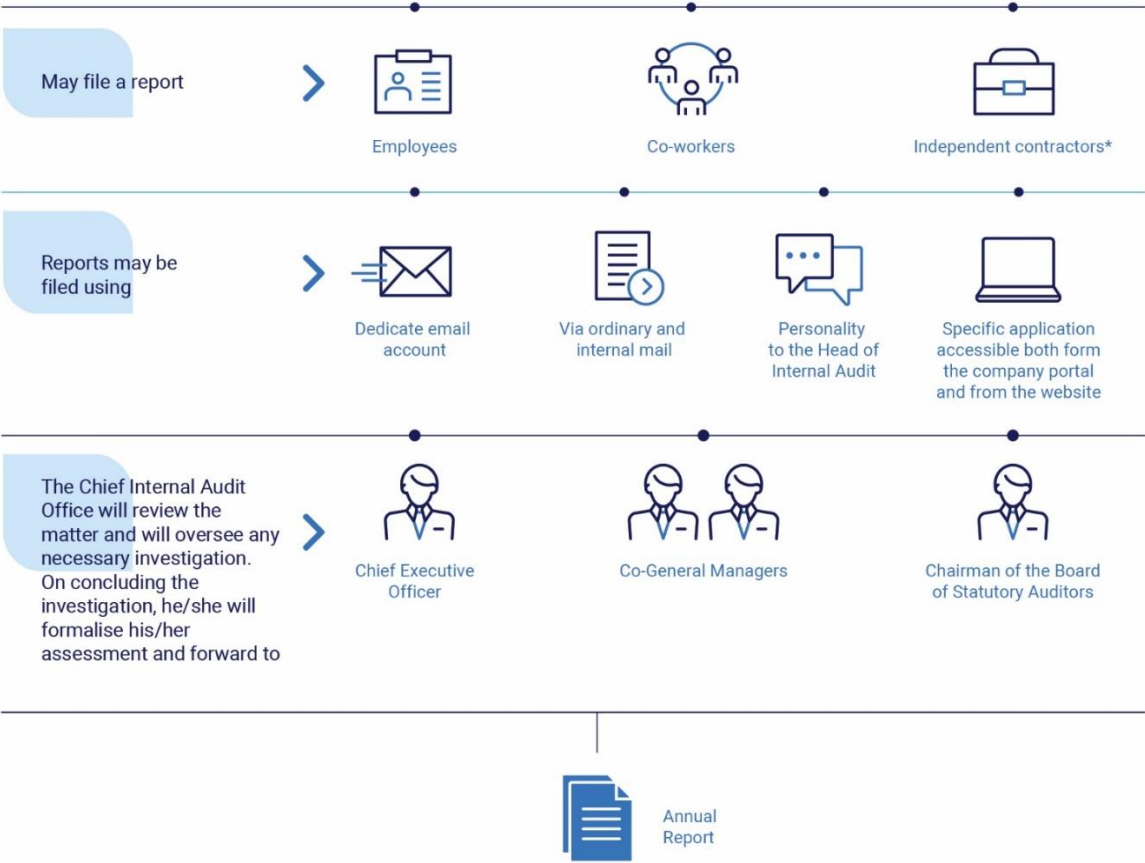
As the Parent company, Banca Ifis, in accordance with industry regulations and best practices, has established an internal system aimed at reporting actions, events or omissions potentially in violation of laws and internal procedures governing the operations of the Parent and its Subsidiaries with the 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 2022, no reports were received through the whistleblowing system.



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

3.2 Data protection

[GRI 2-23]
[GRI 3-3]

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 (Banca Ifis Group)
- 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 Group)
- Group Policy for the monitoring and measurement of performance (Banca Ifis Group)
- Organisational Procedure for managing logs (Banca Ifis)
- Organisational Procedure for managing logical access
- Organisational Procedure for the management of the Physical Security of information resources
- Group internet payment system policy (Banca Ifis Group)
- Organisational Procedure for continuous monitoring of security threats and vulnerabilities
- Organisational Procedure for managing information security logs
- Organisational Procedure for the treatment of electronic waste (Banca Ifis Group)
- Organisational Procedure for Hardening and Patch Management (Banca Ifis Group)
- Information classification and management policy (Banca Ifis Group)
- Organisational Procedure for physical security management (Banca Ifis Group)

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 Group's proprietary information**, which includes, among other things, the data of customers, employees, suppliers, and any other party with which the Group does business. In the course of 2022, the Banca Ifis Group conducted a wide-ranging and in-depth review of all internal regulations on personal data protection and set up an IT tool for the automated management of the main privacy requirements.

Information security

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

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. The Manual and the privacy regulations and procedures make up the privacy management model as well as the set of guidelines and rules defining how personal 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 2022, as for last year, the Group **received 4 complaints** concerning privacy breaches, almost all caused by operational errors. In any case, no sensitive data was exposed.

Substantiated complaints concerning breaches of customer privacy and losses of customer data		2022	2021	2020
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.	57 ²⁶	46	32

The growing number of incidents that entailed the loss, access or unauthorised disclosure of personal data is mainly due to an increase in the Group's verification activities on certain business processes, which made it possible to more accurately detect personal data breaches. Incidents noted in 2022 are primarily related to loss or theft of business devices, misdirected documentation via regular mail or e-mail, and lost or stolen paper documentation. No incident resulted in any communication to the Data Protection Authority or the data subjects.

In order to mitigate exposure to these risks, in 2022 the Banca Ifis Group launched internal awareness-raising campaigns on cybersecurity to develop a greater focus on identifying and reporting incidents involving personal data.

²⁶ The figure represents the total number of incidents that occurred in 2022 involving the loss, access, or unauthorised disclosure of personal data. The events can be divided up between the Group companies as follows: 18 incidents for Banca Ifis, 23 incidents for Ifis Npl Servicing, 13 incidents for Ifis Npl Investing, 1 incident for Cap.Ital.Fin., 1 for Farbanca, 1 incident for Banca Credifarma.

Raising employee awareness and the cybersecurity programme

During 2022, the Banca Ifis Group activated several awareness-raising campaigns on **cybersecurity** for all employees. In continuity with the previous reporting period, an **awareness campaign** was launched among the Group's employees through the **"Ifis Cappuccino"** initiative and other awareness raising snippets, as well as the **"Flash Cyber News"** monthly newsletter, to promote knowledge and awareness among employees of the latest cyber threats and cyber crime actions, providing up-to-date information on cyber protection and useful suggestions for countering them.

Cyber Intelligence services were continued, as was OSINT research carried out in support of the structure's activities and awareness throughout the Group. 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:

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

Finally, another phishing attack simulation campaign aimed at raising employee awareness of cybersecurity was conducted in 2022.

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

3.3 Quality and transparency of products and services

[GRI 2-23]
[GRI 3-3]
[FS15]

Policies and other reference documentation

- Group Code of Ethics
- Group Management Committee Regulations (Banca Ifis, Ifis Npl Investing, Ifis Npl Servicing)
- Policy for approving new products and services, starting new operations, and entering new markets (Banca Ifis, Group)
- Group Expenditure Cycle Management Policy
- Distribution Policy (Cap.Ital.Fin.)
- Group customer amicable dispute management policy
- Organisational Procedure for Marketing Communications to Customers (Banca Ifis)
- Organisational Procedure for the management of disputes sent to the Banca Ifis Group
- 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 (Banca Credifarma)
- Organisational Procedure for the mass management of product economic conditions (Banca Ifis)
- Organisational Procedure for the Management of RENDIMAX deposit accounts (Banca Ifis)
- Organisational Procedure for the Management of RENDIMAX current accounts (Banca Ifis)
- Organisational Procedure for the Management of the Ifis Current Accounts (Banca Ifis)
- Group Operational and Reputational Risk Management Policy

Quality of products and services

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 Group service level

For the Banca Ifis Group, our commitment is to guarantee customers a high level of service with quick and timely responses that stand out on the market. Below are the results obtained in 2022 for the **leasing, factoring and SME loan products**, which are substantively in line with the results of FY 2021.

Average time for **assessing lease proposals** (in line with 2021):

- 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 2021):

- 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**: 13,8 days

Average time for **assessing SME loan proposals**: 17,5 days

Ifis Npl Investing, including through Ifis Npl Servicing promotes on-going operator-customer relationships to consolidate 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 according to Art. 115 of the Consolidated Act on Public Safety (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 SLAs²⁷ to monitor the quality of the positions processed, envisaging and imposing penalties (on contractual SLAs) in the case of prolonged poor performance.

²⁷ SLA: Service Level Agreements, or contractual instruments through which the service metrics that must be respected by a service provider towards its customers/users are defined.

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 reputational 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**:

- the **Compliance** function 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;
- the **Anti-Money Laundering** function 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.

Transparency of information on products and services

Transparency towards customers impacts their trust in the Group and 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 2022, **no non-conformities were noted** in respect of voluntary codes and/or regulations regarding information about products and services, nor indeed in marketing communications.

[GRI 2-27]

During 2022, there were **2 incidents of non-compliance with laws and regulations**, one of which resulted in the payment of a fine worth 9.157 Euro. The second incident did not result in a fine.

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 **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

[GRI 2-25]

[GRI 2-26]

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.

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 General Counsel and functionally to Compliance and operates according to the guidelines set by them.

As far as **second-level control activities** are concerned, it is the established practice of the Operational and Reputational Risks unit to carry out periodic monitoring of complaints as concerns the internal control system. The purpose of this monitoring is to verify compliance with the regulatory timeframes for providing a response, their number and the acceptance rate. The results of these checks are summarised in specific management reports addressed to various structures, including the Parent company's Complaints Office, as well as in the Risk Management Dashboard.

[GRI 2-16]

On a six-monthly basis, the Head of the Complaints Office prepares statistical data on complaints and other types of out-of-court disputes handled by the Complaints Office and draws up a summary report presenting the situation for the reference six-month period for each individual Company. The report also contains additional activities carried out by the complaints office during the reporting period, such as training activities, inspections, etc.

The data processing shows, amongst other items, for example but not limited to, the following indicators:

- the total number of complaints received;
- the percentage of complaints accepted;
- the average response time;
- the geographical distribution of complaints;
- the distribution of complaints by customer category, by product/service, by reason for the complaint;
- any corrective actions taken at organisational level as a result of complaints received during the period under review.

The Head of the Complaints Office submits the report on complaints received and the processing generated:

- to the CEO (if any) of the Banking Group company;
- to the General Manager (if any) of the company.

Through the Head of Corporate Affairs:

- to the Head of the control function that manages compliance risk;
- to the Head of the General Counsel Department;

- to the Head of Communication, Marketing, Public Affairs & Sustainability.

The half-yearly report prepared is subsequently brought to the attention of the respective Board of Directors.

The Head of the Complaints Office also prepares a consolidated half-yearly report at Banca Ifis Group level on the overall situation of complaints received by all Group companies.

Complaints		2021 ²⁸	2020
Total number of complaints	No.	5.985	6.672
Accepted	No.	762	928
	%	12,7%	13,9%
Partially accepted	No.	267	342
	%	4,5%	5,1%
Rejected	No.	4.956	5.402
	%	82,8%	81,0%

²⁸ The figures for the year 2022 will be consolidated and approved by the Board of Directors in March 2023 and subsequently published on the company website at <https://www.bancaifis.it/reclami/resoconto/>.

3.4 Relationship with the supply chain

[GRI 2-23]
[GRI 3-3]

Policies and other reference documentation

- Group Expenditure Cycle Management Policy
- Corporate Goods and Services Procurement Management Organisational Procedure
- Group Code of Ethics
- Organisational, Management and Control Model as per Italian Legislative Decree no. 231/2001 of the Bank
- Group policy for the outsourcing of business functions;
- Procedure on the management of the outsourcing of business functions.

The supply chain

[GRI 2-6]

The Banca Ifis Group governs 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, both updated in 2022.

When formalising contracts or supply agreements, subject to the exclusions set forth in the Procedure, the Group requires the acknowledgement and acceptance of the principles laid out in the **Group's Code of Ethics**, understood as a binding document the violation of which entails contractual consequences. During the course of 2021, following the update of the Code of Ethics a contractual clause was added that expressly refers, according to the indications of reference internal regulations, 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, in the cases set forth in internal regulations, a breach of the contractual relationship between the Group and the recipient, and also gives the Group the right to demand termination or withdrawal from the contract for just cause if, in the unquestionable judgement of the Group, the violation committed is such as to undermine the relationship of trust or cause significant harm to the Group. The right of the Parent company or its Subsidiaries to claim damages remains unaffected. In the various relationships with suppliers, this clause is therefore being introduced into contractual texts wherever possible.

In addition, also when formalising contracts or supply agreements, in accordance with the indications of internal regulations, the Group also requires the acknowledgement and acceptance of the **Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01**.

[GRI 204-1]

In 2022, the Group used **4.524 suppliers** (4.946 in 2020 and 4.625 in 2021), 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.

The total value distributed to suppliers, divided between Italy and abroad, is shown below:

Proportion of spending on suppliers		2022
Total value distributed to suppliers	€	273.787.036
Total value distributed to suppliers - Italy:	€	268.139.431,5
	%	98%
Italy - North-East	€	96.530.195,3
	%	36%
Italy - North-West	€	96.530.195,3
	%	36%
Italy - Centre	€	50.946.492
	%	19%
Italy - South and Islands	€	24.132.548,8
	%	9%
Total value distributed to suppliers - Abroad:	€	5.647.604,5
	%	2%

The Group **selects its suppliers** on the basis of competitive procedures, transparent criteria and objective assessments covering parameters such as quality, usefulness, price, integrity, soundness and the ability to guarantee effective ongoing support, as well as compliance with the ethical standards adopted by the Group. Service providers are also selected by assessing their integrity, fairness and loyalty in conducting business, their ability to meet the obligations of the Code of Ethics and confidentiality, taking into account the nature of the service offered, and their sensitivity to social, environmental and corporate responsibility issues.

[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 suppliers²⁹, the Banca Ifis Group implements various measures depending on the work/service agreed upon. 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);
- verifies the presence of the Name on anti-money laundering lists;
- requires a self-declaration of not being in the cases set forth in Italian Presidential Decree 445 of 28/12/2000.

As far as second-level **control activities** on the supply chain are concerned, Risk Management is responsible for the management and supervision of risks related to outsourcing arrangements within the internal control system. Furthermore, following the periodic review process on outsourced activities, it reports annually on the outcomes to the Strategic Supervision Body. Starting from the year 2022-2023, an additional verification and monitoring activity by the Operational and Reputational Risks Unit was also established, which concerns specific suppliers with individual contracts exceeding a certain materiality threshold. The results of these analyses are shared with the Chief Operating Officer in order to identify any necessary interventions.

²⁹ This methodology is adopted for all interventions requiring the use of contractors, self-employed workers, services and supplies.