

Consolidated  
Non-Financial  
Statement

2020





# Consolidated Non-Financial Statement

## 2020

[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 just ended, marked by the COVID-19 emergency and the impact of this on the country's social and economic fabric, we confirmed our commitment to pursuing the growth objectives set by the Group and its stakeholder, in line with the UN 2030 Agenda and the 17 Sustainable Development Goals, ever more aware that sustainability offers leverage for the creation of value for the company, people and the environment.

On the basis of this awareness, we have promoted concrete action in support of our people, businesses and communities. We have chosen to wager on the flexibility of smart working and the digitisation of work processes, activating healthcare insurance for COVID-19 and running serological tests at work and at home.



We have offered support to business customers, adhering to the "Cura Italia" and "Liquidity" Decrees and the ABI Credit Agreement, approving 97% of all requests for moratorium that we received, granting resources to pharmacies and financing businesses that have decided to convert their production lines to support the health emergency. With Veneto Sviluppo and the Veneto Region, we have supported the liquidity of businesses struck by the pandemic. The agreement stipulated with the EIB has allowed us to allocate 50 million Euro to finance investment projects in the favour of SME growth, for which we have developed new financial

services in support of innovation and the digital transformation.

We have also supported communities through the projects "L'Italia Chiamò" (Italy called) for the Civil Protection and "Adotta un Ricercatore" (Adopt a researcher) promoted by the Padua-based Advanced Biomedical Research Onlus Foundation. We have supported initiatives promoted by the Umberto Veronesi Foundation, by the Andrea Bocelli Foundation and training projects aimed at assuring the gradual social inclusion of inmates of Bollate prison. Our commitment also focussed on projects in favour of treatment and research in paediatric neurology and cancer at the "Bambino Gesù" Children's Hospital of Rome.

We have sustained and strengthened our tie to the territories, helping convey a message of hope and courage at an extremely difficult time for our country, including through sports partnerships with FISU, the 2021 Cortina Alpine World Ski Championships, the Classic cycling races, the Reyer Venezia Mestre and other initiatives.

Being sustainable has also meant making innovations to protect the environment. Starting 1 January 2020, we only use green energy obtained 100% from renewable sources in all our offices and branches across Italy. This is a programme that, starting from the restructuring of sites with buildings that are increasingly environmentally-friendly, takes concrete form in business solutions to foster sustainable mobility, with the Ifis Leasing Green programme.

These are just some of the initiatives pursued in 2020, which we are proud to sum up in our new pay-off - "The value of growing together" - that ran throughout the rebranding campaign whereby we relaunched the identity of our Bank.

It is not a slogan; it is real, authentic evidence of how we work.

With and for people, businesses and communities. Together.

Sebastien Egon Fürstenberg

Chairman of Banca Ifis

Luciano Colombini

Chief Executive Officer



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## 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 500 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 2020 Non-Financial Statement is prepared on a consolidated level by the Parent Company Banca Ifis S.p.A. and includes all fully consolidated companies<sup>3</sup> falling within the scope of the Consolidated Financial Statements, with the exception of those established/purchased in the approach to year-end, for which it has not been possible to promptly and effectively organise the collection and reporting of non-financial information. More specifically, for Farbanca S.p.A.<sup>4</sup>, acquired on 27 November 2020, the choice was made to start consolidating non-financial information as from FY 2021, in line with the approach explained in Assonime Circular no. 13 of 12 June 2017 and in the 2018 Consob Regulation 20267.

This document also considers the Attention Note no. 1/21 of 16-2-2021 of Consob on the disclosure to be provided by the companies that publish the 2020 Non-Financial Statement relative to the impact of the COVID-19 pandemic on non-financial matters.

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 2020 Non-Financial Statement.

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

2 "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.

3 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.

4 Employees of Farbanca S.p.A., which is excluded from the scope, account for 1,8% of all Banca Ifis Group employees.



# 1.

## The Banca Ifis Group



## 1.1 Group Profile

### Group highlights

[GRI 102-7]



1.758

EMPLOYEES\*



100.000

CORPORATE  
CUSTOMERS



26

SALES OFFICES



PROPRIETARY NPL  
PORTFOLIO

> 19,8  
BN €

### RACCOLTA

> 2.367,1  
MN €

DUE TO BANKS

> 5.471,9  
MN€

DUE TO CUSTOMERS

> 2.069,1  
MN €

DEBT SECURITIES ISSUED



NET PROFIT FOR THE YEAR

> 68,8  
MN €



NET BANKING INCOME

> 467,8<sup>\*\*</sup>  
MN €

\* The data includes 31 employees of the new subsidiary Farbanca S.p.A.

\*\* Net impairment losses/reversals on receivables of the Npl Segment were entirely reclassified to Interest receivable and similar income to present more fairly this particular business and because they represent an integral part of the return on the investment.

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## 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.

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.

## Group History

[GRI 102-10]

1983

**I.Fi.S., Istituto di Finanziamento e Sconto** is established in Genoa as a financial intermediary, mainly operating in the factoring business.

2002

Ifis becomes a **Bank**.

2003/4

Banca Ifis is admitted to the **Milan MTA** market and the following year to the **STAR** segment, dedicated to medium-sized enterprises meeting requirements of excellence.

2008

**Rendimax**, the on-line deposit account, is launched.

2011

Banca Ifis enters the **NPL** market with the acquisition of Toscana Finanza.

2016

**GE Capital Interbanca** is acquired, thereby assuring entry into the segments of corporate banking, leasing, medium-term lending and structured finance.

2018

**Ifis Npl** becomes operative, from the spin-off of the Banca Ifis Npl area. **Cap.Ital.fin**, specialised in salary-backed loans and **Credifarma**, specialised in credit to pharmacies, join the Group.

2019

**FBS** (today Ifis Npl Servicing), is acquired, operating in the NPL area as an independent Italian servicer.

2020

Banca Ifis renews its image through a **rebranding** project.  
In November, **Farbanca** joins the Group, giving rise, in synergy with Credifarma, to the first operator specialised in financial services for pharmacies.

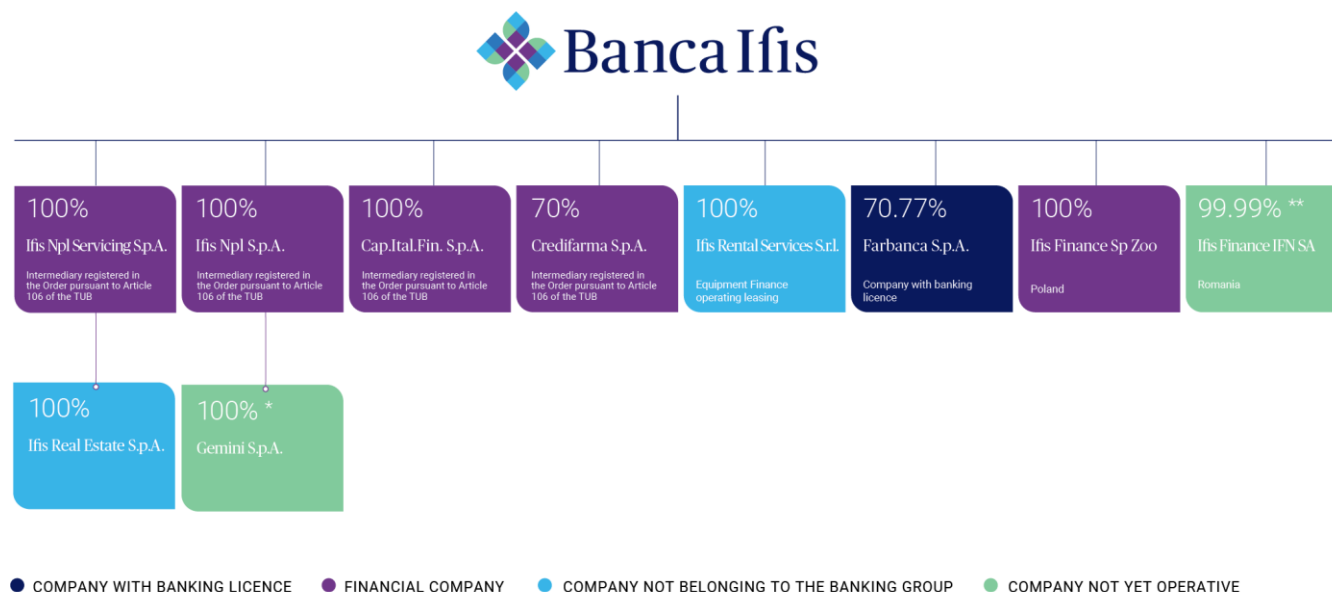


## Corporate structure<sup>5</sup>

[GRI 102-2]

[GRI 102-6]

[GRI 102-45]



\* In 2020, Banca Ifis launched a project with the aim of reorganising the whole of the Npl segment. The strategic design envisages the creation of a vertical chain aiming to guarantee the separation and independence of loan acquisitions and Department collections. In this respect, Gemini has been established, a company that was not operative at 31 December 2020, renamed Ifis Npl Servicing after the conclusion of the following extraordinary operations carried out on 1<sup>st</sup> January 2021:

- merger by incorporation of Ifis Npl Servicing (formerly Fbs) into Ifis Npl S.p.A.; and
- conferral of the servicing business to Ifis Npl Servicing S.p.A. (formerly Gemini S.p.A.).

Following these projects, starting 1<sup>st</sup> January 2021, the Group's business in the Non-Performing Loans has therefore been reorganised into three separate companies: Ifis Npl Investing, Ifis Npl Servicing and Ifis Npl Real Estate. The first acquires the Npl portfolios, the second deals with management and collection and Ifis Real Estate deals with the real estate business, servicing the other two companies.

<sup>5</sup> The corporate structure shown here refers to 31<sup>st</sup> December 2020

\*\* In 2020, Banca Ifis established a non-banking financial institution ("NBF") under the laws of Romania, called Ifis Finance IFN SA., whose corporate object is the supply of miscellaneous credit services, including factoring.

The aim is therefore to transform the current "Representative office" in Romania into a company in order to further enhance the reference competences (factoring), in a context that is considered to be particularly prospectively interesting and in which Banca Ifis boasts multiple years of presence, continuing on with the Group's international development.

The Company, which was not operative at 31<sup>st</sup> December 2020, started operating on the reference market on 1<sup>st</sup> March 2021.

## 1.2 Business model and values

### Vision, mission and values

In 2020, Banca Ifis relaunched its identity through a major rebranding operation whereby the institute sought to strengthen the Bank's image as a digital, sustainable, authentic bank and evolve its internal value system. A new place, a new sound identity and a new corporate identity increasingly focussed on a sustainable vision of the future.

More specifically, a new brand has been unveiled, flaunting the "digital bloom" logo, a virtual flower inspired by the colours of nature and represented by a circular graphical element that encloses the pulsing nucleus of Italian speciality finance, the people. For the first time ever, the Bank has chosen to associate an audio brand with the new trademark: the first to do so in the Banking and Financial segment, validated by neuro-scientific tests.

The project has been supported by a multi-channel communication campaign, which strengthens the Bank's positioning in support of business growth, both in the visual aspect and in the pay-off "The value of growing together".

A good 37 years after its foundation, the Bank has therefore taken on a new look, renovating in respect of its identity and confirming its vocation as bank of the real economy, aligning the character and expression of the brand with the new business objectives. **The new growth strategy has also led the Bank to redefine its Mission, Vision and Values.**

[GRI 102-16]

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



## Business model

[GRI 102-2]

[GRI 102-6]

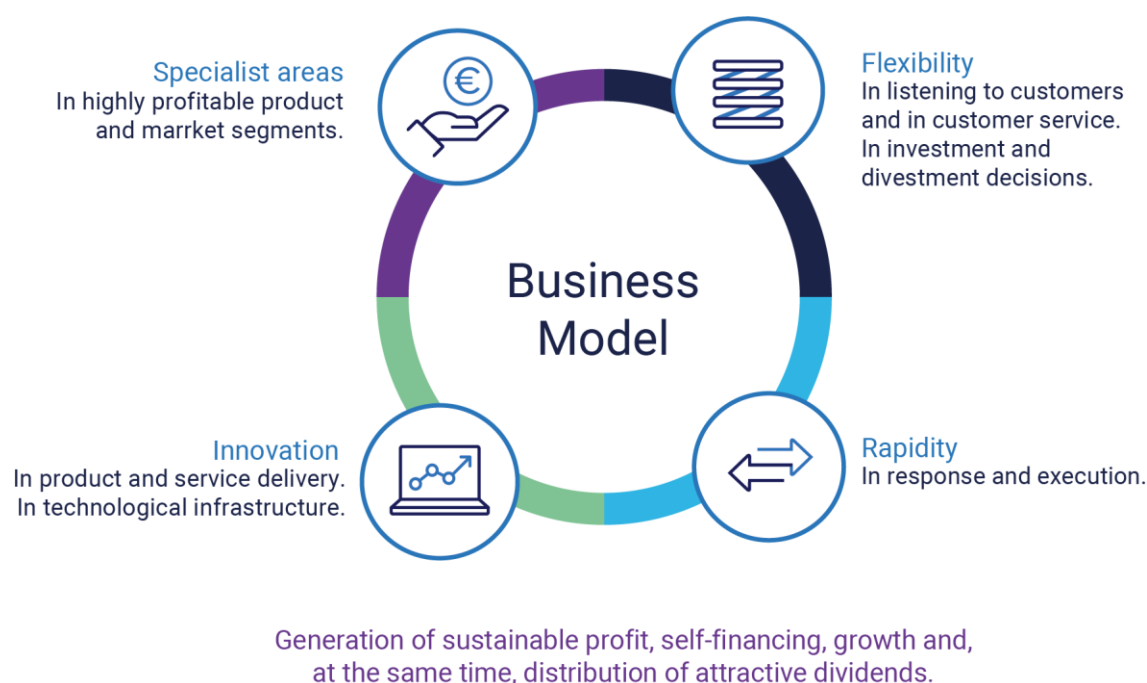
Banca Ifis operates on the Italian banking scene as **speciality finance player**.

The Group operates in highly profitable business segments, with proven managerial skills, exclusive know-how and acknowledged good standing. It boasts a solid, profitable 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 solid track record.

**Diversification** also ensures stability and makes it possible to reduce the business risk.

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 lock-downs to varying degrees, in a bid to limit the growth of contagion. These measures are continuing into the early months of 2021.

The current scenario makes all forecasts regarding both the duration and scope of the new containment/lock-down measures uncertain. We therefore expect to see the first part of 2021 still impacted by restrictions, whilst during the second half of the year, the progressive roll-out of vaccines should support a return to normality and the recovery of the Bank's businesses and macroeconomic context.

The current economic crisis is very different from previous ones, not only insofar as it has been brought about by a pandemic, but also in terms of the support offered by central banks and governments, which is unparalleled in recent decades. The main uncertainties relate to the speed of the economic recovery and the effectiveness of the government stimulation measures, which will be key in defining the macroeconomic context.

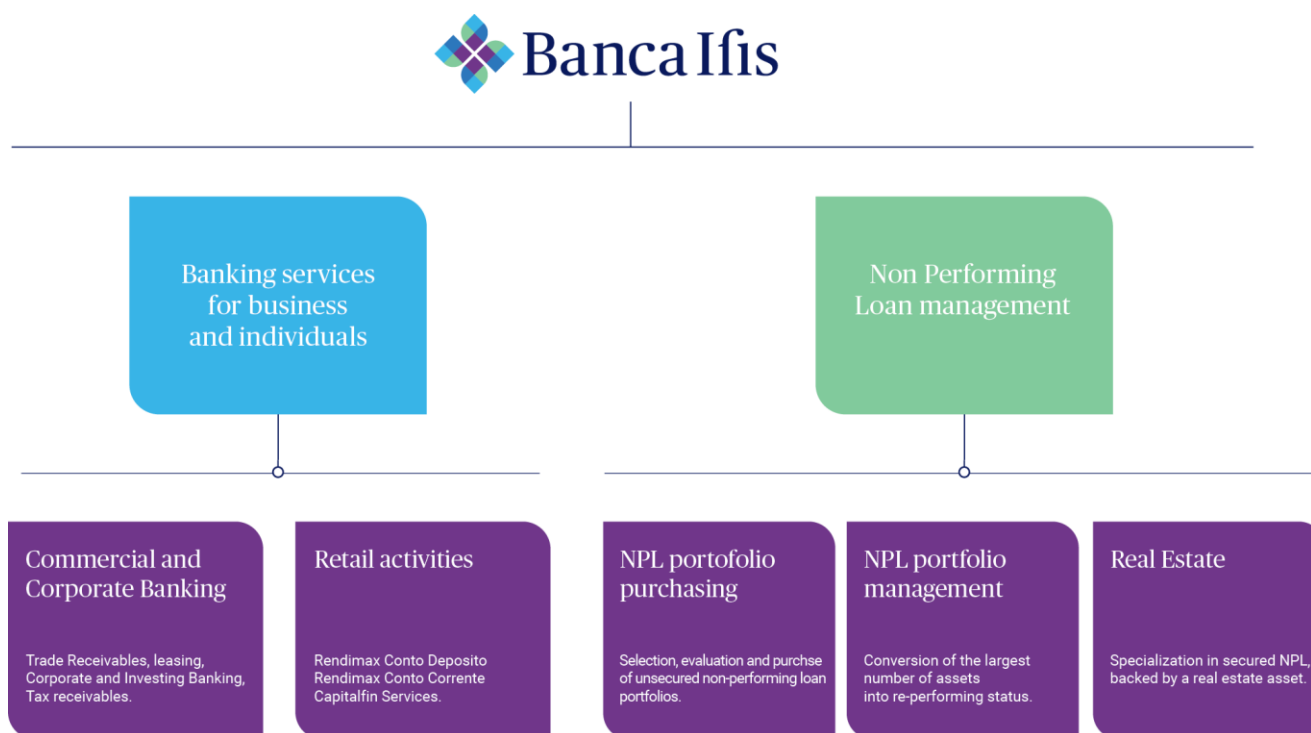
In this context, Banca Ifis remains concentrated on pursuing initiatives aimed at protecting the quality of assets and recoveries of the Npl portfolio, as well as proceeding with the investments and projects seeking to innovate the business model in support of the Bank's growth over the coming years.

On the credit front, at present, it is difficult to estimate the impacts on the quality of the assets, which will probably only become clear when moratoriums come to an end. The Banca Ifis Group business model, which looks to the short-term and is characterised by a good segment diversification, should afford greater protection. In addition, factoring substantively offers a twofold guarantee of the credit, by the transferred company and by the transferor, whilst the residual value of the leased assets helps reduce the risk. In a similar fashion, the impacts on the Npl business are mitigated by the diversification of the portfolio in terms of geography, segment and number of debtors. Additional provisions have also been made on performing exposures in the industries most exposed to the effects of the pandemic crisis, as well as action taken to reflect possible delays in the legal collection of debt.

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 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, we will continue to seek out solutions aiming to reduce the time necessary for collecting on bad loans and limiting structural costs. The Npl business should also benefit from a progressive return to normality in the courts and the resuming of amicable "home" collections.

## 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 Bank is therefore the fifth most important Italian factoring operator in terms of turnover, with 4,9%<sup>6</sup> of the market and a market share of 1,6%<sup>7</sup> in financial leasing and operating leasing, a top leader in electric car leasing. 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 that is entirely dedicated to tax credits, with an important presence in the finance sector for pharmacies, through the companies **Credifarma and Farbanca** (the latter only recently acquired) and manages the invoice advances to the Public Administration. It has also accrued specific competence in recognising the credit rating of SMEs. In 2020, the Group boasted a total of approximately 100.000 client businesses.

## Retail business

Banca Ifis 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 institute 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

Banca Ifis is the sixth most important operator<sup>8</sup>, with 23,6 billion Euro in assets under management<sup>9</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 1,4 million debtors.

<sup>6</sup> Source: Assifact – FY 2020

<sup>7</sup> Source: Assilea – FY 2020

<sup>8</sup> Source: Market Watch Npl January 2021 of the Banca Ifis Study Office

<sup>9</sup> At 31 December 2020

## Stakeholder engagement

[GRI 102-40]

[GRI 102-43]

Banca Ifis undertakes to maintain **constant relations with its stakeholders** in order to identify the various needs, direct the Group's actions better and offer the best experience possible to its interlocutors.

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

Stakeholder	Engagement activity
Employees <sup>10</sup>	<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>• Group rebranding presentation event</li> <li>• Initiatives to involve employees in events and activities linked to sponsorships with the aim of assigning them the role of ambassador (on social networks, internal channels, etc.)</li> <li>• Assignment of premiums through interaction with intranet contents</li> <li>• Sending of gift boxes to the homes of employees during the holiday periods</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Periodic surveys on quality and dedicated newsletters</li> <li>• Events relative to innovation, change and relations</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> </ul>
Shareholders, Investors and analysts	<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>
Agents	<ul style="list-style-type: none"> <li>• Events and conventions</li> </ul>
Institutions and regulators	<ul style="list-style-type: none"> <li>• Meetings with representatives of the institutions</li> <li>• Participation in working party committees</li> </ul>
Industry associations	<ul style="list-style-type: none"> <li>• Institutional meetings</li> <li>• Group representatives on the association bodies</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Events (e.g. Npl meeting, press conferences)</li> <li>• Institutional relations meetings</li> <li>• Research and analysis of the Italian market</li> </ul>
Community	<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>
Suppliers	<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>10</sup> For more information on employee engagement activities, refer to the relevant section of chapter 5. *Ifis People*

Moreover, making the most of the opportunity offered up by the **Banca Ifis Group rebranding**, **several communication and engagement initiatives** have been launched for the presentation of the new identity to all internal and external stakeholders.

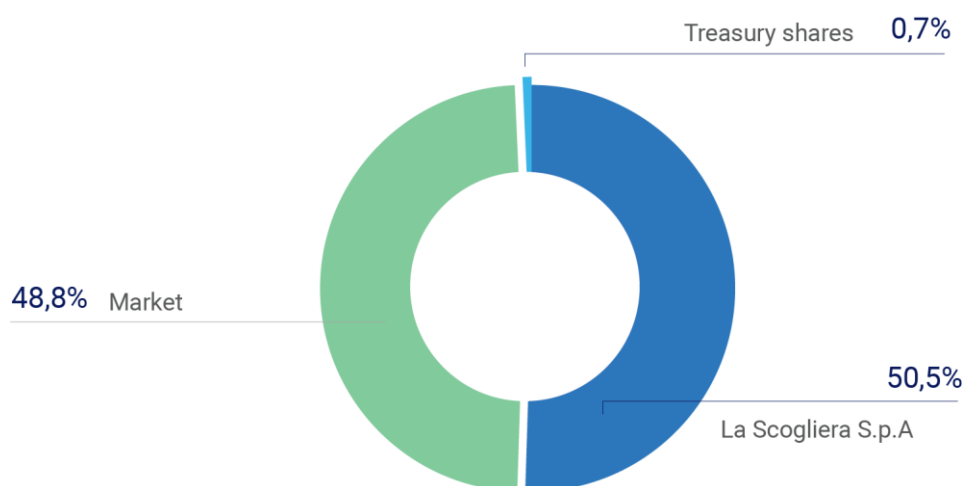
## The rebranding numbers



## 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 2% of Banca Ifis's share capital:



[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:

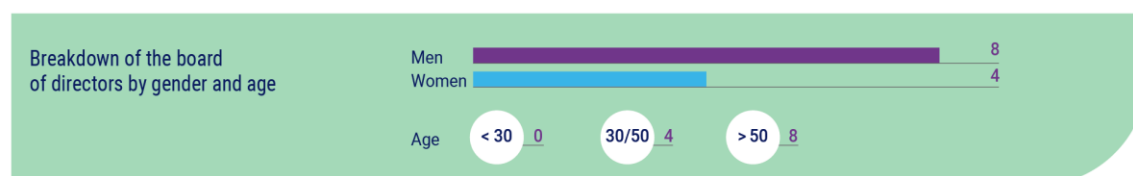
- **strategic supervision** is performed by the Board of Directors;
- the CEO is responsible for the company's **operations**. The General Manager is involved in management;
- **control** is performed by the Board of Statutory Auditors.

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.

For more details on the composition and responsibilities of the corporate bodies and the relevant policies, please see the 2020 Report on Corporate Governance and Shareholding Structure.



## BOARD OF DIRECTORS AND COMMITTEES



The members of the Board of Directors and the Board Committees are shown at the date of approval of this document. Reference is made to the 2020 Report on Corporate Governance and Ownership Structures for more details or analysis.

## 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, Banca Ifis 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.

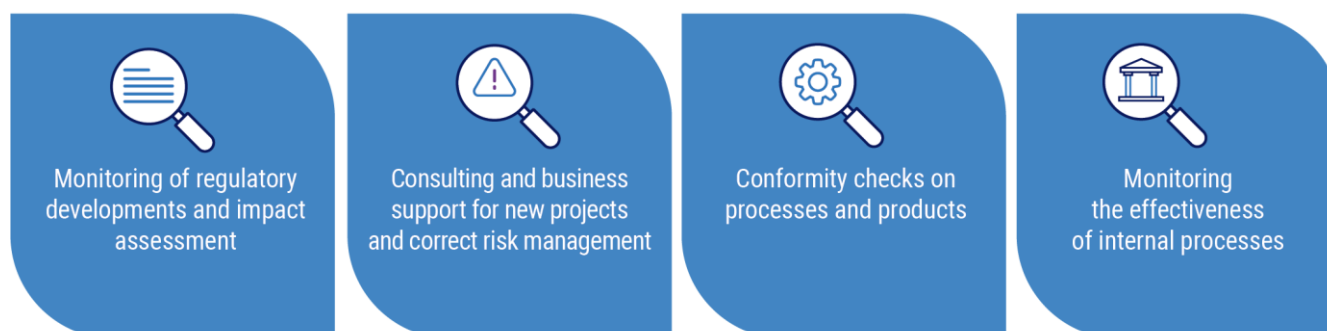
The audit work performed by the **Compliance function** (systematic audits and inspections) is based on the plans approved by the Board of Directors and seeks to evaluate the effectiveness of the required, proposed or implemented organisational measures intended to manage the risk of non-compliance. 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, in 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. 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.

## The value of ethics: Code of Ethics

[GRI 102-16]

Banca Ifis **conforms** to the purposes and guidelines of the **Corporate Governance Code for Companies Listed on the Italian Stock Exchange**, 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 **Code of Ethics** outlines the set of rights, duties and responsibilities of the Group's companies towards all the parties it works with, establishing rules of conduct to be kept in mind during day-to-day operations as well as reference standards and behavioural norms aimed at strengthening business decision-making processes and guiding the conduct of all employees.

The Code of Ethics in force today was approved on 22 December 2016 and **updated on 14 January 2021**. The update consists of the more schematic presentation of the Bank's and Group companies' principles and values (redefined during the new growth strategy defined in 2020) and an update of the more strictly regulatory contents, with specific reference to whistleblowing procedures.

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

## Business model

Banca Ifis 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 Bank: **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 Department, 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, since the last update, tax crimes.



Faced with the regulatory updates applied in 2019, the Bank'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.

**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. Banca Ifis'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 2020, the Group used **4.946 suppliers**, 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>11</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>11</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 2020 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>12</sup>.

**2020 has been characterised by the crisis connected with the spread of the COVID-19 pandemic.** Aware of the possible impact on people’s everyday lives and economic business, the Banca Ifis Group immediately acted to address the phenomenon, taking initiatives to protect employees and support customers.

**Considering the close link between what the Group considers to be material topics and the medium-term corporate strategy, as well as the instability of the macroeconomic context, for FY 2020, the Group intends to confirm the materiality matrix identified in 2019,** thereby guaranteeing the consolidation of the indicators reported and a timely comparison of performance with the previous year, thus protecting the transparency of information in addition to the impacts of the COVID-19 pandemic on the non-financial performance of the Banca Ifis Group.

The process carried out in 2019 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 2020 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. Finally, the topics are related to Banca Ifis’s four sustainability pillars, which correspond to the subsequent sections of this statement.

### Topic prioritisation

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.

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:

<sup>12</sup> GRI 101 Foundation

- **internal relevance** was assessed through meetings with Top Management and the main reference persons of the subsidiaries, in order to evaluate their strategic relevance to Banca Ifis's Business and their potential impacts;  
[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>13</sup>. More specifically, it launched a progressive direct listening path, which involved customers (through surveys) and representatives of community and trade associations (through one-to-one interviews), the categories of stakeholders selected due to their great importance for the Banca Ifis Group. Additionally, a desk analysis was performed of the "Factor I" initiative<sup>14</sup>, using the Bank's web listening activities as an innovative method for listening, also in terms of the materiality analysis, with a view to valuing the expectations of customer stakeholders, in particular SMEs and the most typical production sectors of "Made in Italy", through a "neutral", mass recording of the expectations of the reference markets. A "mediated assessment" was also performed of the interests and expectations of stakeholders, who were not heard directly, through meetings with the main corporate departments most involved in dialogue with the main stakeholders (employees, investors, agents).

To investigate both relevancies, **the topics were scored on a 1-5 scale**, 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**. A list of examples is given of the documentation analysed: policies, procedures, results of listening and involvement initiatives run previously, emerging industry trends, regulatory evolutions, etc.

<sup>13</sup> The main stakeholders identified by the Group are: Customers, Employees, Agents, Investors, Community, Trade associations

<sup>14</sup> This initiative is described in the chapter on "Support to enterprises and financial inclusion"



## 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]



Topics as per Leg. Decree 254/16



MATERIAL TOPICS

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

\* Business Topics

Validating the materiality matrix

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

## Sustainability goals and priority actions

[GRI 102-12]

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

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

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

## 2.2 Main risks associated with non-financial topics

[GRI 102-15]

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

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

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



# 3.

Ifis Integrity



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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 Bank. 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 (Banca Ifis)
- Organisational, Management and Control Model as per Italian Legislative Decree no. 231/2001
- Group Whistleblowing Policy (Banca Ifis)
- Group Anti-Money Laundering Policy
- Self-assessment of the risks of money laundering and terrorist financing
- Group guidelines on the Internal Control System
- Organisational Procedure for Due diligence and customer profiling by risk class - onboarding phase (Banca Ifis)
- Organisational Procedure for Due diligence and Npl customer profiling by risk class (Ifis Npl Investing, Ifis Npl Servicing)
- Organisational Procedure Due diligence and customer profiling by risk class - hereinafter
- 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 the Management of distressed loan non-judicial collector network (Ifis Npl Investing, 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, Ifis Npl)
- Parent Company Anti-Money Laundering Manual (Banca Ifis)
- Anti-Money Laundering Manual Cap.Ital.Fin.
- Credifarma Anti-Terrorism and Anti-Money Laundering Manual
- 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, is the “**manifesto**” of the **corporate culture** of Banca Ifis and the other Group companies. It is intended to provide information/training to Employees as well as promote said culture among all stakeholders. 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.

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.

## SUPERVISORY BODY



The Code of Ethics specifies that, when **dealing with the Italian Public Administration**, it is prohibited to promise or offer government officials or employees payments or benefits to promote or advance the interests of the Group when finalising agreements, 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.

### 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, 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.

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, 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 forumUnirec - Consumer Associations

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 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 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" 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 Bank's social channels;
- interviewing customers that have successfully repaid their debts;
- constantly listening to the grievances and needs of network agents.

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. 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 receive suitable cyclical (and whenever the legislation is updated) training 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”. The table below provides details of the number of employees who have completed at least one anti-corruption course.

Number and percentage of employees who received training on the fight against corruption, divided up by category		2020 <sup>15</sup>	2019
		No.	691
	%	40,0%	27,2%
Senior managers	No.	14	8
	%	17,9%	10,8%
Middle managers	No.	179	116
	%	35,3%	22,7%
Clerical staff	No.	498	352
	%	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.

Several precautions are taken to ensure debt collection agents and companies conduct themselves 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 update of the Model and Code of Ethics, the new documentation has been sent out to the agents and suppliers of Banca Ifis by e-mail.

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 2020 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;
- 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.

<sup>15</sup> The count considers employees who have completed at least one of these courses:

- E-learning course "The liability of entities ed. 2018"
- E-learning course "The liability of entities ed. 2020", made available starting October 2020
- One external training courses attended by one employee.



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 higher levels.

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 2020, training on anti-money laundering was delivered through virtual courses and the e-learning course “Anti-money laundering regulations, ed. 2020”, activated on the Ifis Talent platform. During the year, a total of 4.217 hours of training on anti-money laundering measures was delivered (approximately 2.366 in 2019) with the attendance of at least one course on the matter by 60,8% of the company population (38% in 2019).

## Whistleblowing

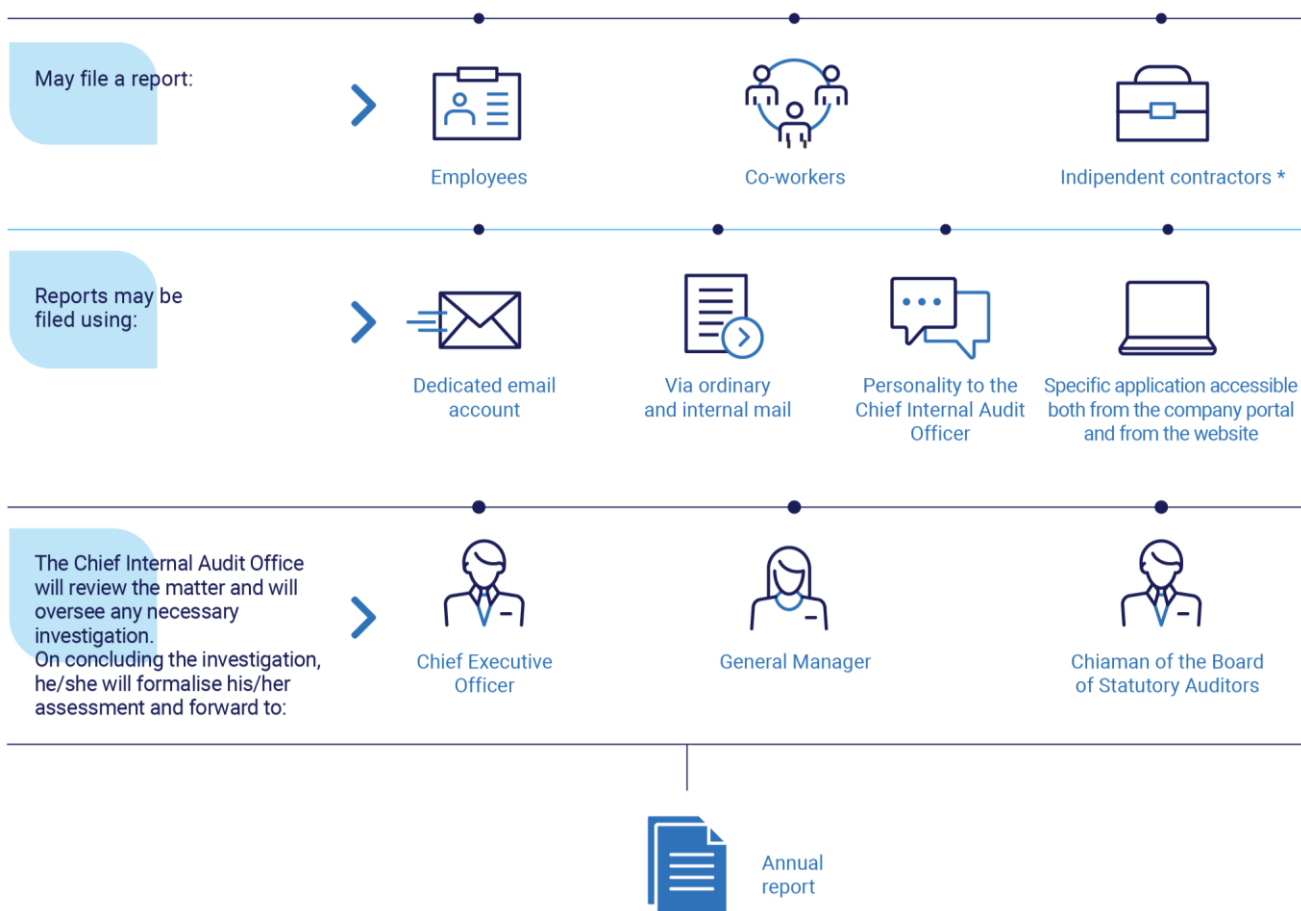
As the Parent company, Banca Ifis, in accordance with industry regulations and best practices, has established an internal system allowing to report actions, events or omissions potentially in violation of laws and internal procedures governing the operations of the Parent and its Subsidiaries with the 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 and the General Manager (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 2020, as for the previous year, no reports were filed 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.)
- 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)
- Ordinary credit management policy: Impresa International (Banca Ifis)
- 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 for the individual evaluation of non-performing loans (Banca Ifis)
- Organisational Procedure Management of tax receivables (Banca Ifis)
- NO 112 – Leasing BU - Leasing preparation 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 "2020 Consolidated financial statements and reports".

The quality of credit can significantly affect the Bank'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 Bank'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.

During the year, **changes** were made to the **Operating Segments** in order to fully implement the Group's business model:

- **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 acquisition and managing distressed retail loans. The Segment's results from 07 January 2019 also include the contribution of the business headed by the former Fbs Group, which is mainly specialised in servicing and the management of 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.

Therefore, the comparative information in this document has been restated in line with the new Segment reporting. This means that starting 2020, the quantitative indicators (Gross and Net NPE Ratio) will refer to the Commercial & Corporate Banking Segment (also on 2019) and no longer to the Business Segment.

Below are the values of the Gross and Net NPE ratio of the Commercial & Corporate Banking Segment, which are both down on 31 December 2019.

GROSS AND NET NPE RATIO		2020	2019
Gross	%	5,9%	8,5%
Net	%	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% (9,8% at 31.12.2019)
- Net Ratio: 3,2% (5,4% at 31.12.2019)

## 3.3 Data protection

### Policies and other reference documentation

- Group IT security management policy
- Group IT risk assessment and management policy
- Information security incidents management organisational procedure
- 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, 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, Ifis Finance)
- Organisational Procedure for the 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 Organisational Unit.

#### Raising employee awareness of cybersecurity

In order to raise the awareness of all its colleagues to the topic of cybersecurity, in 2020, the Banca Ifis Group made multiple communications with a view to alerting recipients to the risks of the campaigns in progress. For example, an awareness campaign has been launched on the Group's employees, through the "Ifis Talks - Cybersecurity" initiative aimed at sensitising employees to topics relating to harmful e-mail campaigns in respect of the dissemination of malware, phishing, attempted fraud and ransomware. Cyber Intelligence services were also continued, as was OSINT research carried out in support of the structure's activities and awareness throughout the company. The Bank 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.

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 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 developing an appropriate corporate privacy culture.

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 2020, 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		2020	2019	2018
Total number of complaints documented as received concerning customer privacy breaches	No.	4	4	6
<i>from third parties and substantiated by the organisation</i>	No.	4	4	6
<i>from regulatory bodies</i>	No.	0	0	0
Total number of events relating to substantiated losses and thefts of customer data	No.	32 <sup>16</sup>	10	8

The growing number of incidents that entailed the loss, access or unauthorised disclosure of personal data 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, the Bank has launched an internal awareness-raising campaign on cybersecurity.

<sup>16</sup> The figure represents the total number of incidents that took place in 2020, entailing the loss, access or unauthorised disclosure of personal data (e.g. theft or loss of mobile telephones or tablets, loss of paper forms, incorrect sending of correspondence by e-mail). The events can be divided up between the Group companies as follows: 10 incidents for Banca Ifis, 20 incidents for Ifis Npl, 1 incident for Cap.Ital.Fin., 1 incident for Npl Servicing. Another incident impacted the whole of the Banca Ifis Group and took place when an incorrect flow of data was sent in reference to the Group staff to a company providing transport services. None of the incidents that took place involved any risks to the rights and freedoms of the data subjects and, therefore, no communication was made to the Data Protection Authority and/or data subjects.

## 3.4 Brand reputation

### Policies and other reference documentation

- Investor Relations Policy
- Group Policy for the management of inside information
- Group operational and reputational risk management policy

[GRI 102-15]

The Banca Ifis Group has grown significantly in recent years, also as a result of the gradual expansion of the business areas it operates in and the brands offered to customers - be they businesses or consumers.

**Brand reputation is increasingly strategic in order to ensure that Banca Ifis Group** remains committed to its values in its dealings with stakeholders. This is why, as part of the rebranding project, implemented in 2020, the Group has paid close attention to stakeholder communication and engagement, fostering a positive impact on brand reputation.

#### Acknowledgements for the commitment to digital communication

As confirmation of the renewal of the brand identity, aimed at strengthening the brand and improving its position on the market, Banca Ifis has obtained various recognitions for its transparent communication and credibility on the digital channels. In particular:

- it has been awarded the title of “Best Improver 2020-2021” in the Italian classification “Webranking by Comprend”, which rewards transparent communication on digital channels by the most important companies listed on the stock exchange. With growth of 34,4 points and a comprehensive assessment of 74,2 (39,8 in 2019), Banca Ifis has obtained acknowledgement as “segment revelation” amongst the best Star companies in Webranking, positioning itself in the top 20 Italian companies, out of 122 analysed, thanks to transparency on digital channels, which shows “a clear desire to dialogue with the various publics” and to describe its strategic vision;
- it has stood out amongst the top 3 “Best Improvers 2020” (+26,2 points on last edition) in the “.trust-listed Italy” report, for its capacity to create credible communication in the eyes of the stakeholders. It also made the best leap in quality in the section “Future of the Company”: +66% on the 2019 analysis, showing, the report explains, that “it has worked well on its communication assets” thanks to “a clear, concrete vision in the presentation of the strategy and approach to innovation”.

**Transparency and dialogue** have always been the **hallmarks of the process for communicating** information about the Parent company and the other entities. The Bank 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 specific dedicated tools.

For details on the **engagement initiatives** that the Banca Ifis Group undertakes in regard to its stakeholders, reference is made to the dedicated section on *Stakeholder engagement*. 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**.

## 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 not adequately monitored (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 change in the complaints received or lawsuits initiated by customers or employees against the Bank and other Group companies; the customer turnover rate.

Through constantly monitoring these aspects, if the predefined thresholds are violated, it considers from time to time whether to take any mitigating action.



# 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, Banca Ifis 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 Bank 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>	
Complete compliance with the provisions of the “Cura Italia” Decree	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 concession of a moratorium. In 2020, there were a total of 17.215 practices in relation to the moratorium of the “Cura Italia” Decree. With a view to supporting entrepreneurship, all requests for the suspension of charges received from customers unable to make use of the moratorium in accordance with the “Cura Italia” Decree, insofar as they did not come under the criteria for assignment, were assessed. More specifically, suspension of the principal amount was granted until 30 September for customers that had stipulated lease and operative lease (rental) contracts, a type of product that was excluded from the scope of application of the moratorium, for a total of 358 cases during the year.
Complete compliance with the provisions of the Liquidity Decree	Promotion within the leasing area of the refinancing of 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. 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. In 2020, 16 cases were process for the refinancing of financial lease contracts.
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.
Prime initiative	Start of an initiative aimed at proposing to SMEs that are already customers, the possibility of making new investments backed by the Guarantee Fund for amounts even below the minimum access threshold defined by Credit Assessment. For 2020, this initiative numbers 13 cases.

INTERVENTION TYPE	DESCRIPTION
<b>ENTERPRISES</b>	
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 the EIB	An agreement has been stipulated with the European Investment Bank (EIB) for 50 million Euro to support SMEs. The agreement is part of the pan-European "COVID-19" Guarantee Fund established to finance and support investment projects and growth of the SMEs. Loan contracts are envisaged at beneficial rates for all businesses in the various production sectors, as well as working capital loans to address liquidity needs and stem the effects of the pandemic.
Agreement with Veneto Sviluppo and the Veneto Region	Agreement stipulated 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.
Suspension of mortgage and lease instalments for the COVID-19 emergency	In incorporation of the Civil Guard Order no. 642 of 29 February 2020, information to Customer Businesses on the possibility of requesting a suspension, within the terms envisaged, of the principal instalment or entire instalment of the respective leases and/or loans in place.
Measures to guarantee service: Contact and constant dialogue with customers	Development of additional digital solutions by which to foster the "remote" procedure, according to requests and perfecting new contracts, thanks to digital signatures and the exchange of documents via certified e-mail. More specifically, a new solution has been introduced, which allows customers with their own personal digital signatures to use this method to sign factoring, leasing and rental contracts, so as to further reduce use of paper-based 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.
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	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.
<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.



## 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)
- Ordinary credit management policy: Impresa International (Banca Ifis)
- Distribution Policy (Cap.Ital.Fin)
- NO 112 – Leasing BU - Leasing preparation 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.)
- Credit management policy (Credifarma)
- Organisational Procedure - Concession and Management of Structured Finance (Banca Ifis)
- Organisational Procedure - Concession and Management of Special Situations (Banca Ifis)

**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 Banca Ifis 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 given 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 and one-to-one interviews 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.

2020 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.**

- **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 renewed focus on the micro and small enterprises of southern Italy and a provision for lump sum liquidation extended to all lenders, regardless of the amount.
- **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 Italian Decree Law no. 23 of 08 April 2020 (the Liquidity Decree), the percentage direct guarantee of 80% has been raised, regardless of rating class and loan duration, with the possibility of direct coverage of up to 100% for certain financial transactions with specific characteristics and certain types of beneficiaries.
- **Financial leasing backed by the SME Guarantee Fund:** with Italian Law Decree no. 34/2020 (the “Relaunch Decree”), the Guarantee Fund has been strengthened for leasing too, with an increase in the percentage of cover up to 90% 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, Banca Ifis 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 and, until 31/12/2020, up to 90% by virtue of the Liquidity Decree.

[FS7]

Legal Entity/ Business Line	Product/Service with Social Purposes	Operations for 2020		Operations for 2019	
		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	75,63	8,10%	97,69	6,23%
	Finance Lease associated with the MCC Guarantee Fund (data from November 2019)	21,68	0,26%	1,92	0,02%
	Refinancing of financial lease contracts (initiative launched in 2020)	7,49	0,03%	-	-
	Prime initiative (initiative launched in 2020)	0,50	0,02%	-	-
	Moratorium Decree Law no. 18/2020 (initiative launched in 2020)	740,60	26,13%	-	-
	Moratorium granted by Banca Ifis (initiative launched in 2020)	19,90	0,30%	-	-
Banca Ifis/Trade receivables	Factoring backed by the MCC Guarantee Fund (initiative launched in 2020)	15,00	1,00%	-	-
	M/L financing backed by the MCC Guarantee Fund	240,60	72,00%	105,29	66,00%
	of which with EIB funding	157,20	81,00%		

From 2016 to date, Banca Ifis has conceived various innovative projects by which to spread the business culture. With the pioneering “Botteghe Digitali” (Digital Workshops), which has also become a web-series, innovation has been promoted in small artisan workshops, whilst the “Tour PMI” (SME Tour) project, the energy and ideas of young students has been put to good use, serving the business of the SMEs. The “Factor I” project was launched in May 2019, for the first time laying out the power of big data in the scenario of SMEs. By cross-referencing the data of the financial statements of “stellar SMEs” with the market trends seen on the web, the best business performances were selected, which are then told in on- and off-line multimedia case histories. A key element of the project is the SME Market Watch, the observatory that studies and highlights the needs and trends of Italian SMEs and production segments.

## FACTOR I

[FS16]

Factor I is the Banca Ifis format dedicated to the study and telling of the winning business models of Italian SMEs. It is the project that reflects Banca Ifis'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 analyses with entrepreneurs and managers;
- 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 Bank's social channels and website.

In 2020 too, amidst a new social and economic context, Factor I has continued its route as new generation observatory. The key appointments at which the results of the various steps of the research were presented, carried out in collaboration with the Ca' Foscari University of Venice, and discussed with a panel of entrepreneurs:

- February: in-person event in Bologna "Quale innovazione per il futuro delle PMI?" (What innovation awaits the future of SMEs?) The winning factor was identified as the innovation through new technology (4.0 and digital) to compete by leveraging the flexibility and customisation of the offer.
- June: even on the Class-CNBC issuer "La reazione delle PMI all'emergenza Covid-19" (The reaction of the SMEs to the COVID-19 emergency) during which it was revealed just how much difference managerial variables make in relation to continuity of business: capacity to absorb impacts, repositioning, the evolution of the business model and improving the quality of relations with customers, employees and suppliers.
- December: web conference developed with Il Sole 24 Ore newspaper entitled "Nuovi scenari e modelli di business per le PMI" (New business models and scenarios for the SMEs). 2 hours of debate on the renewal of business models based on listening to customers and servitisation to cope with the growing demand for innovative, custom products.

In the new scenario that arose in 2020, Banca Ifis also developed #CoraggioImprese, a space dedicated to the entrepreneurs that act as Italy's spokesperson and which do not give up, the small and medium enterprises that each and every day continue to invest and entrust their projects to a trusted partner with which to address all the new challenges to grow and compete on the market of tomorrow.

## Our numbers



82.000

ENTERPRISES ANALYSED



more than 1.000

SMES INTERVIEWED



515.000

MARKET OPERATORS LISTENED  
TO THROUGH WEB LISTENING

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]

Ifis Financial Jukebox	In collaboration with yourCFO, in 2020, Banca Ifis organised a series of streamed events targeting a select number of customer businesses on different topics addressed directly by the Managers of the Business Units involved each time.
“LFactor” Project presentation event	LFactor (Leadership Factor) is a project for training the leaders of tomorrow and ensuring a re-start, designed by TIM and jointly planned with Banca Ifis and other companies. The aim of the initiative is to produce an e-learning course containing video pills of certain exceptional testimonials, focussed on 4 areas, indicated as particularly relevant for the leadership of tomorrow: freedom, performance, trust and authenticity. The e-learning course is also made available to employees of Banca Ifis over the e-learning platform (Ifis Talent).
Credit Village Italian Digital Week	Intervention at the digital conference, organised by Credit Village, relative to the market of impaired Italian assets to analyse: the possible post COVID-19 financial and economic scenarios, the forecasts of the macro economists on Italy's decline in the GDP and the consequences on the credit market.
3rd Gran Sasso Forum	Intervention at the third International Forum of Gran Sasso, organised by the Diocese of Teramo, an event dedicated to raising awareness in the academic and scientific communities on the topic of “investire per costruire” (investing to build) and promoting cultural processing that can lay the foundations for a post COVID-19 re-launch.
Alternative finance	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, Banca Ifis **focuses on disseminating information** that allows entrepreneurs to know more about the financial instruments that can help their business.

The Group continued to provide information to entrepreneurs and SMEs through the following portals in 2020:

- **MondoLeasing:** is the blog dedicated to the main topics of interest on leasing and hire, for enterprises and freelance professionals, which also has a platform for an open discussion with experts and operators about news linked to the financial product.
- **MondoPMI:** this is the blog dedicated to the main topics of interest for those facing the context of a small and medium enterprise every day. It offers food for thought on matters of business strategy, finance, innovation and everything that may be of interest for those at the helm of a business activity.

Instead, as regards the refresher and training courses of the internal structures operating in direct contact with customers, in 2020, the following activities were carried out:

- **Annual convention of Debt Collection Companies and monthly Macro Regional meetings of Npl Agents:** events organised by Banca Ifis for debt collection companies operating for Ifis Npl in order to update agents on the Bank's plans and strategies, as well as to share the projects and goals for the coming commercial year;
- **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, 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.

In 2020, Credifarma launched the “**1 mese per 1 anno**” (**1 month for 1 year**) initiative, with which to offer pharmacies dedicated finance to facilitate payments relating to the procurement of supplies for a month, which can be repaid in twelve monthly instalments. With this initiative, Credifarma helps supply the necessary liquidity to Italian pharmacies,

aimed at guaranteeing the regular supplies in the pharmacy, also taking into account the relevant tax deadlines and the reduction in average value of the summary accounting statements recorded in these months.

## 4.2 Digital innovation

### Policies and other reference documentation

- Group ICT strategic planning policy

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.

During the **rebranding project**, the opportunity was taken to develop the **Bank's new website** (bancaifis.it), which is the sole point of access to the Bank's digital ecosystem. The main site was then completed by another 6 "sub-sites" specialised in vertical topics. The new solution replaced the 22 websites previously on-line. The project made it possible to improve the Banca Ifis Group's on-line presence generally.

During the year, Banca Ifis introduced **innovative digital functions** and embarked on the gradual **digitisation of processes**, so as to boost efficiency, curb operational risk, and make the sales process more effective.

2020 also saw the launch of an extensive work programme, called **Ifis4business**, structured over multiple interim phases, which shall make it possible for all customer businesses to operate on the whole of the product portfolio, easily and in real time.

Ifis4business will become the sole digital platform on which the business can consult its position and perform its transactions. The design and launch of this process stems from the desire to **rationalise and simplify the current portals**, providing businesses with a single point of access to an **enhanced range of operations**, which may be carried out digitally and accompanied by **more extensive information**, updated in real time and in 24x7 mode.

Ifis4business has currently been applied to two specific sectors: factoring and digital lending. This is because whilst the digitisation of relations with retail consumers has been going on for some time now, digitisation of interactions with businesses, and, in particular, in the world of B2B and supply chain, significant progress has yet to be made. As regards the first aspect, the Bank has decided to start out from the "transferred debtor", namely the party that must physically pay the invoice for the purchase/sale made by and between the bank and creditor, the subject that typically plays a key role in the supply chain. Improving process efficiency means freeing up liquidity to be allocated to suppliers more quickly, almost instantly, above all at such complex times as though currently experienced.

In addition to a significant improvement in the user experience, the company has managed to implement significant operative efficiencies given that all its processes have been completely digitised.

Through the introduction of Ifis4business during the first half of 2020, 3.712 "digital" recognitions have been performed.

Again in 2020, the **FarmaPos** project was launched, the new initiative by Credifarma and Nexi dedicated to the pharmacy to facilitate payments with electronic money: it is the Banca Ifis POS payment service, which allows pharmacies to facilitate purchases, limit the use of cash and correctly channel cash flows. This initiative extends the range of solutions available to Italian pharmacists, offering digital services that can satisfy increasing needs and ever more sophisticated demands, whilst at the same time guaranteeing security and supporting the evolution of digital health.

For retail customers, in the Npl area, the **PagoChiaro Portal**, namely the on-line payment platform created to help debtors return to "performing" status, has been further evolved in a sustainable manner, using the speed of the digital approach that has always marked Banca Ifis.

To date, the Npl business uses an Artificial Intelligence (AI) engine to analyse large quantities of data. Artificial intelligence serves to understand how to direct the collection chain. The next objective is to implement use of robotics to analyse the data of the digital documentation when onboarding portfolios.



The Group allows potential customers to subscribe new products with us, signing the **contracts digitally using a digital signature or vocal order systems**. The digital signature, created as a challenge for the motor vehicles segment of Ifis Leasing back in 2017, is today available for various different contract types, such as, for example, the stipulation of Rendimax retail deposit accounts or Npl repayment plans. In particular, in 2020:

- **for Leasing**, a total of 2.348<sup>17</sup> contracts were signed by digital signature (1.165 in 2019), allowing for a total reduction of an estimated more than 180 thousand pages of print-outs. The ultimate aim is to increase the number of contracts signed digitally and eventually cover 80% of annual volumes;
- **for Retail**, similarly to last year, 100% of customers opened the account using a digital signature, as well as having digitally ordered 100% of transactions on the current account and deposit account;
- **for Npl**, 7% (10% in 2019) of subscriptions of repayment plans were carried out through physical signature and 16% by means of subscriptions made by vocal order (17% in 2019).

Moreover, in July 2020, Banca Ifis stipulated a **partnership with Fintech Raisin** to make its on-line deposit accounts also available on the German marketplace WeltSparen (<https://www.weltsparen.de>). The new service is supported by the open banking infrastructure and by the Raisin customer service and allows Banca Ifis to take its deposit account offer beyond national borders. The offer is exclusively dedicated to German investors, who have shown a high degree of interest in new investment opportunities abroad, making the most of the higher returns offered by Italy and showing greater faith in guarantees on European deposits.

<sup>17</sup> Comprising an average of approximately 80 pages per contract.

## 4.3 Quality of products and services

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[FS15]

### Policies and other reference documentation

- Code of Ethics
- Products 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**, Banca Ifis 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 2020 for the leasing, factoring and SME loan products, which are substantively in line with the results of FY 2019.

Average time for assessing lease proposals (in line with 2019):

- Cars, commercial and industrial vehicles: 1,5 days
- Instrumental assets (industrial, IT and Office) worth less than or equal to € 250.000: 3 days
- Instrumental assets worth more than € 250.000: 7 days (6 days in 2019)

Average time to respond to requests made by leasing customers (in line with 2019):

- 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<sup>18</sup> (6,7 days in 2019)

Average time for assessing SME loan proposals: 11,9 days (in line with 2019)

**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, 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 to monitor the quality of the positions processed, imposing penalties in the case of prolonged poor performance.

<sup>18</sup> In 2020, the greater incidence of operations over the ML term, coupled with the considerable quantity of moratoriums requested by customers for the "Cura Italia" Decree, has on the one hand altered the traditional prevalence of SH products (i.e. factoring) and on the other, increased the workload of the appraisal structure, with a consequent, understandable impact on the average deliberating time

## 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

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

And, 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.

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.

## 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
- 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 Bank, 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 Bank 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 2020, 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		2020	2019	2018
In the area of information on products and/or services	No.	0	0	2
In the area of advertising communications	No.	0	0	0

## Grievance mechanisms

Banca Ifis 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 those that act on behalf of the Group (such as the 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 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. To this end, all staff in charge of processing complaints have been **specially trained** on regulations concerning the support measures implemented by the government to support the financial difficulties caused by the national COVID-19 health crisis and have received specific instructions on how to also facilitate the search for a customised solution with a view to granting voluntary support by the institute.

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 has a dotted-line reporting relationship to the Legal and Corporate Management team 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

In the unexpected, **complex scenario that has arisen as a result of the COVID-19 emergency**, characterising FY 2020, Banca Ifis has promptly implemented a series of activities and measures protecting the health and safety of its employees, without any interruption to its business. The health emergency has had all-round repercussions on the organisation of work and a consequent impact, also emotionally, on all Group employees (and other people). **Banca Ifis has expressed 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 to cope with the contingent situation. Below are the main initiatives taken to support Group 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 Italian Banking Association (ABI).</li> <li>• 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>• Development 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>• Activation of remote working with the immediate application to situations of greater "fragility" (Law 104, the immune-suppressed and pregnant women) and subsequently parental leave, through to, in three weeks, reaching full application of smart working for 93% of the Group's workforce and a progressive extension in March and April to around 95% of employees.</li> <li>• Use of integrated collaboration instruments that combine telephony, video and data, guaranteeing business continuity and the launch of a route towards the total virtualisation of the workstation (including with the introduction of "Unified Communication as a Service" (UCAAS) instruments).</li> <li>• Distribution of a specific survey on smart working, with the aim of understanding the viewpoint of employees in looking to the future. The result was a general positive acceptance of smart working, including in view of the future and post-pandemic, in order to encourage and facilitate a better work-life balance. A perspective, moreover, on which the Bank has begun to focus increasingly in 2020. The main results of the survey are given in a dedicated box in the Life-work balance section.</li> </ul>
Protection of the health of employees and families	<ul style="list-style-type: none"> <li>• Activation, for all employees, of the extension of medical insurance cover to also include COVID-19 in the event of hospitalisation following a diagnosis of positivity for COVID-19.</li> <li>• Activation of a free screening campaign through blood tests and swabs in the event of positivity to Sars-Cov-2 for employees, both through the presence of healthcare staff on site and through a convention stipulated with laboratories, applicable throughout national territory.</li> </ul>

INTERVENTION TYPE	DESCRIPTION
	<ul style="list-style-type: none"> <li>Promotion of the vaccine campaign to administer the flu vaccine and/or pneumonia vaccine (after consulting with a GP), ensuring the complete reimbursement to employees that may have made the relevant request.</li> <li>Activation of conventions with a leading medical network for employees, their families and collaborators interested in privately having additional blood tests and molecular swabs, at special rates.</li> </ul>
Continuity of professional growth and training	<ul style="list-style-type: none"> <li>Possibility 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.</li> <li>Activation of the training project Ifis Future Is Now to accompany, through videos and webinars, people towards the new model of remote working. The various project initiatives have targeted different company populations according to specific needs, for example: <ul style="list-style-type: none"> <li>Ifis Restart: webinar in support of all structures in direct contact with customers, broaching topics such as empathy, telephone negotiation and self efficacy;</li> <li>Ifis Smart Way: digital pills and webinars directed transversally to all employees and, in particular, to Managers on the management of time, emotions and team performance from a remote position.</li> </ul> </li> </ul>
Employee engagement initiatives during the emergency <sup>19</sup>	<ul style="list-style-type: none"> <li>Institution of an internal newsletter “Ripartiamo da qui” (Let’s start out again from here), giving daily information, shared by e-mail every morning at 8.30, with the aim of providing employees with constant, correct, up-to-date information, also on the regulatory provisions in force over time.</li> <li>Launch of the internal campaign “Mostraci la tua agilità. Fai uno scatto” (Show us your agility. Make a leap), which envisaged the conception of a “digital wall” within the intranet to stimulate the sense of community and belonging, including from a remote position, thanks to the sharing of photographs received from colleagues in smart working.</li> </ul>

<sup>19</sup> For additional engagement initiatives, refer to the paragraph on “Employee engagement” in the material topic of “Promotion and development of employees”.

## 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]

First and foremost, all the Group's operations must meet adequate safety standards at all times. Through the **Safety Policy** included in the Integrated Safety and Environment Manual, 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>20</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 and 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 1.697 employees (98% insofar as the foreign employees subject to different legislation, are excluded) and 100 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 in Italian), the Prevention and Protection Service Officer (ASPP, Addetto al Servizio di Prevenzione e Protezione in Italian), 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>20</sup> With the exception of Farbanca, insofar as it joined the scope late 2020, and of the foreign companies, insofar as they are subject to different legislation in this respect.

## 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 in Italian), 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 asking to call an extraordinary meeting.

In 2020, a works council was established for the application and verification of the COVID-19 protocol rules with the participation of the trade union representatives (RSA, rappresentanze sindacali aziendali in Italian) and the Workers' Safety Representatives (RLS, Rappresentanti dei Lavoratori per la Sicurezza in Italian).

[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 results 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 replicates the corporate safety and organisation chart and consists of three control levels by 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, Internal Audit carries out sample checks to verify compliance with the Integrated Manual procedures and periodically, the Prevention and Protection Service arranges for information flows to the Supervisory Body, reporting on health and safety action taken. 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. Instruments are in place such as reporting via tickets on the dedicated portal of the corporate intranet and reporting by mail correspondence or over the telephone. 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 2020, more than 1.850 hours of **mandatory training** were delivered **on health and safety practices and procedures**. The increase in the number of hours dedicated to training on the topic has increased with respect to 2019 (approximately 1.400 hours), following the delivery, through internal teachers, of worker refresher courses.

[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>21</sup>

Total number of injuries <sup>22</sup>		2020	2019	2018
	No.	3	2	3
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.	3	2	3

Injury rate		2020	2019	2018
	No.	1,16	0,69	1,04
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.	1,16	0,69	1,04

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 hours worked have been estimated starting from the data relating to three Group companies: Banca Ifis, Ifis Rental Services and Ifis Npl. The data for 2018 and 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 figure excludes commuting accidents if not handled by the organisation.

In detail, in 2020, just 3 accidents took place in the workplace, one due to impact, one due to tripping and one due to slipping. In addition, 10 accidents took place during the commute from home to work or back, using the 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

<sup>21</sup> The data for 2018 and 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>22</sup> Foreign employees are excluded from the disclosure and, consistently with that reported in the methodological note, employees of Farbanca are also excluded.

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 last year, there were no cases of occupational diseases. The main dangers that can cause future occupational diseases, identified through risk assessment, are those deriving from risk factors: physical, such as noise and vibrations of the hand-arm system and whole body; and relative to the workplaces and organisation of work, such as the correct ergonomics of the work station and use of a video terminal. 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 micro climate, 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 or during annual evacuation drills.

**The Group is currently reviewing its sites to increase flexibility and sustainability** (including environmental sustainability), thereby confirming the Bank'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 Milan property, in progress since 2020, 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

Banca Ifis offers employees an extensive, articulated **benefits platform** focussed on personal care and protection and which are flanked by welfare initiatives.

[GRI 401-2 a.]

The wide range of employee **benefits** includes:

- Supplementary pension fund (supplementary welfare)
- Luncheon vouchers
- Company car (if envisaged by corporate regulations)
- Shuttle service for transfer workers
- Special-rate mortgages for first home purchases
- Tax assistance service at all company locations
- Balance courses held by professional teachers (once a week at the Milan location)
- Yoga courses (twice a week at the Milan location)
- Fit Pilates and Hatha Yoga courses (twice a week at the Mestre location) and Kundalini Yoga courses (once a week at the Mestre location)
- Presence of a fully equipped gymnasium in Venezia Mestre
- Nutritionist visits (three times a year at the Milan location)
- Presence of the on-line newsroom (Il Sole 24 Ore) to foster continuous updates
- Adhesion to inter-banking sports events.

In addition, again for 2020, 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		2020	2019	2018
Employees covered by collective bargaining agreements	No.	1.697	1.724	1.613
Percentage of total employees	%	98% <sup>23</sup>	98%	98%

<sup>23</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

These are challenging times for the Bank and the entire credit industry, requiring dramatic changes in terms of new technologies as well as skills. **Banca Ifis 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 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, Banca Ifis 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 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, services, and procedures;
- 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 and MiFID 2;
- training courses **for contingent or emerging needs**, such as organizational 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, as from 2020 also available on-line on the Ifis Talent platform, which consist of a series of individual and/or group meetings aimed at integrating new hires into the Bank's organisation and their respective structures, as well as sharing the corporate culture. In 2020, 92 employees took part in onboarding activities (254 in 2019). The reduction in the number of people who in 2020 took part in onboarding activities is due to the fewer new hires as compared with 2019, the year in which the acquisition and integration of the Company FBS S.p.A. took place (thereafter renamed Ifis Npl Servicing S.p.A.) and which was followed by the extraordinary organisation of onboarding training for the new employees.

[GRI 404-2 a.]

More specifically, in support of the technological implementations made by the Bank in 2020, a **course on Microsoft Teams voice** has been developed, to assist people in using Teams, also as a conversation tool in lieu of a fixed telephone line.

2020 also saw the launch of **Ifis Talks**, involving important testimonials in brief "inspiring" webinars. The aim of Ifis Talks is to create opportunities for analysis and interaction on key topics for the Bank, 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.

In line with one of the topics addressed by Ifis Talks, late 2020 a **training initiative** was launched **on Continuous Improvement**. Continuous feedback and continuous training are essential tools for personal growth and it is in these terms that the route seeks to create the cultural context and supply the technical skills necessary to make best use of the tools relative to transversal feedback and continuous training.

Training hours delivered		2020	2019	2018
Total	h.	37.133,2	31.897,4	39.719,7
by gender:				
Men	h.	19.251,3	15.886,5	18.372,4
Women	h.	17.881,9	16.010,9	21.347,3
by professional category:				
Senior managers	h.	1.086,9	693,4	1.491,6
Middle managers	h.	10.700,8	6.930,8	12.525,6
Clerical staff	h.	25.345,5	24.273,1	25.702,5

[GRI 404-1]

Average training hours per capita		2020	2019	2018
<b>Total</b>	h.	21,5	18,2	24,2
by gender:				
Men	h.	24,2	19,7	24,6
Women	h.	19,2	16,9	23,9
by professional category:				
Senior managers	h.	13,9	9,4	24,5
Middle managers	h.	21,1	13,6	25,8
Clerical staff	h.	22,2	20,8	23,6

The **increase in the number of training hours** is due to the possibility of organising virtual classrooms, making video pills or live events available (like the Ifis Talks), which have extended the public of employees able to access these contents. There has also been an increase in the training pursued by managers and executives, also linked to managerial training projects on the remote management of resources and mindfulness.

Average training hours per capita		2020	2019	2018
<b>Total</b>	h.	37.133,2	31.897,4	39.719,7
Total about Health and Safety	h.	1.862,0	1.440,5	2.498,0
Total about anti-corruption policies and procedures	h.	1.107,5	732,5	1.313,5
Total "Other"	h.	34.163,7	29.724,4	35.908,2

As regards safety training, the increase in the number of training hours is linked to the delivery using internal teachers of the worker refresher course, while the increase in the number of training hours on anti-corruption is linked to the release of the new e-learning course on "The liability of entities ed. 2020", updated with the latest legislation.

The increase in the other type of training is linked to the delivery of on-line training, which makes it possible to expand the potential public, to release video pills and the launch of the new initiative, Ifis Talks, which is open to all employees.

## 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. Banca Ifis 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 Bank 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.

During the year, the **onboarding** process has been integrated into the platform 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		2020	2019	2018
Total	No.	1.597	1.411	1.226
	%	92%	80%	75%
By gender:				
Men	No.	723	642	572
	%	91%	80%	77%
Women	No.	864	769	654
	%	93%	81%	73%
By professional category:				
Senior managers	No.	69	41	16
	%	88%	55%	26%
Middle managers	No.	482	469	451
	%	95%	92%	93%
Clerical staff	No.	1.036	901	759
	%	91%	77%	70%

The performance assessment process that took place in 2020 is linked to the performance recorded in 2019. 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>24</sup>.

## Employee engagement

During the **rebranding** of the Banca Ifis Group, careful attention was paid to internal communication as a dissemination of contents and to opportunities for sharing for all the corporate population.

The new brand presentation event was streamed over a whole “**on air**” **day event**, which, with the technical support of the Radio DeeJay team, involved all 1.800 Group employees from a remote position, 90% still smart working, and showed a delicate, very engaging care and attention towards the #Ifispeople. Everyone was able to take part in the prize contest, attend interviews with the managers and creative agencies that contributed to the project and the performances of three famous artists. The result was a perceived sense of belonging shown by the sharing of a total of 1700 posts with the hashtags #Ifisrebranding and #IfisOnAir by means of the employees’ social networks.

The active engagement of employees was pursued through promoting their participation - as **Ifis Ambassadors** - in institutional events and occasions. Employees were assigned the role of “special photographers”, thereby using their *reportage* to explain what went on behind these events. The backstage photographs, the preparation time, the stolen shots and those framing the faces of the people told, just like a story, the emotions and moments experienced.

### Evolution of the Ifis4you intranet

The rebranding also offered the opportunity for a complete overhaul of the corporate **Ifis4you** intranet too, with the aim of expanding upon the user experience and internal browsing and thereby transforming it from a managerial container of information and documentation to a **dissemination of contents, news, events and projects**, always in the mark of digitisation and innovation and with a view to integrating the entire corporate population spread in a capillary fashion throughout the territory.

Within the intranet, dedicated sections have been envisaged, given over to specific topics, like smart working or the new **corporate identity**. Through the latter, employees can also download the renewed backgrounds for video calls and also download the musical themes of the sonic brand identity to corporate devices.

Employees can 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 Di la tua (Have your say);
- access the interactive multimedia contents of the Ifis Gallery (videos and photographs);
- keep abreast on social posts thanks to the Social Wall;
- see when their colleagues’ birthdays are on the “birthday wall”;
- connect to a “virtual market” where colleagues can exchange, sell and purchase items.

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.

<sup>24</sup> The assessment refers to the workforce employed at 31/12/2020 and all those who received an assessment during the year but were no longer employed at that date, are therefore excluded

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

- **strengthening of internal storytelling** 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;
- 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 direct or indirect 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 last year, **no incidents of discrimination were reported in 2020**.

The topics of diversity and inclusion have been concerned by important initiatives, particularly in terms of training, under the scope of which the Bank has taken part in the programme on a national scale (**called "4 WEEKS 4 INCLUSION"**), filled with digital events (webinars, digital labs and creative groups), with the ultimate aim of sharing stories, practices and experiences dedicated to the matter of inclusion. A choral project, developed by Banca Ifis together with another 26 major companies of the Italian production ecosystem, which for the first time have come together in a common bid to sensitise their employees on matters of inclusion and the optimisation of diversity. The calendar of appointments - relative to the topics of disability, the intergenerational comparison, the optimisation of the female contributions, sexual orientation and gender identity and religion - has been addressed to all employees of the partner companies. The training initiatives planned include Banca Ifis having organised a webinar on the neurobiology of diversity: a training intervention that aimed to clarify how to understand the new neuro-biological knowledge and transform it into competences in support of diversity.

With regard to **gender diversity**, the percentage of women in the Group stood at **54%**, with a distribution between the different job categories of 23% for Senior Managers, 44% for Middle Managers and 61% for clerical workers<sup>25</sup>. In particular, in Banca Ifis, the **presence of women reporting directly to the CEO in 2020 is equal to 50%**.

### Remuneration and incentives

Banca Ifis'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 review of collaborators as well as incentive schemes focused mainly on the sales force.

In 2020, 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. Through the same agreement, a basket of goods and services were made available to

<sup>25</sup> For more information, see the tables "Breakdown of personnel" and "Total number of employees by category and gender" on page 76.



employees, constructed around individual and family needs. These offers, divided into the areas required by the law (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.

In terms of premiums, a route has been undertaken 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>26</sup>		2020	2019	2018
Senior managers	%	102%	91%	79%
Middle managers	%	93%	90%	93%
Clerical staff	%	99%	97%	99%

Ratio of remuneration of women to men by employee category <sup>27</sup>		2020
Senior managers	%	99%
Middle managers	%	92%
Clerical staff	%	98%

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

Despite the 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 envisaged hiring plan.

Moreover, no company of the Banca Ifis Group has had to bring forward any temporary lay-off funds, not having adhered to the support initiatives promoted by the reference segment to cope with the COVID-19 emergency.

## Life-work balance

The Banca Ifis Group companies have adhered to the “**Bando #Conciliamo**”, which, it is hoped, **will make it possible to invest in life-work balance projects**. If adhesion to the tender is accepted, the relevant funds will be allocated to interventions promoting tailored welfare for families. The project initiatives aim to support Group employees who will be parents in the future, stimulating good practices for the recalibration of family care workloads between the man and the woman, so as to contribute towards the specific objectives of the tender: the demographic relaunch, the increase in female employment, the restoration of balance to workloads between men and women, support to families with disabilities and the protection of health.

<sup>26</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>27</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.

The desire to adhere to the tender stemmed from the awareness that only by promoting a healthy work-life balance the Group can help employees realize and develop their full potential as well as create shared value consistently over time.

To foster an optimal life-work balance, the Group also offers solutions like part-time employment, particularly suitable for new mums, and smart working, to which the company is paying growing attention and that has been extensively used to manage the COVID-19 emergency.

### Working during Covid#19

From 11 to 18 December 2020, Banca Ifis submitted a **cawi survey** to its employees **to find out what they thought about how Covid#19 had changed the way of working**, with a twofold aim:

- to identify any corrections and ideas for improvement to optimise this new working method and harmonise it with how employees felt;
- to assist internal assessments on potentially adopting these solutions in the future too.
- 

The result revealed a recognition of smart working as a tool by which to encourage and facilitate a better life-work balance. The level of internal satisfaction over the smart working solution implemented by Banca Ifis shows the institute's great commitment to enabling its people to continue working as quickly as possible, including from a remote position, in complete safety, also accordingly improving the life-work balance. The engagement initiatives proposed from a remote position, moreover, ensured that people did not feel isolated while at work.

The main evidence gathered with reference to Group employees showed:

- general satisfaction over the smart working period implemented by Banca Ifis was very high
- 93% believe that smart working is compatible with their duties;
- 98% would like to continue working from home, even once the health emergency is over;
- Smart working has been perceived as a form of inclusion for categories with specific health or family needs, allowing for the effective conciliation of time spent working with private life and overcoming geographical distances, facilitating relations and sharing between colleagues and different teams.

The survey also highlighted the Bank's attention towards the health of its people, also shown through the implementation or strengthening of specific measures and initiatives (medical insurance including COVID coverage, free blood tests for employees and special-rate blood tests and swabs for employees and family members). This commitment has been viewed very positively indeed by employees, who, in more than 80% of cases, considered the action taken by the Group to be useful and adequate.

## Additional information on employees

[GRI 405-1]

Breakdown of personnel		2020	2019	2018
Total	No.	<b>1.727<sup>28</sup></b>	<b>1.753</b>	<b>1.638</b>
by gender:				
Men	No.	794	807	746
	%	46%	46%	46%
Women	No.	933	946	892
	%	54%	54%	54%
by age group:				
Less than 30 years old	No.	91	211	193
	%	5%	12%	12%
Between 30 and 50 years old	No.	1.307	1.253	1.180
	%	76%	71%	72%
More than 50 years old	No.	329	289	265
	%	19%	16%	16%
<b>Total number of employees by category and gender</b>				
	No.	<b>1.727</b>	<b>1.753</b>	<b>1.638</b>
Total Senior Managers	No.	<b>78</b>	<b>74</b>	<b>61</b>
Men	No.	60	57	47
	%	77%	77%	77%
Women	No.	18	17	14
	%	23%	23%	23%
Total Middle Managers	No.	<b>507</b>	<b>511</b>	<b>486</b>
Men	No.	285	287	282
	%	56%	56%	58%
Women	No.	222	224	204
	%	44%	44%	42%
Total clerical workers	No.	<b>1.142</b>	<b>1.168</b>	<b>1.091</b>
Men	No.	449	463	417
	%	39%	40%	38%
Women	No.	693	705	674
	%	61%	60%	62%

<sup>28</sup> Consistently with that reported in the methodological note, the total employees exclude the 31 employees of Farbanca

Total number of employees by category and age bracket		2020	2019	2018
	No.	1.727	1.753	1.638
<b>Total Senior Managers</b>	No.	<b>78</b>	<b>74</b>	<b>61</b>
Less than 30 years old	No.	0	0	0
	%	0%	0%	0%
Between 30 and 50 years old	No.	32	38	32
	%	41%	51%	52%
More than 50 years old	No.	46	36	29
	%	59%	49%	48%
<b>Total Middle Managers</b>	No.	<b>507</b>	<b>511</b>	<b>486</b>
Less than 30 years old	No.	1	3	3
	%	0,2%	1%	1%
Between 30 and 50 years old	No.	339	358	340
	%	66,9%	70%	70%
More than 50 years old	No.	167	150	143
	%	32,9%	29%	29%
<b>Total clerical workers</b>	No.	<b>1.142</b>	<b>1.168</b>	<b>1.091</b>
Less than 30 years old	No.	90	208	190
	%	8%	18%	17%
Between 30 and 50 years old	No.	936	857	808
	%	82%	73%	74%
More than 50 years old	No.	116	103	93
	%	10%	9%	9%

The INTERNATIONAL population (30 employees, 15 women and 15 men) was included in the clerical staff category, as it cannot be classified otherwise in accordance with Italian law.

Individuals from minority or vulnerable groups		2020	2019	2018
<b>Total</b>	No.	<b>84</b>	<b>84</b>	<b>72</b>
Less than 30 years old	No.	3	7	5
Men	No.	2	4	4
Women	No.	1	3	1
Between 30 and 50 years old	No.	61	60	51
Men	No.	25	24	18
Women	No.	36	36	33
More than 50 years old	No.	20	17	16
Men	No.	5	5	4
Women	No.	15	12	12
<i>% individuals from minority or vulnerable groups out of total employees</i>	%	<i>4,9%</i>	<i>4,8%</i>	<i>4,4%</i>
<i>% individuals from minority or vulnerable groups out of total employees (included in calculation base)</i>	%	<i>5,8%</i>	<i>6,0%</i>	<i>5,8%</i>

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, with the exception of Farbanca.

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		2020	2019	2018
	No.	114	287	318
%	7%	16%	19%	
by gender:				
Men	No.	60	139	145
	%	8%	17%	19%
Women	No.	54	148	173
	%	6%	16%	19%
by age group:				
Less than 30 years old	No.	27	92	124
	%	30%	44%	64%
Between 30 and 50 years old	No.	78	172	153
	%	6%	14%	13%
More than 50 years old	No.	9	23	42
	%	3%	8%	16%

The higher number of new employees relative to 2018 and 2019 is mainly due to the corporate acquisitions of Cap.Ital.Fin. and Credifarma (in 2018 with approximately 85 resources) and of FBS and FBS RE (in 2019 with approximately 110 resources). Net of acquisitions, the hiring trend has therefore not significantly reversed but has rather slowed slightly due to the pandemic.

Total employee turnover		2020	2019	2018
	No.	140	172	150
%	8%	10%	9%	
by gender:				
Men	No.	74	78	76
	%	9%	10%	10%
Women	No.	66	94	74
	%	7%	10%	8%
by age group:				
Less than 30 years old	No.	13	45	43
	%	14%	21%	22%
Between 30 and 50 years old	No.	94	116	92
	%	7%	9%	8%
More than 50 years old	No.	33	11	15
	%	10%	4%	6%

[GRI 102-8]

Total employees		2020	2019	2018
		No.	1.727	1.753
On permanent contracts (total)	No.	1.671	1.682	1.549
Men	No.	770	769	708
	%	46%	46%	46%
Women	No.	901	913	841
	%	54%	54%	54%
Fixed term (total)	No.	56	71	89
Men	No.	24	38	38
	%	43%	54%	43%
Women	No.	32	33	51
	%	57%	46%	57%

The figure returned includes foreign employees (1,7% of the total, 30 people) but no breakdown is given of data by geographic area as operations are mainly concentrated in Italy.

Total employees		2020	2019	2018
		No.	1.727	1.753
Full time (total)	No.	1.571	1.664	1.571
Men	No.	743	803	743
	%	47%	48%	47%
Women	No.	828	861	828
	%	53%	52%	53%
Part time (total)	No.	67	89	67
Men	No.	3	4	3
	%	4%	4%	4%
Women	No.	64	85	64
	%	96%	96%	96%

Non-employed workers are not a significant portion in respect of the organisation's activities (100 people, or 5,8% 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 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 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 introduced specific sustainable financing products and programmes to foster the development of environmentally-sustainable behaviour and business activities. Thanks to the #ifisgreen project, we have activated numerous initiatives and behaviour to protect our environment.

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

The **initiatives in favour of the general public** intensified during the months of the spread of the COVID-19 pandemic, an emergency to which the Bank responded actively through:

INTERVENTION TYPE	DESCRIPTION
Support to the project "L'Italia Chiamò" (Italy called)	Participation in the live streamed marathon featured on the YouTube channel of the Ministry for Cultural Heritage and Tourism (MiBACT) to raise funds for the civil guard, doctors and nurses to help stem the advance of the Coronavirus, with a donation to the civil guard to purchase an intensive car bed.
Support for the event "One night in Portofino"	Support of the initiative dedicated to responding to the major emergencies generated by the COVID-19 epidemic, the proceeds of which were donated to the Polyclinic San Martino Hospital of Genoa.

## 6.1 Commitment to local communities

### Policies and other reference documentation

- Code of Ethics

[GRI 413-1]

Banca Ifis 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 2020, the Bank'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.

Here below are the main initiatives carried out during 2020.

[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.

## Donations and Sponsorships

Collaboration with and support of UNICEF	It protects and promotes the rights of children and adolescents by collaborating with and supporting UNICEF - Italian Committee for UNICEF, an integral part of the United Nations Children's Fund, and taking part in the Social Goal event-tournament, the corporate league with the social impact.
Direct donation to the Andrea Bocelli Foundation and the Sanità di Frontiera Association	Support for situations of poverty, illiteracy and discomfort with a direct donation made for interventions to combat inequality and promote psychological and physical well-being, social inclusion and respect for human rights in Italy and abroad
Support for medical-scientific research	Support for health protection and research, with a particular focus on childhood or chronic diseases through the donation of medical equipment and instruments as well as direct support to charitable institutions and entities such as the Umberto Veronesi Foundation, the Haematology-Oncology Ward of the Bambino Gesù children's hospital of Rome, the Heal Foundation and the Amici del Cuore Association.
"Adotta un Ricercatore" (Adopt a Researcher) initiative	Adhesion to the initiative launched by the Non-Profit Advanced Biomedical Research Foundation of Padua for the annual financing in support of the work carried out by the Lymphoma and Myeloma Pathology-Biology Laboratory of the VIMM, dedicated to the study of the pathogenesis of multiple myeloma and non-Hodgkin lymphoma
Marathon gazette: "Milioni di passi, un unico cuore" (Millions of steps, a single heart)	Active participation and role of partner in the charity event organised as a marathon lasting 24 hours, in which the Bank's employees took part as runners. The donations were paid to the charities adhering to the initiative.
Support to Rome Caritas	Support to the Diocese Caritas of Rome in its continuous action helping people in difficulty as a result of the Coronavirus emergency, through the donation, by Credifarma, of 1000 meals at the social canteens.
Conservation of the artistic heritage	Support for local and national initiatives taken to protect and conserve the artistic heritage and landscape. In particular, in 2020, the Bank supported FAI and the Cavalieri di San Marco Association in the restoration of a historic capitol in Venice.
Commitment to the promotion of the social reinstatement of prisoners	Transformation of the annual company Christmas celebrations into opportunities for social commitment, thanks to the purchase, for all 1800 employees, of Panettoni di Giotto Christmas cakes made by the inmates of Padua prison. The proceeds from the relevant sales are used for the reinstatement project and to assist them professionally. The Bank has also chosen to support, with a donation, two projects organised by the Milan-Bollate prison, aimed at fostering professional and university studies of its inmates.

## 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.

### Banca Ifis for sport

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:

- financial backing (70%) of the new social sport and town planning project of the tennis champion Adriano Panatta, alongside Philippe Donnet, with the company A&P International, for the **requalification of the ex Sporting Club Zambon of Treviso** through the creation of a sports centre with tennis school, two

gymnasiums, spa and club house with restaurant, bar and swimming pool, in order to encourage the approach by the younger generations to the world of tennis and create a community meeting space;

- the **sponsorship of 3 young up-and-coming athletes and one senior professional athlete** as part of the “Casa del tennis” (House of tennis) project run by the Vicenza Tennis Club, which seeks to help young athletes express the best of their potential and thus prepare them for high-level tennis through constant support and monitoring of their growth and improvement, thanks to customised teaching;
- the **sponsorship of the golf tournament in Pro-Am formula** with 33 teams on the course in a route through the centuries-old plants of the park of the eighteenth century Villa Condulmer in the province of Treviso. The Pro-Am formula is a team match where a professional plays with three amateurs, with a view to expanding upon the knowledge, practice and passion in regard to this sport.

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 FISU 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.

[GRI 413-1]

For 2020, 10%<sup>29</sup> (17% in 2019) of total events organised, in which the Bank played an active part or indeed which it sponsored, involved the local communities of the territories involved each time. This engagement was purely for social, informative or educational benefit.

A total of Euro 583.000 (Euro 171.000 in 2019) were allocated to events involving the community, making for a 240% increase over 2019.

<sup>29</sup> The percentage was calculated taking into account all activities carried out in 2020 for charity/social/information/educational purposes - without, therefore, entailing direct business objectives - targeting a broad, general public representing the local communities of the territories involved each time, specifically 184 events (58 events in 2019) participated in or sponsored by the Group.

## 6.2 Sustainable finance

[FS2]

### Policies and other reference documentation

- Group Policy for managing the Most Significant Transactions (MSTs)
- NO 112 – Leasing BU - Leasing preparation process (Banca Ifis)
- Code of Ethics
- Group Lending Policy

**Banca Ifis 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>30</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.

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 project, which has become the #hashtag "**Ifis Green**", takes the form of an innovative financial offer ranging from 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.

<sup>30</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.

### Ifis Leasing Green

The Group stands out for its leadership position in the lease of electric vehicles, with a 34,36% share of the market in Italy<sup>31</sup>. In 2020, the project promoting sustainable mobility, Ifis Leasing Green, was renewed. 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. Banca Ifis has chosen to partner up with some of the leading electric mobility players in Italy: Enel X, E-GAP and E-Station.

[FS8]

Legal Entity/ Business Line	Leased environmental product/service	Operations for 2020		Operations for 2019	
		Monetary value (mln Euro)	% of total monetary value	Monetary value (mln Euro)	% of total monetary value
Banca Ifis/Leasing	Leasing Green - electric vehicle leasing (data available since October 2019)	46,78	3,69%	33,20	1,75%

In addition, in December a **webinar** was organised on “**The electric market**” intended for employees, to create a greater awareness of the importance of the evolution of the automotive sector towards the electric market. The main topics covered were the analysis of the European target for the reduction of CO<sub>2</sub> emissions defined with the 2015 Paris agreement, the presentation of the government Ecobonus incentives connected with the purchase, including under a financial lease, of electric vehicles, and the future prospects linked to this market.

To help reduce the use of plastic and ensure a more aware consumption of water, Banca Ifis has teamed up with SECLAN, partner dealer of Sharp Italia, for the hire of **new technology** registered under the Skywell LLC trademark, **which generates drinking water from the atmosphere through the collection of humidity present in the air by means of condensation.**

The offer envisages the hire of the device including materials, bulbs and filters for five years with an extended warranty. The Skywell dispenser is delivered with an initial supply of 100 biodegradable cups and, thereafter, with customised aluminium flasks for offices and plastic-free environments.

<sup>31</sup> The market share of leased electric vehicles in Italy is 9,61%, of this Ifis holds 34,36%. Source: MTCT Unrae.

## 6.3 Direct environmental impacts

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### 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. In 2020, a clear reduction in consumptions and the related emissions was seen due to the activation of smart working and the reduction of business transfers, due to the COVID-19 pandemic.

[GRI 302-1]

Breakdown of energy consumption by source <sup>32</sup>		2020	2019	2018
Total	GJ	29.261	41.791	40.433
Natural gas consumption for central heating	GJ	4.522	6.005	5.887
Gasoline consumption for the vehicle fleet	GJ	191*	-	146
Diesel consumption for the vehicle fleet	GJ	12.915	21.903	20.420
Total fuel consumption	GJ	17.627	27.908	26.453
Consumption of purchased electricity (non-renewable)	GJ	-	13.433	13.711
Consumption of purchased electricity (renewable)	GJ	11.273	-	-
Consumption of energy from solar panels (renewable)	GJ	362	450	269
Total electricity consumption	GJ	11.635	13.882	13.980

\*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>33</sup>		2020	2019	2018
Scope 1	Ton. CO <sub>2</sub> eq.	1.236	1.977	1.855
Scope 2 (location based)	Ton. CO <sub>2</sub> eq.	933	1.204	1.229
Scope 2 (market based)	Ton. CO <sub>2</sub> eq.	0	1.166	1.155
Scope 3 (emissions deriving from employee business travel)	Ton. CO <sub>2</sub> eq.	78	256	n.d.

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 3,1 million kWh for 2020, a reduction 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 an electric post, while in Florence, at via Mercadante, the garage features another two Wall Boxes to recharge electric vehicles.
- Works have begun on the **development** of the **new Mestre site**, which will include high energy efficiency plants, with the use of heating and air conditioning systems fuelled by renewable sources. **Restructuring works** have begun 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; restructuring works have also begun on the management offices of Milan at Via Senato 6, according to the principles of energy efficiency and savings.

<sup>32</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>33</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.



- With the start of site works to extend the Mestre site, 115 trees have needed to be cut down in the site area, as shown in the annexes to the building permit. Moreover, following the tree stability assessment performed over the whole wooded part of the park of Villa Furstenberg, which numbers approximate 3.400 trees, the need has emerged to proceed with the cutting down of 144 trees at high risk of instability, so as to guarantee a suitable level of safety for employees and staff accessing the park. To offset these activities, a **tree replanting plan** has been defined, which envisages placing 290 trees throughout the park area, **more than those actually cut down** (259).
- The Bank's actions to discourage the use of plastic have continued, with the aim of reducing it by 80% in all Group locations. At the start of the year, each employee received a stainless steel thermal flask marked #Ifisgreen. Changes starts with the small things and with this gift, Banca Ifis sought to **raise awareness amongst its employees as to the importance of reducing plastic in the workplace**. 2020 also saw the conclusion of a project that led to the installation of 50 water posts for the supply of water hooked directly up to the network, at all Bank sites, with the introduction of eco-compatible biodegradable paper cups, in lieu of plastic ones, also in the coffee vending machines in the canteen areas.

### 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 2020, 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 2019 - September 2020.

For 2020, the conversion factor is taken from the ABI Lab guidelines on the application of the GRI (Global Reporting Initiative) Environmental Indicators - December 2020 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 2020, the conversion factor is taken from the ABI Lab guidelines on the application of the GRI (Global Reporting Initiative) Environmental Indicators - December 2020 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 **emission factors used to calculate emissions of CO<sub>2</sub> equivalent**, according to the “location based” method, **is the ISPRA document “Italian Greenhouse Gas Inventory 1990 – 2018 – National Inventory Report 2020”**. For the GWP (Global Warming Potential), used for CH<sub>4</sub> and N<sub>2</sub>O, the source is the report by IPCC “Climate Change 2013: The Physical Science Basis”. The references were chosen **according to the indications defined by the ABI - Italian banking association - in the document “ABI Lab Guidelines to the application of GRI (Global Reporting Initiative) Environmental Standards in the bank - December 2020 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 2020, 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 (2020)”. 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.



# 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 that reported in the methodological background, the data relating to employees continues to exclude the 31 employees of Farbanca S.p.A., with the exception of GRI 102-7 disclosure, as specified in the related note. The 30 employees abroad (making for 1,7% of the total) have always been included in the data, with the exception of GRI 102-41, 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 2020 Non-Financial Statement	Page number/Notes	Omissions
		Organisational profile		
		102-1	Name of the organisation	Page III
		102-2	Activities, brands, products, and services	Pages 3, 5, 7
		102-3	Location of headquarters	Page III
		102-4	Location of operations	Page 100
		102-5	Ownership and legal form	Page III
		102-6	Markets served	Pages 3, 5, 7
		102-7	Scale of the organisation	Pages 2, 12
		102-8	Information on employees and other workers	Page 79
General information		102-9	Supply chain	Page 17
		102-10	Significant changes to the organisation and its supply chain	Page 4
		102-11	Precautionary principle or approach	Page 14
		102-12	External initiatives	Pages 24, 83
				The Group is a member of the following industry associations:
		102-13	Adhesion to Associations	<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 2020 Non-Financial Statement	Page number/Notes	Omissions
				<ul style="list-style-type: none"> <li>• ABI: Italian banking association;</li> <li>• FCI: Factor Chain International;</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	Declaration by a senior manager	Page V
			<b>Ethics and integrity</b>	
		102-16	Values, principles, standards, and norms of behaviour	Pages 6, 16
			<b>Governance</b>	
		102-18	Governance structure	Page 12
			<b>Stakeholder engagement</b>	
		102-40	List of stakeholder groups	Pages 21, 10
		102-41	Collective bargaining agreements	Page 66
		102-42	Identification and selection of stakeholders	Pages 21, 101
		102-43	Stakeholder engagement methods	Pages 10, 21
		102-44	Key critical issues and topics raised	Page 102
			<b>Report parameters</b>	
		102-45	Entities included in the consolidated financial statements	Page 5
		102-46	Defining report content and topic boundaries	Page 100
		102-47	List of material topics	Page 22
		102-48	Restatements of information	Page 100
		102-49	Changes in reporting	Pages 20, 102
		102-50	Reporting period	Page 100
		102-51	Date of most recent report	Page 100
		102-52	Reporting cycle	Page 100
		102-53	Contact point for questions regarding the report	Page 100
		102-54	Claims of reporting in accordance with the GRI Standards	Page 94
		102-55	GRI content index	Pages 94 - 99
		102-56	External assurance	Pages 104 - 106
Ifis Integrity	Corporate integrity and anti-corruption	103-1	Explanation of the materiality of the topic and its scope	Page 22
		103-2	The managerial approach and its components	Pages 29 - 33
		103-3	Assessment of the managerial approach	Pages 31 - 32

Chapters	Material Topic	GRI Standards referred to in the 2020 Non-Financial Statement	Page number/Notes	Omissions
		205-2	Communication and training about anti-corruption policies and procedures	Pages 31 - 32 d) 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.
		205-3	Confirmed incidents of corruption and actions taken	Page 32
	Credit quality	103-1	Explanation of the materiality of the topic and its scope	Page 22
		103-2	The managerial approach and its components	Pages 35 - 37
		103-3	Assessment of the managerial approach	Page 37
	Data protection	103-1	Explanation of the materiality of the topic and its scope	Page 22
		103-2	The managerial approach and its components	Pages 38 - 39
		103-3	Assessment of the managerial approach	Page 39
		418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 39
	Brand reputation	103-1	Explanation of the materiality of the topic and its scope	Page 22
		103-2	The managerial approach and its components	Pages 40 - 41
		103-3	Assessment of the managerial approach	Page 40
		102-15	Key impacts, risks, and opportunities	Pages 25 - 26, 40
Ifis Customers	Support to enterprises and financial inclusion of customers	103-1	Explanation of the materiality of the topic and its scope	Page 22
		103-2	The managerial approach and its components	Pages 46 - 51
		103-3	Assessment of the managerial approach	Pages 46, 48 - 50
		FS7	Monetary value of products and services for social purposes	Page 48
		FS16	Initiatives to enhance financial literacy by type of beneficiary	Pages 46, 49 - 50
	Digital innovation	103-1	Explanation of the materiality of the topic and its scope	Page 22
		103-2	The managerial approach and its components	Pages 52 - 53
		103-3	Assessment of the managerial approach	Page 53
	Quality of products and services	103-1	Explanation of the materiality of the topic and its scope	Page 22
		103-2	The managerial approach and its components	Pages 54 - 56
		103-3	Assessment of the managerial approach	Page 55

Chapters	Material Topic	GRI Standards referred to in the 2020 Non-Financial Statement	Page number/Notes	Omissions
		FS15	Policies for the fair design and sale of financial products and services	Page 54
	Transparency of information on products and services	103-1	Explanation of the materiality of the topic and its scope	Page 22
		103-2	The managerial approach and its components	Pages 57 - 58
		103-3	Assessment of the managerial approach	Pages 57-58
		417-2	Incidents of non-compliance concerning product and service information and labelling	Pages 57 - 58
		417-3	Incidents of non-compliance concerning marketing communications	Pages 57 - 58
			103-1	Explanation of the materiality of the topic and its scope
		103-2	The managerial approach and its components	Pages 62 - 66
		103-3	Assessment of the managerial approach	Pages 62 -66; 76 - 78
		401-1	New employee hires and employee turnover	Page 78
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 65 401-2 b) The definition of "significant locations of operations" refers to the Banca Ifis Group. The benefits reserved exclusively for permanent employees (which account for nearly all the Group's employees) are defined as a result of decisions that apply to the Group as a whole.
		403-1	Occupational health and safety management system	Page 62
		403-2	Hazard identification, risk assessment, and incident investigation	Page 63
		403-3	Occupational health services	Page 63
		403-4	Worker participation, consultation, and communication on occupational health and safety	Page 63
		403-5	Worker training on occupational health and safety	Page 64
		403-6	Promotion of worker health	Page 63
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 17
		403-8	Workers covered by an occupational health and safety management system	Page 62
		403-9	Work-related injuries	Page 64
		403-10	Occupational diseases	Page 65
		405-1	Diversity of governance bodies and employees	Pages 13, 76 - 77 405-1 a. Breakdown of the board of directors by gender and age:
Ifis People	Employee well-being			



Chapters	Material Topic	GRI Standards referred to in the 2020 Non-Financial Statement	Page number/Notes	Omissions		
Ifis Responsibility				<ul style="list-style-type: none"> <li>• 33% of the members of the governing body are women, the remaining 67% are men.</li> <li>• 33% of the members are aged between 30 and 50, while the remaining 67% are over 50.</li> </ul>		
	Promotion and development of employees	103-1	Explanation of the materiality of the topic and its scope	Page 22		
		103-2	The managerial approach and its components	Pages 67 - 72		
		103-3	Assessment of the managerial approach	Pages 67 - 70		
		404-1	Average hours of training per year per employee	Page 69		
		404-2	Programmes for upgrading employee skills and transition assistance programmes	Pages 67 - 68 404-2 b) The Group does not offer transition assistance and career-end management programmes.		
		404-3	Percentage of employees receiving regular performance and career development reviews	Page 70		
	Diversity and inclusion	103-1	Explanation of the materiality of the topic and its scope	Page 22		
		103-2	The managerial approach and its components	Pages 73 - 75		
		103-3	Assessment of the managerial approach	Pages 73 - 74		
		405-2	Ratio of basic salary and remuneration of women to men	Page 74 The definition of "significant locations of operations" refers to the Banca Ifis Group. The ratio of remuneration is reported on for the first time. Starting from next year, a comparison will be made available with previous years.		
		406-1	Incidents of discrimination and corrective actions taken	Page 73		
	Commitment to local communities	103-1	Explanation of the materiality of the topic and its scope	Page 22		
		103-2	The managerial approach and its components	Pages 83 - 85		
		103-3	Assessment of the managerial approach	Pages 83, 85		
		413-1	Activities that envisage the involvement of local communities, impact assessments and development programmes	Pages 83, 85		
		Sustainable finance	103-1	Explanation of the materiality of the topic and its scope	Page 22	
			103-2	The managerial approach and its components	Pages 86 - 87	
			103-3	Assessment of the managerial approach	Page 87	
FS2	Procedures for assessing and screening environmental and social risks in business lines		Page 86			

Chapters	Material Topic	GRI Standards referred to in the 2020 Non-Financial Statement	Page number/Notes	Omissions
		FS8	Monetary value of products and services for environmental purposes Page 87	
	Direct environmental impacts	103-1	Explanation of the materiality of the topic and its scope Page 22	
		103-2	The managerial approach and its components Pages 88 - 90	
		103-3	Assessment of the managerial approach Page 89	
		302-1	Energy consumption within the organisation Page 89	
		305-1	Direct (Scope 1) GHG emissions Page 89	
		305-2	Energy indirect (Scope 2) GHG emissions Page 89	
		305-3	Other indirect (Scope 3) GHG emissions Page 89	

[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 2020 to 31 December 2020 (the last report was published in March 2020).

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>34</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@bancalifis.it](mailto:comunicazione@bancalifis.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 2020 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>35</sup>.

<sup>34</sup> For GRI 102-8, 401-1 and 205-2, no breakdown is given of the data by geographic area insofar as operations are mainly concentrated in Italy with employees abroad accounting for 1,7% of the total.

<sup>35</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>36</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 2019, in order to prioritise the potentially material topics and identify those to be addressed in the 2020 Non-Financial Statement, different types of data were collected in order to assess two dimensions of relevance (internal and external) for 2020 too. In 2019, the investigation methods used for the Non-Financial Statement were refined in respect of the assessment dimension of external relevance. More specifically, in 2019:

- **internal relevance** was assessed through meetings with Top Management and the main reference persons of the subsidiaries, in order to evaluate their strategic relevance to Banca Ifis's Business and their potential impacts;

[GRI 102-42]

- to investigate the **external relevance**:
  - a direct engagement initiative was run in regard to customers through the sharing of a survey on potentially relevant topics<sup>37</sup>
  - in-depth one-to-one interviews were held with opinion leaders to assess the expectations of the “Community” stakeholder
  - a “mediated assessment” was performed of the interests and expectations of stakeholders, who were not heard directly, through meetings with the main corporate departments most involved in dialogue with the main stakeholders (employees, investors, agents);
  - a desk analysis was performed of the “Factor I” initiative (use of web listening as an innovative method) with the aim of optimising the expectations of the “customers” stakeholder, in particular SMEs.

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:

- policies, formalised procedures, organisational safeguards;
- main risks associated with non-financial topics;
- outcomes of listening and engagement initiatives already run;
- topics considered by the main competitors;
- emerging industry trends;
- public policies / 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 2019 Non-Financial Statement.

<sup>36</sup> GRI 101: Foundation, Global Reporting Initiative, 2016

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 2020 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.

[GRI 102-44]

[GRI 102-49]

In 2019, following the evidence that emerged from the internal and external listening path, it was considered appropriate to make the following changes:

- incorporation of the topic "Development of products and services with social and environmental impacts" and the topic "Responsible lending" into a single topic "**Sustainable finance**", with the aim of optimising the Bank's relevant initiatives and policies within a single macro topic that covers the aspects of the value chain (product development and credit);
- inclusion of the topic "**Employee engagement and listening**" in the other topics linked to personnel management insofar as the topic has been conceptualised transversally toward other topics relating to the Group's human resources (employee well-being, promotion and development of employees and diversity and inclusion).

Additionally, differently to previous years, the 2019 materiality analysis revealed that the topic of "Direct environmental impacts" was relevant, showing the growing sensitivity towards the matter by the Group and its stakeholders.

# 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") for the year ended 31 December 2020 in accordance with article 4 of the Decree approved by the Board of Directors on 11 March 2020 (hereinafter "DNF").

### 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 in 2016 by GRI - *Global Reporting Initiative* (hereinafter "GRI Standards") identified by them as a 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 company'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 Banca Ifis Group's consolidated financial statements;
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, 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:
  - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, we have 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 management 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 2020 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" published in 2016 by GRI - Global Reporting Initiative ("GRI Standards").

Verona – March 30, 2021

EY S.p.A.

Signed by: Marco Bozzola, Partner

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





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